



Members Share Their Expertise: Scott Whitaker on Leadership Global PMI Partners

Leadership is Mission Critical During M&A Integration

For many companies, an M&A event is the one of the most intense and seemingly chaotic periods they will ever experience. Think of all of the things that are can be “in play” when planning an integration:

- The company’s strategic direction and business focus
- Corporate leadership and governance structures
- Individual roles & responsibilities
- Policies, processes, and business practices
- Corporate office and facility locations
- Financial performance
- Reprioritization of business investment and capital allocations
- Product and service portfolios
- IT and operating infrastructures
- Suppliers and customer mix

These are just the most common examples, as virtually everything is in flux during a full integration. With all of the above comes a heightened level of anxiety for most all employees. With so much unknown, people fear the worst and expect any change to be detrimental to their status quo.

Without strong leadership, the anxiety caused by M&A activities can overwhelm both the acquiring and target companies, and erode productivity and employee engagement.

Leadership “voids” during M&A events can negatively impact momentum and destroy value. And worse, it can permanently hobble a “newco” right out of the gate. Your leadership “posture” during an M&A event should be a carefully planned and coordinated to avoid unexpected results and issues.

Leadership “failures” during integration can result in some significant pain points that can undermine an integration effort, including:

- Conflicting goals and strategies: Leaders fail to solidify company directions and the vision for “newco.”
- Poor communication: This unfortunately is a problem in most every transaction, and the primary reason is always that information and decisions can be slow to develop, and people get anxious as a result. It is imperative that leaders proactively support communication planning as senior executives can tend to be reactive when it comes to communications during integrations.
- Conflict, conflict, conflict: Conflict is unavoidable and many times a little conflict produces better results. When conflict results in paralysis and execution dysfunction, it can impede integration

success significantly. At the end of the day, leaders need to resolve conflict that is detrimental to the integration and execution efforts.

- Disparate cultures: Sometimes culture clashes can become so distracting that they can grind integrations to a halt. Culture clashes also make most employees anxious and in many cases - downright miserable. Leaders need to understand the culture of the target company, and appreciate where cultural attributes differ and why.

Everyone, from the CEO to those chosen to help lead the integration should:

- Reinforce importance of integration as corporate priority
- Clarify integration planning scope, guidance, and assumptions
- Provide overall integration oversight and governance
- Organizational design and structure
- Establish goals and success factors
- Support proactive communications
- Manage timing and inclusion of target into pre-planning efforts
- Ensure proper integration resourcing and budgeting
- Communicate changes to investment thesis and/or deal structure that will impact integration planning

Good luck with your integration!

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