

CHAPTER 1

Introduction

If you are picking up this book, you have most likely been tasked with leading some integration-related endeavor for your company and are quickly trying to get up to speed and answer the call. Integration responsibilities are typically given to executives with a proven track record and a reputation for getting things done. If that's you, congratulations. But don't celebrate just yet. Now comes the hard part!

Integration takes many forms. It is defined as all the activities involved in bringing two corporate entities together after they have officially merged or after an acquisition by one company requires an integration of the acquired company into the first company. You might be doing a post-merger integration, a post-acquisition integration, or a partial integration; perhaps you don't even know the full extent of the project because it's still undefined. Regardless, it is imperative that integration work be effectively managed to preserve value and not disrupt business continuity, and that's what integration managers are typically supposed to accomplish.

This book provides a no-nonsense handbook-style approach to manage an effective integration and to help integration managers quickly get up to speed on various integration challenges and learn how to manage them. It is a desktop reference to inform your thinking and craft the optimal integration strategy for your company.

Since every company, industry, and deal is somewhat unique, there is no one-size-fits-all approach to integration. The best approach is typically a combination of various integration strategies, tools, and timing that best fit the task at hand.

WHO SHOULD USE THIS BOOK?

This handbook is intended for full-time employees who have been tasked with either of the following:

- Establishing an in-house integration management office or team to handle an upcoming integration or series of integrations.
- Managing an integration team (in-house and/or external consulting resources) in addition to their regular responsibilities.

For either of the above, this book is written to address integration deals valued at \$250 million or less.

Although many of the principles and procedures outlined in this book can be applied to deals above \$250 million, many companies that do large mergers or acquisitions typically hire large consulting firms to manage the bulk of the integration activities. These companies will employ many of the same integration strategies and tactics that are outlined in this book, but often the tools are proprietary and the engagements are long-term.

Many companies may choose to manage deals under \$250 million in-house and task executives with the bulk of the day-to-day integration duties. If that executive is you, you've picked up the right book!

HOW THIS BOOK IS SET UP

This book is designed to address the most common integration activities and challenges. It is not intended to delve deeply into a particular industry or type of deal, but rather it addresses integration activities that are “industry and deal-size agnostic” and fairly ubiquitous to any merger or acquisition scenario.

The intent is to get the reader up to speed on the most common integration issues and to outline some basic practices to tackle integration projects in a rational and efficient manner that preserves and protects the value of your transaction.

This book also provides samples of tools and templates to illustrate how to accomplish many tasks, as well as suggested approaches to help you familiarize yourself with the topic.

The tools and templates used in this book to illustrate various integration activities are for illustration only. The optimal tool is the one that best matches the needs of *your* integration. Every integration is different, so be sure to develop tools and templates that are tailored to address your integration goals and deliverables.

CHAPTER SUMMARIES

Chapters 2 through 4 are an introduction to some merger and acquisition basics and some general planning guidelines and considerations for

integration work. These chapters are intended to help readers understand the overall role of integration work and how to plan for integration.

Chapter 2, “Mergers and Acquisitions 101 and Assessing Integration Complexity and Risk”: This chapter offers a short primer on some merger and acquisition basics, including tips on justifying and acquiring integration resources, understanding integration challenges, and laying the groundwork for your integration project.

Chapter 3, “Making the Business Case for Integration”: This is a brief overview of how mergers and acquisitions are justified from a business perspective and how to make the business case for integration support.

Chapter 4, “An Introduction to Integration Planning”: This is a summary of how the bulk of integration activities should be organized by phase in terms of key activities, desired outcomes, and risks.

Chapters 5 through 10 detail each major phase of integration and all of the key activities involved or recommended.

Chapter 5, “The Pre-Planning Phase”: This chapter covers how to access the integration challenge and determine what resources are going to be required to manage it.

Chapter 6, “The Importance of Due Diligence”: This chapter includes the topics of understanding the key aspects of the acquired company’s organization, governance, and key business processes, along with helpful lists to get you started on collecting the inputs to support the development of the initial integration plan.

Chapter 7, “Establishing an Integration Management Office”: This chapter covers establishing an integration management office (IMO) for the purposes of managing all integration activities.

Chapter 8, “Executing Your Integration Plan”: Provides a summary of key activities related to the execution phase of integration, and included are numerous tools and templates to assist with execution tactics.

Chapter 9, “Planning Your Integration’s End State”: This chapter deals with the fact that every integration has to have an end. Planning for the end state is just as important as planning the integration itself.

Chapters 10 through 14 delve deeper into the most critical integration topics: communication planning, cultural integration, talent

assessment, synergy program management, and information technology (IT) integration.

Chapter 10, “Effective Communication Planning”: This chapter offers the basic steps and practices to ensure that communication planning is a robust part of your integration.

Chapter 11, “Cultural Integration and Assessment”: This chapter warns you not to underestimate the challenge of integrating cultures. Integration and progress can be seriously impeded by culture clashes. Be prepared!

Chapter 12, “The Talent Assessment Process” This chapter contains tools and practices to help you manage the most important part of any integration: people.

Chapter 13, “Synergy Program Management”: This chapter provides an overview of setting up a robust platform to manage and realize synergies that are part of your integration deliverables.

Chapter 14, “Information Technology Integration”: This chapter gives an overview of the critical role of IT and its importance in planning and executing a successful integration.

Chapters 15 and 16 are overviews of some common lessons I have learned from my previous integration work, and they include a summary of how to create an integration playbook to help companies manage ongoing integration activity.

Chapter 15, “Integration Feedback: Lessons Learned”: This chapter covers how to collect feedback from all stakeholder groups to continually optimize your integration strategies and tactics. Also included are some common lessons learned from previous integrations.

Chapter 16, “Creating an Integration Playbook”: This chapter covers how to create a scalable integration playbook for your organization.

A WORD TO THE WISE

Don't underestimate the task at hand. As you prepare for your upcoming integration, please remember the following:

- *Every integration is the same but different.* Use this book to craft sound strategies and processes for effective integration management, but be

flexible in accommodating the unique (and sometimes ever-changing) needs of your integration. Many integration challenges are the same regardless of deal size or industry, but they all have nuances that need tender care and focus.

- *Integrations are disruptive.* Expect your integration to disrupt operations and hamper business continuity. Do not underestimate the preparation and work required to manage a successful integration—they can be ugly, time-consuming, and contentious. Prepare for the worst and expect the best.
- *Integration is real work and requires competent people.* Make sure to staff your integration office properly (I will show you how later), and don't be caught shorthanded. Ask for more than you need up front, and when things get slow, you can adjust. If you need some short-term external resources, get them. Don't get caught shorthanded.
- *Have a bias for urgency.* Integrations should be accomplished as quickly as possible. Although some processes may take longer (e.g., plant consolidations), the bulk of integration activities should be able to be accomplished within a 60- to 120-day time frame. The longer an integration takes, the more disruptive and expensive it can be.
- *Overcommunicate.* We will discuss this at length, but you should assume that you will have to communicate everything five times or more. Poor communication is the most commonly cited pain point of most integrations.

I hope the rest of this handbook provides an ample supply of strategies, wisdom, insights, tools, processes, policies, and anecdotes to manage all of the things outlined here, along with anything else you're likely to encounter on your integration journey.

Good luck!

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