

# Achieving Post-Acquisition Integration



JILLIAN ALEXANDER

2530 Wilshire Blvd., Second Floor  
Santa Monica, CA 90403 USA

Tel: +1.310.260.9765

Email: [jillian@conduitconsulting.com](mailto:jillian@conduitconsulting.com)

Web: [www.conduitconsulting.com](http://www.conduitconsulting.com)

Successful post-acquisition integration is integral to generating the sustainable value that companies are seeking by joining forces in the first place; given that every merger is unique in terms of goals and implementation, it requires a customized solution to ensure that the two separate entities can truly become one. Acquisition International speaks to Jillian Alexander, Founder and Managing Director, Strategy & Corporate Development practice at Conduit Consulting LLC.

“Our professionals have been advising on, planning and orchestrating merger integration for more than 15 years. We have helped clients ranging from *Fortune* 100 corporations to large privately-held multinationals to small and mid-size enterprises (SMEs) successfully integrate a variety of acquired businesses, including those in the Consumer Goods, Entertainment, Financial Services, Paperboard, Professional Services, Retail and Technology industries.”

## **When working with a new client, how do you assess what steps must be taken to achieve post acquisition Integration? Do you have a systematic approach?**

“In addition to determining WHAT to change, it is also imperative to determine HOW to change.

“Each Conduit Consulting engagement is custom-tailored to suit each client’s unique goals, situation, capabilities and needs.

“We use a systematic approach to rapidly identify opportunities as well as risks to be mitigated, create transition workplan then reduce costs and streamline workflow through a combination of reorganization, business process reengineering and knowledge sharing mechanisms. Our efforts have contributed to clients’ annual profit increases up to 34% and annual share price growth up to 75%.”

## **Has demand for post acquisition integration strategies increased since the downturn?**

“Since the downturn, SMEs have engaged us during the LOI stage to design NewCo, plan

integration, forecast earnings, perform valuation analysis and structure post-acquisition roles and compensation. This facilitated Buyers and Sellers reaching win-win agreements; plus, in one May 2010 instance, a Buyer securing bank financing after having been turned down by 20 lenders.”

## **How common is post acquisition integration in your jurisdiction?**

“In the United States, most recognize need to integrate financial systems and HR administration prior to close, yet few plan integration of these or other elements UNTIL AFTER close.”

## **Are certain types of firms/ firms operating in certain sectors more likely to make use of post acquisition integration?**

“Due to Anti-Trust laws, intellectual property product companies (i.e., Biotech, High Technology, Media, Telecommunications) and large firms in highly concentrated industries often plan elements of integration and potential asset divestiture prior to deal close.

“Financial Institutions and Professional Services firms generally are the quickest to integrate, while Creative Services, Entertainment, Internet and Media companies typically initiate integration within six months of close.

“Other large companies frequently initially run the acquired business as a separate wholly-owned subsidiary and are slower to integrate than SMEs keen on realizing synergistic gains. Those that delay frequently mandate “Reengineering” and ignore many elements merger integration addresses. It is no wonder that business leaders report approximately 75% of all mergers failed to meet objectives.”

## **With cross-border activity proving so popular, what are the key challenges when integrating foreign companies? And how do you solve them?**

“The biggest challenges are overcoming employees’ fears, providing real-time operational and financial performance visibility

to distant managers, and resolving Anti-Trust and Employment-related matters.

“We anticipate issues and sequence resolution, then assign to appropriate transition workgroup. We guide issue resolution and build consensus to changes necessary to successfully merge businesses. Our holistic approach not only integrates the foreign company’s business activities, but also facilitates building rapport and trust by providing a safe forum for anyone to raise concerns and air grievances.

“My guiding post-acquisition re-envisioning of \$2B consumer goods division’s worldwide organization, reengineering operations and system overhaul contributed to client surpassing all other dominant industry players to secure and maintain #1 position for several consecutive years.”

## **What are the key benefits to achieving successful post acquisition integration?**

- (1) Increase profitability due to:
  - delivering more products and services to customers in more markets
  - leveraging buying power to negotiated cost reductions; and
  - reducing WACC by securing lower interest rate loans due to being more cost efficient than competitors.
- (2) Attract and retain top talent and outside investors.
- (3) Enhance brand integrity.

## **What are your predictions regarding 2011?**

“Pressure to extract value from deals will increase. With greater awareness that little value can be derived through financial engineering, more executives and company board members will emphasise creating value via strategic and operational reengineering.

“There will be increased demand for Corporate Development experts whom have a proven record of creating value under various circumstances such as Conduit Consulting professionals.”