Optimizing and Standardizing Post Merger Integrations

Our client, a $17B North American Operating division of a $27B global power distribution and equipment manufacturer, anticipated a significant increase in its Mergers & Acquisition activities in the near future. Therefore, to ensure the success of these transactions and the realization of their forecasted Synergies, our client engaged Tefen to assist them in not only the initial Post Merger Integration planning and execution but also in using it as a pilot to standardize and optimize its Post Merger Integration (PMI) process to ensure efficiency, repeatability and flexibility in future M&A deals.

Tefen provided a two (2) phased approach (Fig 1) to developing our clients Post Merger Integration System. Phase I focuses on enabling the acquiring organization through the development of a revised Post Merger Integration Plan based on our client and Tefen’s Best of Breed processes, tools and templates. Phase II of the program focuses on analyzing defined data elements and experiences from the transaction, integrating them with existing templates, and developing a structured, flexible processes, tools and templates for use in future M&A activities.

Fig. 1
How Tefen Helped

*Phase I: Post-Merger Integration (PMI) Capability*

During Phase I of this program, Tefen worked with our client acquisition Synergy Manager and team to develop and implement an efficient PMI plan for successfully integrating the Acquisition. Data Collection launched the activities. Tefen interviewed key members of the Due Diligence team to capture all key risks and opportunities that emerged out of the due diligence process. In addition, Tefen reviewed the Synergy Plan, Acquisition Plans, and Due Diligence evaluations to define key merger risk and activities. Stakeholders from acquisition and our client in Sales, Marketing, Operations, Human Resources, Finance, and Information Technology were interviewed and consulted to ensure a complete and thorough definition of PMI activities.

Subsequently, Tefen tailored its tools and templates to specifically fit our client’s requirements this specific deal whilst ensuring they could be standardized and recycled on future acquisitions. This included:

1. Development of an Integration and Synergy Plan
   a. 100 Day Tactical Plan
   b. Integration Roadmap (4 months – 3 years)
2. Defined Integration Roles and Responsibilities (Acquirer & Target Acquisition)
   a. RACI Analysis
3. Created Integration/Synergy Teams and relevant Subject Matter Experts (SME’s) to support, manage and execute the tactical integration plan
4. Created Communication Plans to ensure both internal and external stakeholders are kept continually apprised of developments
   a. Acquirer & Target Acquisition Internal Employee Communications
      i. PMI email updates
      ii. Newsletter
b. External Communications (Suppliers, Customers, etc)
c. Developed a Metrics System to measure and drive the success of the PMI
   i. Acquirer & Target Acquisition Key Performance Indicators
      ii. Synergy Metrics
5. Created a PMI Governance and Management Process for ensuring the appropriate level of management oversight and control for this initiative. This included the creation of both a Sr. Management Steering Committee to champion the initiative, set and communicate strategic direction and ensure roadblocks are addressed to ensure synergies from the transaction are achieved. Additionally, a PMI Synergy Office was established, responsible for the daily tactical oversight of the Integration/Synergy teams. This PMI Synergy Office is also responsible for:
   a. Weekly PMI Meetings
   b. Monthly Executive Steering Committee Meetings
   c. Quarterly Business Synergy Meetings
   d. Lessons Learned Process
   e. Reporting
   f. Action Item Tracking

**Phase II: Establish Acquisition Planning and PMI System**

During Phase II of the program, Tefen facilitated the development of an efficient, flexible and repeatable PMI System based on the process, tools, templates and knowledge gained from the acquisition and other client and Tefen PMI activities. This phase included:
2. Defined the Acquisition Types (Fig 2)
   a. Non-Integrated, Non-Core (Niche companies)
   b. Non-Integrated, Core (Product/Customer Expansion & Extension)
   c. Integrated (Fully incorporate acquisition into SENA infrastructure)
3. Created the PMI System to become the framework and structure around which future Post Merger Integrations will occur. They included:
   a. Standard Planning Templates (Fig.3)
   b. RACI Matrices
   c. Team Structures
   d. Communication Plan
   e. Metrics System
   f. Governance Process (Fig 4)
4. Defined the Implementation Procedures to be critical elements of a repeatable process. To achieve this, Tefen collaborated with the Acquisition Synergy Manager and Synergy Teams to create a;
   a. PMI Guidebook
   b. ‘How To’ Manual
   c. Decision Trees
5. Developed Acquisition Planning Procedures
6. Due Diligence Templates were reviewed and standardized to:
   a. Ensure consistency
      Identify earlier in the acquisition process, key synergy and PMI data necessary to ensure a successful PMI and Define Training needs to upgrade SENA skills to ensure success of the PMI
Performance Excellence Delivered

1. Realized >$1.5 Million in Cost Savings in First Quarter post closure of the deal
2. Targeted over $100 Million in Revenue Opportunities and Designed Process to Realize these Synergies within Three Years
3. Developed a standardized Tool Kit for future M&A transactions by Leveraging “Best Practices” from Client, Tefen and Industry Standard Processes, Tools and Techniques and by Incorporating Lessons Learned from Pilot acquisition
About Tefen

Tefen is an international management consulting firm, committed to improving overall operational effectiveness for Fortune 500 companies around the world. The firm’s main areas of focus include operations excellence, manufacturing, quality, customer service, research and development and supply chain management. With its “hands-on” approach philosophy, the company has achieved tremendous success in delivering quantifiable and value-driven results for its clients in a variety of industries, including healthcare, life sciences, general manufacturing, high-tech and financial services. All of Tefen’s support programs are ISO 9001 certified. Tefen currently employs over 300 professionals worldwide.

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