

WHAT IS YOUR M&A DEAL'S NORTH STAR?

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POST-MERGER INTEGRATION PLANNING

Most deals look great on paper – openly supported by senior analysts who tout tremendous value, complementary offerings or services, and large synergies from combined organizations. These financial and strategic gains, however, rarely materialize as stated without a post-merger integration plan that outlines the strategies and tactics for seamless execution.

Post-merger integration planning ideally begins well in advance of the deal announcement, once operational due diligence begins. Doing so ensures that vetted detailed plans and approvals are in place to start executing on the day of announcement. The integration program office (initially a small team) also needs to be in place before the deal is announced.

THE NORTH STAR VISION

The vision of successful integration, or as it is often called the exit plan, is the integration plan's North Star. It guides all integration activities and measures progress throughout transition. It spells out what the finish line looks like to the leadership and integration teams and defines what needs to be completed for them to achieve their goals. These success vision outcomes should correlate to the statements of value of the deal.

Without a clearly defined North Star vision, the integration will quickly unravel. You may not see evidence of this immediately but in time leaders will wonder why and how things could get so off-track. The core business will start to take a hit with employees not staying focused on executing their roles, culture and morale suffer and your best and brightest start walking out the door.

WHY IS A NORTH STAR VISION IMPORTANT?

Often the CEO and other senior leaders have a limited view of the vision of successful integration. By the time the deal is announced the leadership team has been living this potential deal for a long period of time and their focus may have already moved to other priorities such as another deal or the latest business crisis. It is essential that the vision be defined by the top leadership. Also, they need to consistently, actively and visibly support and monitor progress and use it as a barometer that drives decision making throughout integration.

The day of deal announcement is just the beginning of post-merger integration, a starting point in a journey toward deal realization. Post-merger integration strategies and activities, guided by the deal's North Star, manage the transition for internal and external stakeholders in both organizations, including employees at all levels, customers, suppliers, strategic partners and shareholders.

It is possible to achieve the tremendous value and synergies from a deal but it doesn't just happen. Post-merger integration directed by a leader-defined North Star will help lead to successfully integrated businesses and deal realization. The vision for success is just the beginning, yet without it all other integration activities will suffer. Change and integration efforts are not easy endeavors, but with clear focus and active and visible leadership sponsors, the plan and deal value can be realized.

Examples of Integration Success Vision Outcomes

- All employees successfully transitioned onto the same payroll and benefits systems
- Use of a common email system
- Common integration supply chain distribution procedures or one procurement-to-payment process
- Product catalogues are integrated and re-branded
- Sales force compensation structure is made consistent throughout the combined company
- Redundant facilities are closed