

# Post-Merger-Integration

Because the Whole needs to be more than the Sum of its Parts

## Why is it important?

Mergers & Acquisitions (M&A) are typically done for a purpose – for the purpose to create value for the companies, irrespective of the markets and business activities. For small and medium sized companies (SMEs), the success of M&E is of particular importance. Often it is based on strategic considerations, e.g. to enter into other markets, to develop from a component manufacturer to system supplier and OEM, to get a supplementary scope of supplies, and the like. The vision of this added value typically is the driver for M&A.

But this vision alone is no value by its own. Values, they don't appear out of the dark. Without a value, the merger or acquisition will not succeed, the investment will be a net loss.

There may be a number of strategic models, business analysis, due diligence results, and the like, which all show that the value will be there. Value – this is typically expressed in money. Money, this is finally spent by customers.

Therefore, as a simple truth:

**The value of M&A will be defined by the customers.**

## How can it work? *What can be done wrong?*

The aspects how to turn a M&E into a success are no rocket science. They are mainly driven by individuals. The aspects of human interaction are the main factors. The following points are for sure not exhaustive, but important.

- **Communicate the Vision:** The vision of the added value needs to be spread in the companies which are subject of the merger. The employees of both partners need to see the benefit of such M&A.  
*Without their support, and even with their resistance, the M&A will be a failure.*
- **Support Top down:** The vision of the added value needs to be supported, communicated and controlled by the entire company leadership.  
*Without adequate support and control by the top management, the “centrifugal forces” will get the upper hand.*
- **Respect each other:** The “active” partner who has spent the money needs to appreciate the new family member. The “passive” partner, who has been acquired, needs to be respected.

*If the active partner acts too arrogant, the passive partner will work against the merger's success.*

- **Joint Teams and Targets:** Very quickly, a joint team needs to be formed, consisting of all important management functions, working on the common strategy, targets, methods and time schedule how to achieve them.  
*Joint targets, where each partner recognizes his own ideas, create and release a lot of momentum which is needed for a success.*
- **Visibility to the Customers:** Very quickly, the new joined company needs to be introduced to the market, the new scope of supply and its benefits need to be implemented. The customers need to acknowledge the value of a supplier being different than before. The customers' feedback will drive the further integration.  
*Without the support of all partners, the new company will not be adequately introduced to the markets. Without seeing a benefit, the customer will give you a negative feedback.*
- **Consider follow-up costs:** The post-merger activities and tasks need to get specific budgets in both, money and work time.  
*Without considering follow-up costs or work time contingencies, the activities will be drowned in the day-to-day work and will lose priorities and momentum.*
- **Learn about each other:** Take care that your employees learn about and physically meet each other. Internal introduction events about the other partner are mandatory, best with joint entertainment to celebrate.  
*The employees need to have a positive emotional memory with the M&A. This is of particular importance if the partners have different business cultures or even are located in different countries.*
- **Common Methods:** Take care for the integration of the internal business systems and methods, i.e. for communication, IT and data handling, reporting, and the like. Both partners need to work easily with each other, with the highest amount of transparency.  
*The employees need to be familiar in working with each other. Without e.g. common email-addresses, common communication systems or common software, they will keep feeling as strangers.*

If these aspects are considered, then a successful M&A should be possible with positive results in a short time. Most of them should even be considered before the M&A is completed. Good luck for all M&As.

Mainz/Germany, January 2020, BGIC - Benno Ganser Industrial Consulting