Post-merger integration (PMI) - Advisory Services

Smith & Williamson

Integration is the last step in an M&A process that has already been through many months of strategic planning, analysis, due diligence and negotiation. After all the hard work and disruption, not to mention the time and money spent in acquiring the right business for your strategy, it can all be put at risk if integration is poorly executed.

Post-merger integration (PMI) requires significant effort and co-ordination, and as such often doesn't go to plan. There are real risks associated with poor implementation:

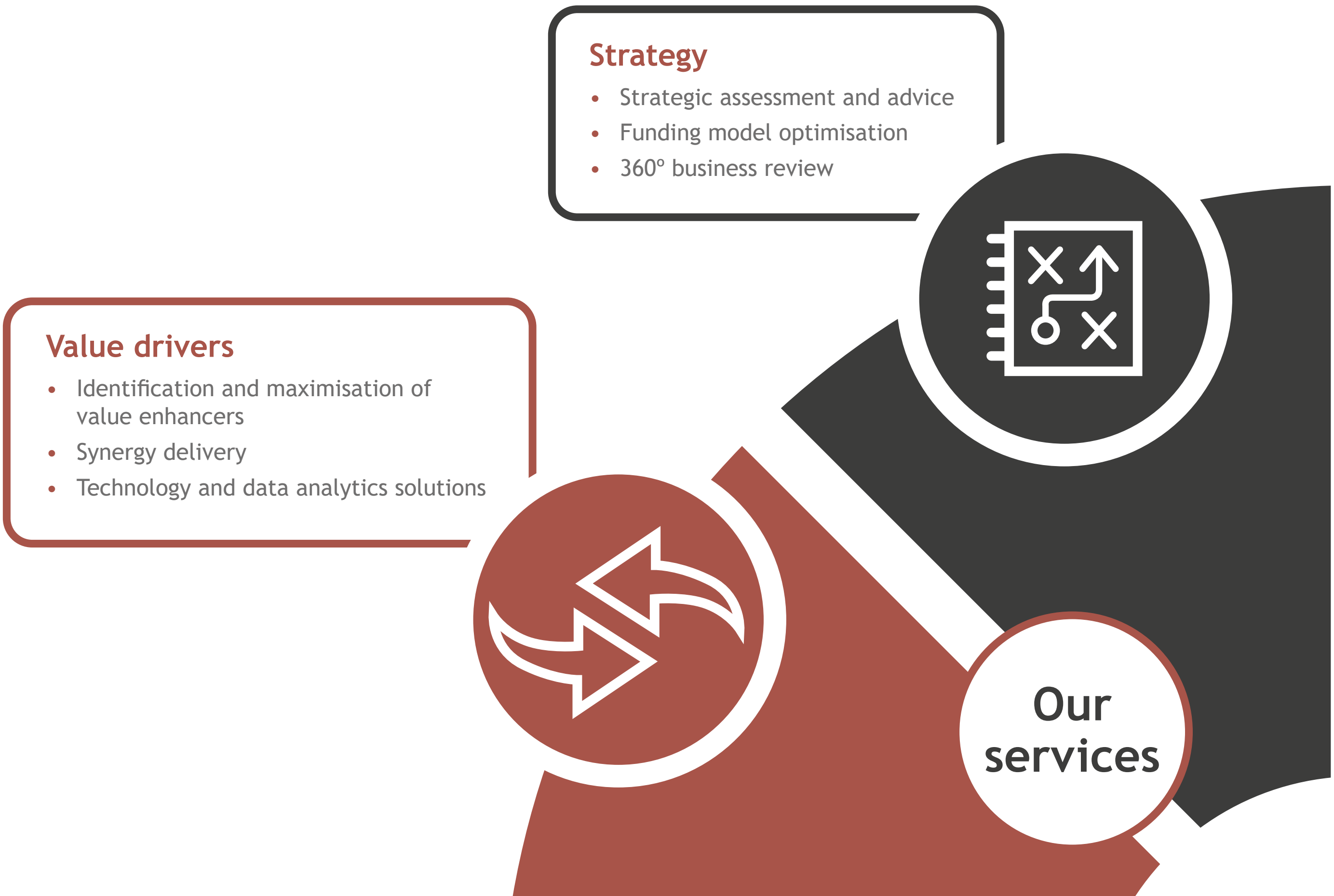
- The objectives of the deal and hoped-for synergies may be compromised;
- Management time and project resource are drained;
- There may be additional funding requests, covenant breaches and a lack of confidence in delivery of forecasts;
- Negative impacts on culture, talent and customers; and
- Implementing a variety of temporary solutions that are not fit for purpose.

Integration plans need to be properly customised to deliver the objectives and value that drove the acquisition in the first place. It sounds obvious, but we find many groups apply off-the-shelf plans and generic best practices that tend to overemphasize process and ignore the unique aspects of the deal. More important is to ensure the value behind the deal rationale is achieved, and that the integration is enduring and properly embedded.

Led by experienced partners, we advise on performance and activities required against the 100-day plan. In the hectic days and weeks after the deal is done, leaders face a daunting list of responsibilities, and may feel they are flying blind due to a lack of live information. Critical tasks can be deprioritised in favour of apparently urgent but low risk activity. Cultural changes and strategy can be forgotten.

With wide-ranging industry experience, we identify the root causes of delays and work to bring performance back on track, while ensuring a tight focus on the right priorities. This frees business leaders to focus on strategic issues.

This investment in additional support can be the difference between success and failure. It can help businesses sustain the deal rationale and implement key cultural changes in those critical weeks post-acquisition. It can also materially accelerate the achievement of synergies and capture strategic benefits before competitors have the chance to react.



Experience and success stories

- Integration projects aligning processes and procedures (including within a complex regulated group)
- Achieving synergies, including operational projects that had previously been blocked or delayed
- Delivering asset-based lending facilities to better fund working capital cycles without tying up investor cash
- Using technology and data analysis to stratify elements of working capital to improve the net cash position
- Resolving cash draining acquisitions, reworking 13-week cash flow forecasts and identifying readily available improvement opportunities
- Integrating forecasting models into one tool to align inputs, enabling group-level comparisons
- Implementing live dashboards to track delivery of KPIs, with drilldowns and performance tracking by team
- Resolution projects including data cleansing/alignment, backlog clearance – caused by a lack of integration process and management
- Cultural and strategic consolidation, improved staff engagement

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Performance

- Operational and financial underperformance root cause analysis and improvement delivery
- Targeted troubleshooting
- Turnaround and transformation planning and implementation
- Working capital cycle optimisation

Change management

- Project planning, delivery support and monitoring
- Deal points achievement
- **Full transaction service offering**