



EXECUTIVE INSIGHTS

Setting the Tone – Defining How the IMO Will Guide the Integration

In the third of our series on post-merger integration, this *Executive Insights* examines how a successful post-merger integration depends on a coordinated and organized effort that brings together a host of moving parts. Based on our decades of experience supporting post-merger integration programs, L.E.K. Consulting can point to the key benefits and success drivers of establishing an Integration Management Office, or IMO. The IMO is the group of individuals who guide the integration program in much the same way as a conductor guides an orchestra.

The conductor may not write the music or play any instruments, but she or he ensures that all notes are played at the right time, at the right pace, and with the right force and intent. The IMO will not be the arbitrator of every decision, nor will it be responsible for implementing the underlying activities of the integration, but it will ensure that those activities are synchronized and harmonized across the organization for the best overall outcome. Thus, how the IMO is structured and operates can be critical for the ultimate success of the program.

Ultimately, the structure of the IMO should mirror the working norms of your organization and those of the organization you're acquiring. For example, direct involvement of senior leaders in the IMO is more important in organizations where senior leaders are responsible for most of the detailed decision-making, or if their involvement is required to ensure things get done.

On the other hand, if the culture of an organization is built on transparency and more distributed decision-making, then well-placed deputies capable of navigating cross-functional stakeholders, facilitating connectivity and ensuring communication may be appropriate. This approach has

the additional benefit of freeing up the senior team to focus on the most critical strategic issues that will shape the direction of the integration and the newly combined company.

Beyond structure, it is also important to define how the IMO will interact with the workstream teams. We often see a few key themes to guide how the IMO can best set the tone and guide the activities and teams that constitute the integration program.

Integrate, then optimize

The IMO will set the tone and pace for integration. While there is almost always a desire to move as quickly as possible, taking a more measured approach within certain functions can be more practical. For example, if the acquired company's sales team is entering its most critical quarter, implementing integration activities could be distracting and lead to missed revenue targets.

The guidance we typically give when we support an integration is to "integrate, then optimize." This encourages teams to focus on combining operations and activities versus getting bogged down in the complex and challenging task of redesigning the "optimal" organization while in the midst of an already challenging integration. Although the NewCo approach will likely look different from how either legacy company operated, some workstream teams can overfocus on looking for the so-called perfect solution. But searching for "perfect" risks missing the opportunity to bring the companies together and thereby realize the early benefits of coordination.

Serve as an integration information clearinghouse

A critical role of the IMO is to serve as the central hub for information on the integration program. This means staying abreast of the progress on action items across the workstreams and knowing the decisions that are being made. It also means the IMO is responsible for disseminating the Steering Committee's guidance and decisions to the workstream teams and the broader organization.

Actions and decisions across workstreams are often intertwined and interdependent, and the IMO can play an important role in fostering group consensus through facilitated discussions. This usually takes the form of weekly IMO updates on progress, during which workstream leaders share key information with other workstreams. The IMO makes sure that impacted workstream teams are aware of progress (and, specifically, changes to plans) and prompts conversation on any open items or topics that need to be discussed. While these meetings can be time-consuming, cross-functional discussions can be critical for ensuring coordinated progress.

Balance the role of taskmaster and cheerleader

We find that the nature of an IMO's leadership can depend significantly on the execution norms within the organization. Some organizations have an internal culture in which things don't get done until someone "screams" or otherwise pushes for action. In this case, a "taskmaster" IMO is critical to ensure delivery stays on track and targets are met. Other organizations may be better-served by an IMO that is more of a sounding board — a facilitator that provides opportunities for peer review as work plans are developed and action taken. IMOs need to be flexible in order to accommodate these cultural nuances.

Beyond the cultural norms of the organization, the size, timing, complexity and importance of synergy targets can also be a factor in how hands-on the IMO needs to be across the workstreams. If synergy targets are aggressive and require tough decisions (for example, selection of middle managers, reduction in force efforts or vendor/supplier consolidation), then the IMO should be more focused on developing plans that are robust, on scrutinizing and pressure-testing estimates and rationale, and on ensuring adherence to the overall program schedule. In these circumstances, the IMO is best positioned as a strong force that is driving action and demanding results.

IMO interactions set the tone for the integration program and for the NewCo. Decisions about how teams will interact to effect change can have a lasting impact on the culture of the NewCo and how it will operate. We find that leaders who invest the time upfront to thoughtfully design the right integration management culture can often execute in record time and achieve outsized financial performance.

Recommended reading (the first two articles in our series on post-merger integration):

[Getting Post-Merger Integration Right: What Are the Keys to Success?](#)

[Matching Integration Strategy and IMO Team Structure](#)

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