



ACCELERATE
PMI

POST-MERGER
INTEGRATION





INTRODUCTION

Welcome to Accelerate PMI

Transformation in your hands!

Post-Merger Integration (PMI) is a complex challenge that pushes every boundary of a business transformation.

Underpinning a PMI is always a set of (often not communicated) assumptions on how to rapidly grow a business.

Your role, as the Integration Leader is to uncover these assumptions into a working model, inspire the joint-integration team to join you on the journey and deliver the intended value to the shareholders.

Outcomes:

- Sustainable M&A strategy
- Awareness of the four acquisition capabilities
- Identifying crisis
- Model the inevitable scope creep challenge
- People's emotional journey and feelings



SETTING THE SCENE

What integration will you work on today?

Choose your Transformation Journey

To make the most of this interactive day and use the strategic tools provided, decide if you want to base your journey on a previous merger you have worked on or use the pre-defined scenario we provide today.



MERGER ON A PAGE

Previous Merger or Pre-made scenario

Name	Name
Acquisition Company Name.....	Buy-side Company Name.....
Founded	Founded
Employees	Employees
Revenues	Revenues
CEO	CEO
COO/CFO	COO/CFO
Acquisition Market	Buy-side Market
Website	Website
Strategic Drivers	Strategic Drivers

Strategic Drivers Website

1. Competitive Capability

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2. Strategic Interdependence

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3. Growth Curve

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COMPETITIVE ADVANTAGE M&A CANVAS

Comprehensive approach to strategically embark on creating sustainable and competitive edge capabilities

Incorrect approach to growth can cause long term headaches

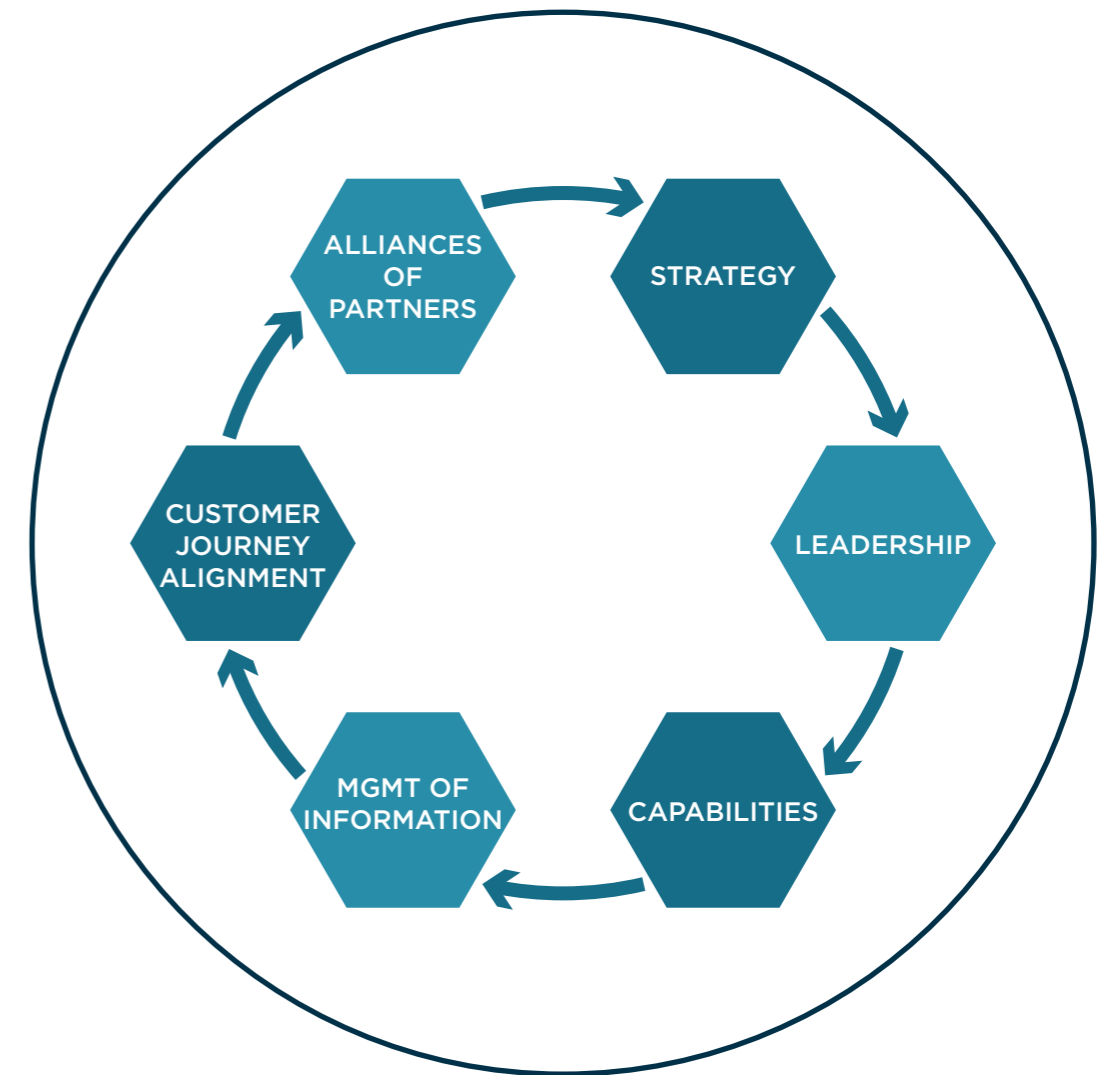
In the hyper-competitive world, businesses must continuously keep working on their competitive edge. A big issue faced by the businesses is that they can't keep building new capabilities on their own forever. They must explore inorganic ways to grow. Mergers and Acquisitions (M&A) can provide an instant ownership of a new capability.

The challenge with many M&A programs is that businesses struggle to comprehensively integrate the newly acquired capability with their own business and to create a long term, sustainable competitive edge in the market.

This exercise will take you through a step-by-step approach on how to create a sustainable and a competitive capability through mergers and acquisitions. Starting from strategy, you will learn about different components that will create an alignment between your business and the market.



COMPETITIVE ADVANTAGE M&A CANVAS





COMPETITIVE ADVANTAGE M&A CANVAS

1.
 - a. Why is there a strategic need to pursue M&A What is the strategic need of the organization?
 - b. What sort of leadership would you need to run the transformation and M&A integration?
 - c. How will you create the right decision-support system to support the leadership in transformation?
2.
 - a. What capabilities would you want to build?
 - b. What components must be addressed for your company to claim that they have a fully functional capability?
 - c. To support the new capability transition as well as future state, what data and information exchanges will take place both internally and externally?
 - d. What data and information exchanged may need to be built in addition to the existing ones
3.
 - a. In order to leverage your organizations new capabilities, what “key” customer journeys will they be used on a priority basis vs other customer journeys
 - b. What KPIs and metrics will be there to support key customer journey by each function
 - c. What capabilities need to be sourced externally to provide a comprehensive solutions
 - d. With new capabilities, what additional new markets do you believe that the company can pursue



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STRATEGIC INTERDEPENDENCE

Need for the right balance on consolidation of a newly acquired capability

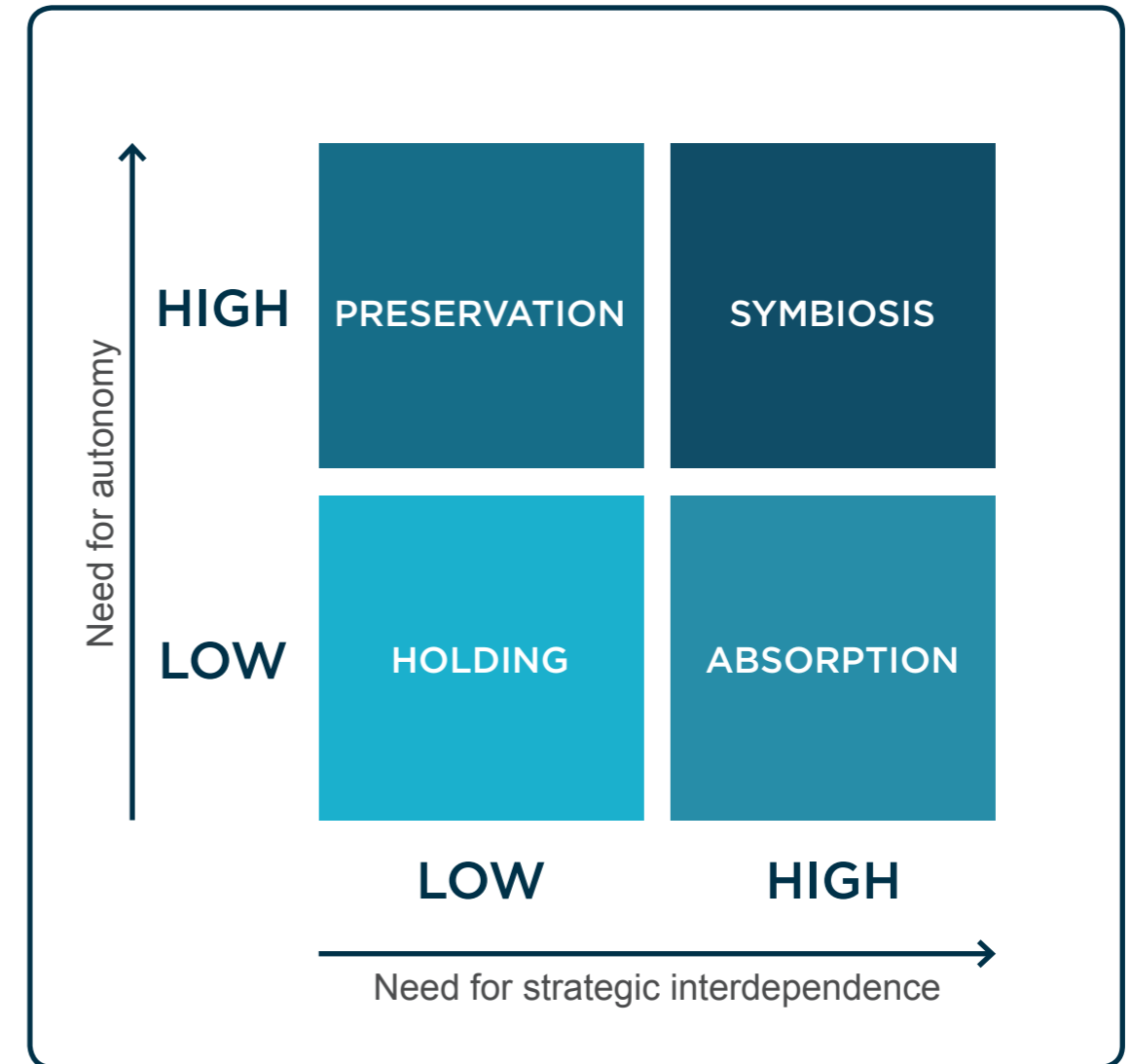
Often we reverse-engineer strategies as justification for lack of a clear strategy

Acquisition of a new capability can provide a radical growth to a business. A question that baffles businesses is:

1. Whether to absorb the target business by the acquiring business to their own ways of management, should the target preserve their management culture or a mish-mash of both companies. In fact, many businesses opt for the mish-mash option where they believe that they can adopt each other's better practices and thereby, have a better process in place.
2. The second question that makes it complicated that even if the acquiring business decides to preserve the target business's management culture, are there other parts they can be absorbed and are there opportunities to consolidate and share a common pool of resources.
3. The third question would be what principles should be used on when to choose an amalgamation of processes versus leave-alone or completely absorb.



STRATEGIC INTERDEPENDENCE



Source: Haspeslagh and Jemison (1991)



STRATEGIC INTERDEPENDENCE

Due to the above, many businesses believe that it maybe wise to wait, watch and learn rather than start consolidation straight away. The wait and watch option leads to significant erosion of revenue and value generation, and stump many opportunities that could have created additional value.

Participants will learn principles on how to consolidate, what elements should be considered and how to take a modulated approach. Moreover, you will learn about consequences of inaction and being undecided on consolidation.

1. a. Under what conditions would you want to preserve a company's capabilities?
b. If you decide to preserve a company's capabilities, would you still explore some functions that can potentially be merged with the acquiring company's functions like recruitment, payroll?
2. a. Under what conditions would you explore some functional consolidation
b. Under what conditions would you want to absorb a company to your own operating mechanisms?
c. Under absorption, will there be functions that may need to be left alone or preserved?
d. If yes, what are those conditions?
e. What conditions will prompt you to merge two functions rather than absorb one into another one?
3. a. Would you know of ways by which you can measure effort-reward-risk elements quantitatively that can drive merger of functions?
b. What would be 2-3 highly compelling reasons for each of these functions to merge?
c. What conditions will you decide not to take any action on the acquired company after acquisition?
4. a. What do you think the normal timeline your M&A teams would have considered for the build-up of new capabilities or for consolidation?
b. How does the timeline reflect with the decision of delayed or lack of actions?



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THE GREINER CURVE

Understanding the Crises That Come With Growth

Fast-growing companies can often be chaotic places to work.

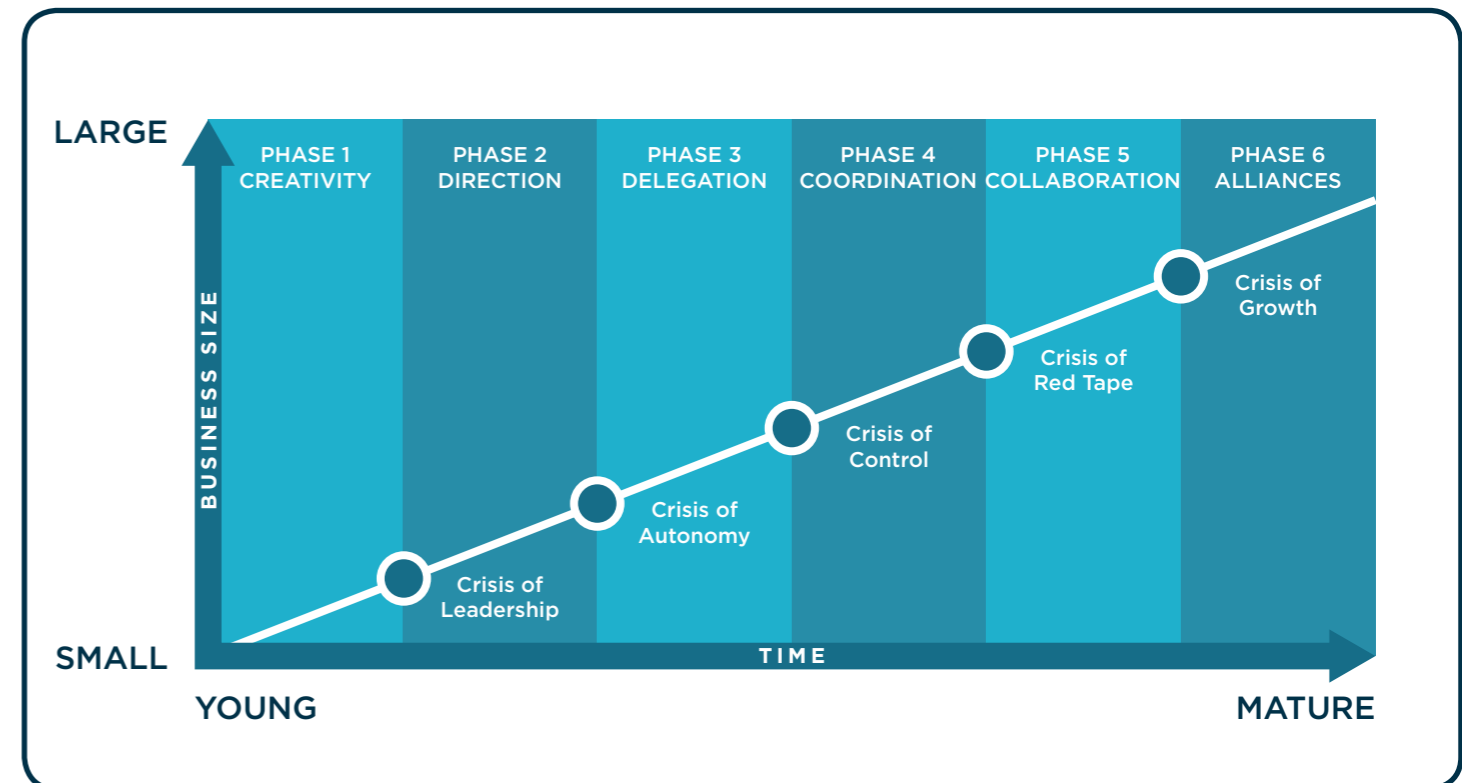
Acquisition of a new capability can provide a radical growth to a business. A question that baffles businesses is:

As workloads increase exponentially, approaches which have worked well in the past start failing. Teams and people get overwhelmed with work. Previously-effective managers start making mistakes as their span of control expands. And systems start to buckle under increased load.

While growth is essential when things are going well, when things go wrong, this chaos can be intensely stressful. More than this, these problems can be damaging (or even fatal) to the organization.



THE GREINER CURVE





THE GREINER CURVE

1. Characterize the decision-making process of the leadership from both the acquiring company and the target?
2. How do you think the decision-making process culture of the target should be evolved to that of the acquiring company?
3. What sort of timeline would you need for the evolution and transition?
4. What specific aspects would you lose of the target business when they move to the new way of leadership and decision-making?
5. What specific aspects must be protected and what specific actions maybe required to protect them?



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THE DOUBLE DIAMOND

Using design thinking principles to draw out the scope of integration functions & operations

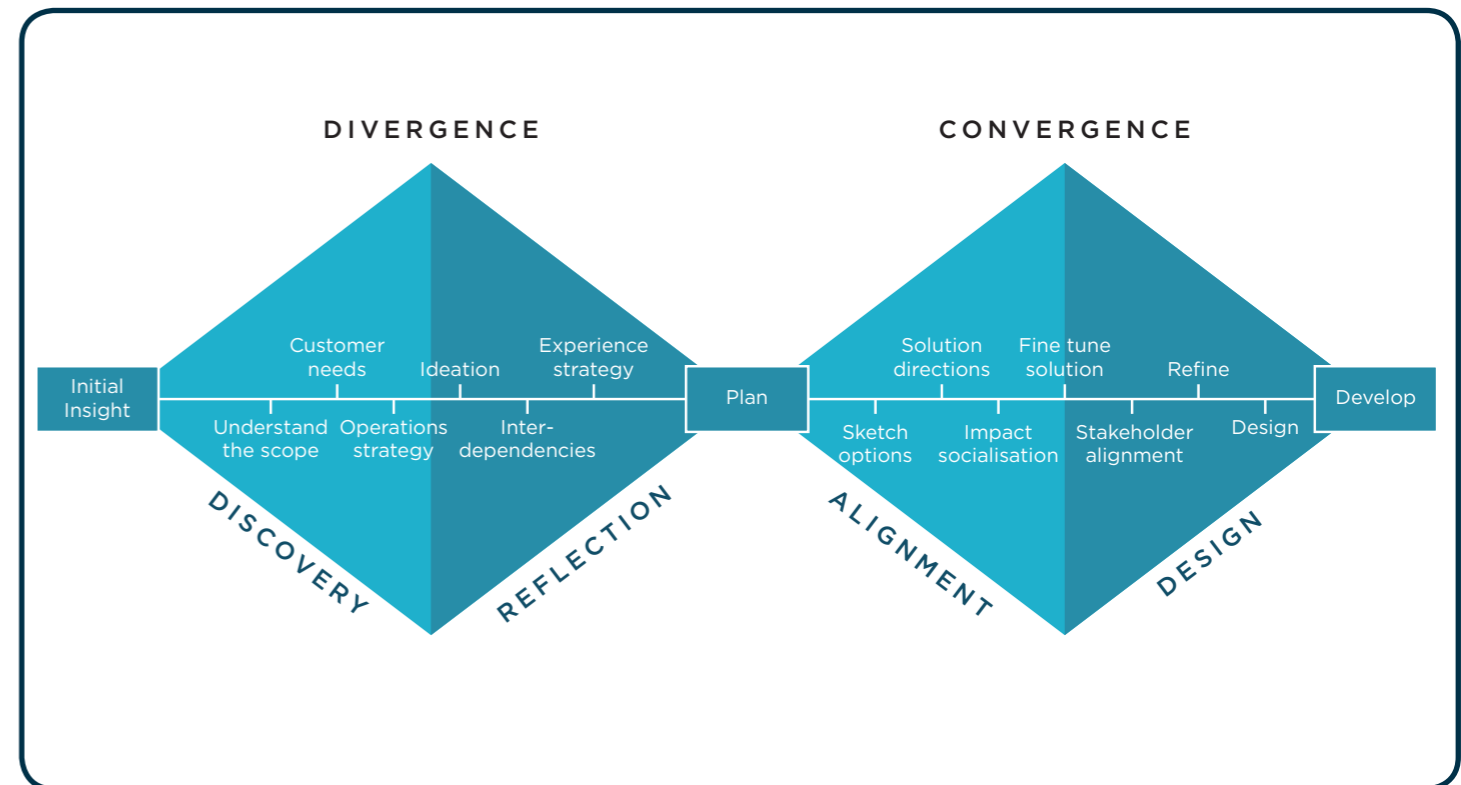
Scope creep challenges

Integrations regularly struggle with defining the scope, ability to prioritize, mark interdependencies and then structurally sequence the steps.

Using double diamond frame of divergent thinking, teams can openly brainstorm all aspects independently first. Then evaluate each of the component to drive convergence and then provide solution direction.



DOUBLE DIAMOND





THE DOUBLE DIAMOND

1. How do you ensure that all aspects of a function or a business unit is considered under the lens of integration?
2. How do you ensure that adequate deliberation is offered to each of those aspects?
3. How would you go about planning to get input for the above aspects?
4. How would you drive decision-making on different aspects of an integration?
5. How would you drive the possibility of interactions of both the teams to understand each other's function?
6. What factors must be considered for the viability of integration of aspects discussed above?



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THE CHANGE CURVE

People and Change management

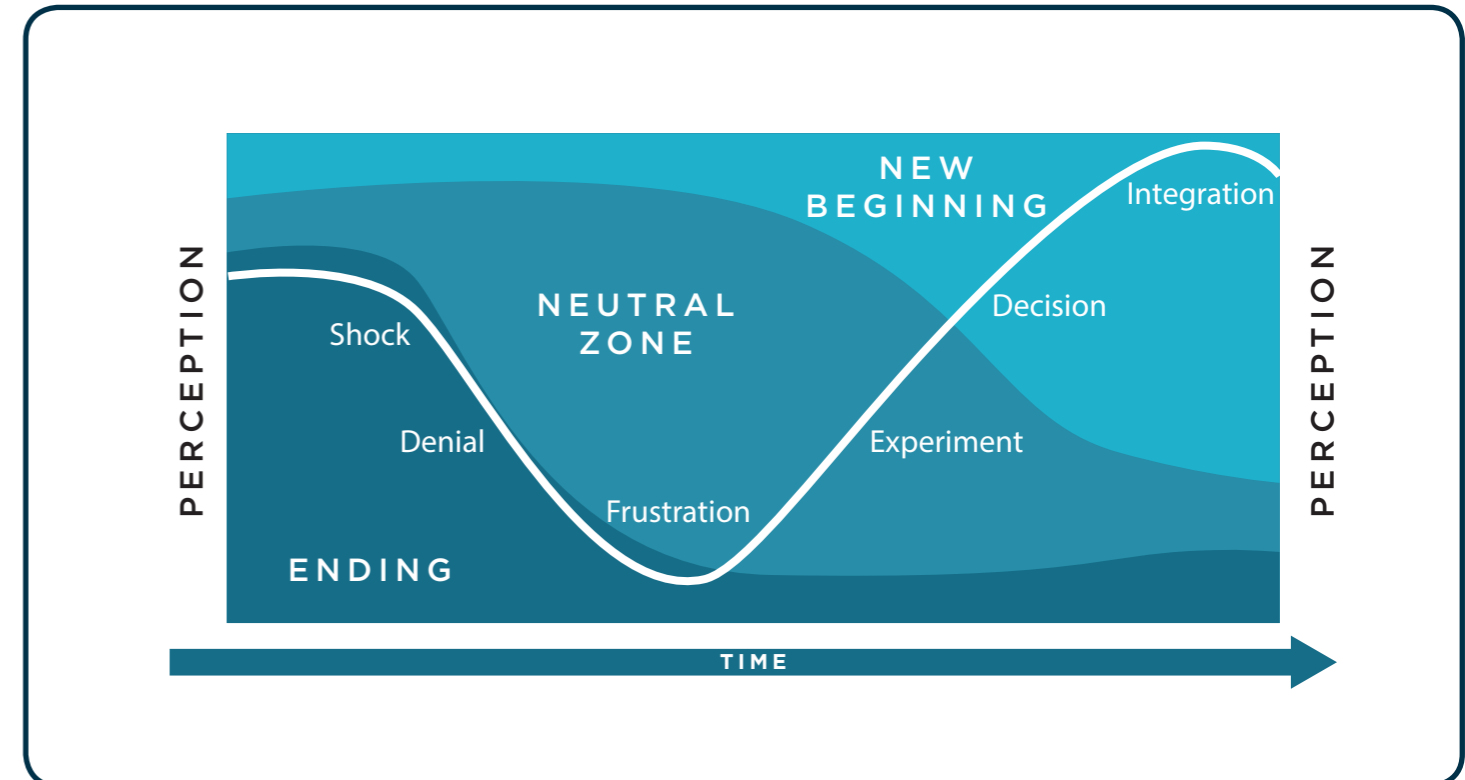
Change Management drives behavioural alignment to a new operating model

Businesses believe that by only dictating and sharing vision and end-state will bring about the necessary habitual and behavioral changes amongst their employees but couldn't be further from truth.

By understanding the stages of change curve and thus acknowledging the actual impact on employees, businesses can be much better prepared and allow them to put the relevant interventions that are required



THE CHANGE CURVE



IMPACT PROFILING

1. TERMINAL
2. TRANSFORMATIONAL
3. TRANSITIONAL

4. EMOTIONAL
5. LITTLE CHANGE
6. NO CHANGE



THE CHANGE CURVE

1. M&A Integrations usually have people impact, what elements of an integration do you think should be included specifically under change management and why?
2. How would you recommend a change management program is run?
3. What elements must be addressed by the change program?
4. Is there is a need for different change management interventions for different people?
5. Apart from communication, what else should a change management program contain?
6. What principles should be followed on transparency and communication?
7. What specific actions are required from leadership to ensure effective change management



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