TBM

4 Best Practices for Successful Acquisition Integration

Maintaining alignment between the business strategy and acquisition integration starts in the first 100 days, but extends well beyond that period. Here are four practices that have helped TBM clients maintain alignment with the acquisition strategy after a deal is finalized.

How to Ensure Objectives Are Achieved After the Deal is Signed

Unfortunately, business acquisitions and mergers too often fail to achieve the targeted financial objectives. The root cause of such failures in many cases is that the justification behind the original deal thesis is not maintained during the integration process. Here are four acquisition integration best practices that have helped TBM clients maintain that alignment and achieve their financial objectives after a deal is finalized:

1. **Involve the future operating team early in the deal cycle.**

   In many cases the operations team is only pulled into the acquisition process in the very late stages. But if the future operating team members are involved in the strategy from the beginning, they can validate the accuracy of the deal thesis even before the due diligence, and then help set future growth objectives that are more likely to be realized.

2. **Keep members of the deal team engaged on some level during acquisition integration.**

   After a deal is finalized, the finance team frequently moves on to the next target and the integration task is handed off to an entirely new group of people. Whether it's a member of the private equity partner, or an internal representative, continuity of personnel throughout the integration process will help maintain the connection to the acquisition strategy.

3. **Develop a detailed and aggressive integration plan.**

   In addition to keeping members of the deal team engaged on some level, a detailed integration plan and hand-off meeting will help maintain alignment with the deal thesis. Such a plan should lay the groundwork for future changes while communicating the vision and setting the tone that it's no longer business as usual.

4. **Review progress frequently, and re-calibrate accordingly.**

   The impact from major changes—such as facility consolidations and leadership changes—won't begin to impact performance until 3-9 months after an acquisition is finalized. Regular reviews by senior management should maintain alignment with the acquisition strategy and prompt countermeasures when progress isn't going according to plan.

Paying attention to these four practices from the early stages through the integration of your next acquisition will help maintain alignment with the deal strategy and increase the potential for achieving the operational synergies and targeted cost savings.

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