



## EXECUTIVE INSIGHTS

# Getting Post-Merger Integration Right: What Are the Keys to Success?

Across decades of providing post-merger integration support, L.E.K. Consulting has seen highly successful integration programs, as well as those that have struggled. We have witnessed a range of outcomes, from “simple” integrations falling victim to circumstance to helping our clients seamlessly execute the complex process of combining multiple entities. Based on our review of this wide array of integration results, we have identified three factors that are essential for a successful integration.

### 1. The right leadership

Ensuring that the integration has the right stewardship means involving leadership on several fronts. First, the importance of the integration program must be acknowledged at the senior-most levels in the organization. Senior leaders must be willing to not only prioritize the integration, but visibly support it, both in terms of their decision-making and by embracing employee communications initiatives that emphasize how the merger/acquisition will generate value.

Second, an internal integration leader, or champion, must be appointed. It is not always practical for this person to be 100% focused on integration, but a significant portion of her or his time should be dedicated to the effort. Ideally, this is a mid- to senior-level leader who is widely respected and who understands, and has access to, different functions across the organization. This leader will frequently be called on to help mediate cross-workstream issues and should be comfortable facilitating a strategic, senior-level discussion. Selecting the right integration leader can significantly accelerate decision-making and the overall pace of the integration.

Finally, when we think about leadership, we need to consider clarity of responsibility and accountability at a workstream level. At L.E.K., we advocate structuring the organization across a series of workstreams that are generally aligned with an organization's functional teams. This is where the work of the integration gets done. For each of these workstreams, a clear leader, or owner, needs to be appointed. While integration teams can have different constructs based on the size and complexity of the business and the integration (e.g., executive-level sponsors + workstream owners, workstream co-owners from both the acquirer and the target), fundamentally, a leader must be responsible for the creation of the plans and the execution of the work across each workstream.

## 2. The right plan

As already discussed, workstreams are where the work of the integration gets done. Some integration activities will be clear and straightforward. Others will take additional time and effort to determine the best way to bring together the teams, processes or systems of the combining companies. For some integration activities, the degree of effort (and the appropriate path forward) can't be determined until a more detailed comparison of systems, processes, accounts, etc. can be made.

To manage through all these scenarios, the integration team must develop clear plans for the coming days, weeks, months and even years. Sometimes, the execution steps will be very clear. In other cases, the workplan will focus on how to maintain momentum while more information is being gathered. Regardless, teams must take the time up front to develop rich, robust workplans that will guide the integration.

When it comes to planning, we see many integration programs fall short. Planning takes a high degree of discipline and structure. It involves a thoughtful and strategic approach to achieving the end solution. For companies and leaders who are inclined toward action, the instinct can be to get going and start "doing" as fast as possible; that can sometimes distract from critical long-term planning efforts.

When we support our clients with post-merger integration, we focus on clear planning in the early stages of the integration. We aim to do this over a series of weeks (not months), and we recognize that the level of detail in a plan can vary, not only across different integrations but across different teams. However, only by establishing a clear set of plans can the organization ensure success for the third factor — execution.

### 3. The right implementation

As the workstream plans become more concrete, the team must start preparing for implementation. This begins with creating an effective governance structure for the integration program — in other words, clearly delineated roles, responsibilities and expectations. A structured cascading of deliverables and updates is also critical. Regularly scheduled weekly or biweekly meetings and touchpoints ensure that information is shared, decisions are made, and milestones are adhered to.

Also crucial in this execution phase is the ability to manage interdependencies across workstreams. The initial draft of each workstream's plan should consider upstream and downstream dependencies as they are created. However, like it or not, plans and schedules will change. New challenges may emerge, key personnel might leave, timelines can get moved up or back for critical customers. Sometimes, management even acquires another company to throw into the mix! When one workstream's plans have to change, the identification of linkages across other workstreams helps the integration team understand how the program must evolve and adapt.

Finally, having a clear implementation structure allows the companies to stay on top of communications challenges. We find that most of the time, leadership understands the importance of communication, and because they may not have all the answers, they will (rightly) want to refrain from providing misinformation. The problem is, an information vacuum tends to fill up with something. Stakeholders across the companies will look for answers (or make up their own). Especially when multiple companies are involved, this can generate a considerable amount of misleading information.

However, with a well-defined execution plan, the companies are able to structure a communication strategy for handling situations where not all answers are available at all times. A solid communications strategy will establish a mechanism for providing consistent reports on the current status of the integration, including when more information will be made available. While this won't put a 100% stop to the rumor mill, it can significantly lessen angst, concern and false narratives across the organizations.

While a lot can go wrong during an integration, focusing on these three fundamentals -- the right leadership, the right plan and the right implementation--can help make sure that more things go smoothly for you and the new company that is being created.

For more information, please contact [strategy@lek.com](mailto:strategy@lek.com).

## About the Authors

**Dan Horsley**

Dan Horsley is a Managing Director and Partner in L.E.K.'s Houston office. He helps lead the firm's Organization & Performance practice in the US. Dan works with clients on the development and execution of their business strategy, including driving commercial excellence/sales force effectiveness, organizational strategy (e.g., model design and optimization) and post-merger integration support.

**Simon Horan**

Simon Horan is a Managing Director in L.E.K.'s Chicago office and a part of the leadership team for L.E.K.'s Organization & Performance practice. He has worked across a variety of strategy, organization and performance improvement engagements throughout Asia-Pacific and America. Simon's passion is assisting clients in driving major change, from definition of the change through to the delivery of results.

**John Rutan**

John Rutan is a Principal in L.E.K. Consulting's Boston office. John is a leader in the Organization & Performance practice, with experience supporting clients in organizational strategy, post-merger integration, and commercial excellence/sales force effectiveness.

### About L.E.K. Consulting

We're L.E.K. Consulting, a global strategy consultancy working with business leaders to seize competitive advantage and amplify growth. Our insights are catalysts that reshape the trajectory of our clients' businesses, uncovering opportunities and empowering them to master their moments of truth. Since 1983, our worldwide practice — spanning the Americas, Asia-Pacific and Europe — has guided leaders across all industries, from global corporations to emerging entrepreneurial businesses and private equity investors. Looking for more? Visit [lek.com](https://lek.com).

L.E.K. Consulting is a registered trademark of L.E.K. Consulting LLC. All other products and brands mentioned in this document are properties of their respective owners. © 2022 L.E.K. Consulting LLC