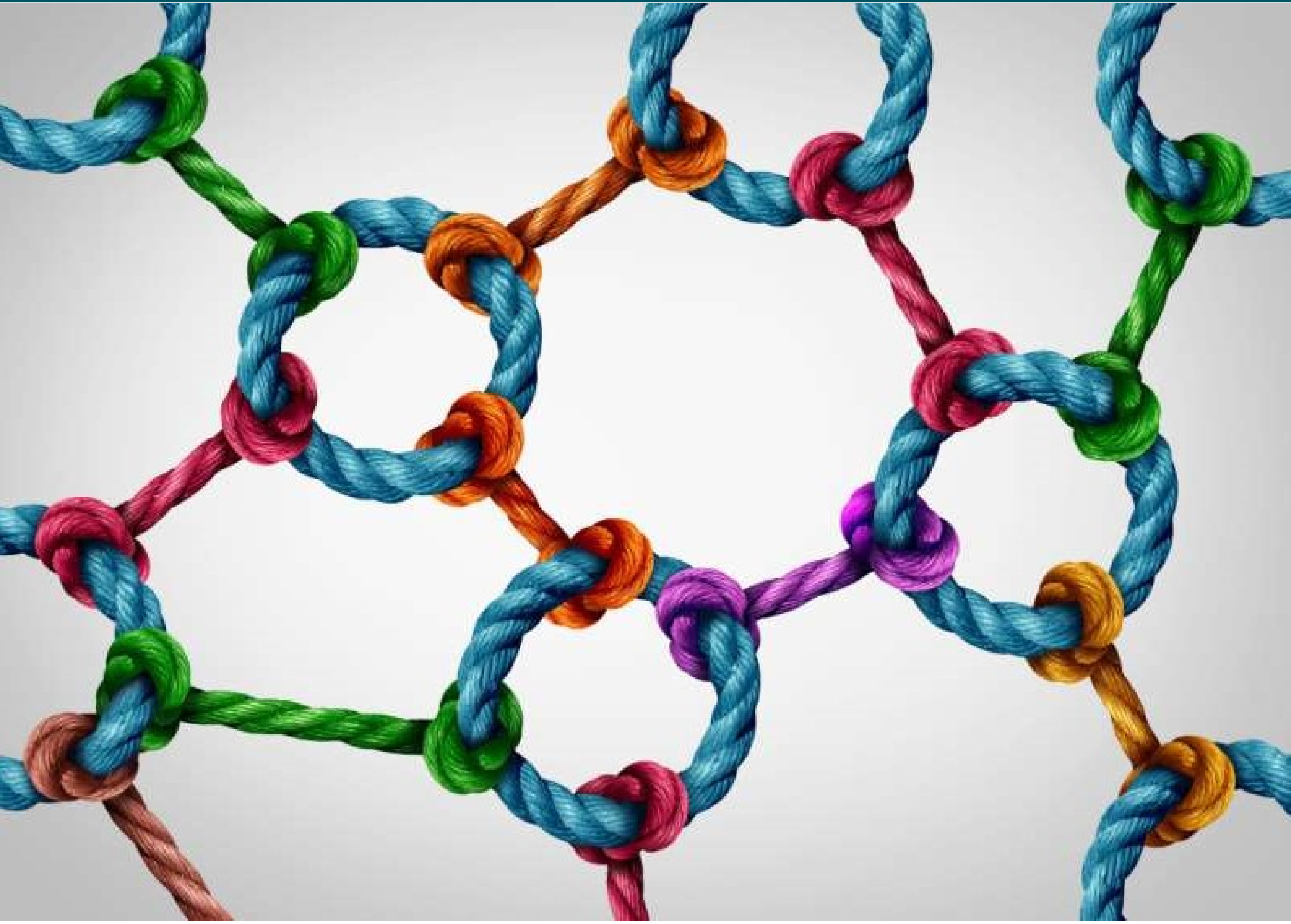

Executive Issues & Insights: Planning a Successful Integration

December 2022

The CFO Suite®

E78 PARTNERS

Planning a Successful Integration?

You've just acquired another company. Now what?

Too many executives ask this question too late in the game. They spend all their time and resources on the acquisition and shortchange planning the integration of the acquired company. This can have disastrous effects on the combined company's reputation, customer relationships and profitability.

In this edition of, Executive Issues & Insights we explore key insights drawn from the extensive C-suite and Board experiences of The CFO Suite & E78 teams on how to integrate your acquisition successfully into the combined company.

Understand how the combined company will be different

The objectives and drivers of the combined company will likely differ from those of the comprising companies. Evaluate how the combined company can be most effective and base all new planning on this.

Plan early for integration

Planning for the integration should take place alongside planning for the acquisition. As soon as the deal is announced, be ready to start integrating. The best way to ensure this happens is to designate an integration manager. That person's primary responsibility will be planning and executing the integration.

Execute quickly without sacrificing quality

Start the integration immediately. Delaying will eat away at cost savings and other benefits touted for the acquisition. Stakeholders will expect to see benefits quickly, so the sooner you can point to success the better. With a solid plan in place, you can do it efficiently without sacrificing quality.

Integration post-acquisition is most successful when the person on the team that's deciding whether or not to go through with the acquisition is also held responsible for a successful integration

Dedicate sufficient resources

Leadership often underestimates the time and personnel they will need to successfully execute an integration. You should plan to dedicate significant resources to this process. Operational teams comprising people from both the acquired and acquiring companies need to evaluate all aspects of the new company. The integration manager will set up timelines and metrics, keeping the teams focused, on task and accountable. This is when having a leader with integration experience really pays off.

> **"It's easy to make a million dollars on a spreadsheet – It's a lot harder to actually execute on It."**

Nurture customer relationships

Customer relationships should be a top priority at this time. Customers will expect product quality and service under the combined company to be even better than before. Maintaining consistency is vital to nurturing those relationships. Commit to early and ongoing communication and unflagging customer service throughout the integration.

Be transparent and fair in personnel issues

Recognize that the integration will affect some people's lives. Be upfront and timely in letting all employees know what to expect and the assistance programs that will be provided. Be transparent and consistent in explaining the new organization, and empower the Human Resources department to be generous and patient in their dealings with everyone. Any perception that employees are being treated unfairly can significantly damage your reputation as well as the integration process. An open and ongoing communication program, both internally and externally, fosters the employee trust essential to the combined company's success.

If you're interested in learning more about how The CFO Suite can help you plan a successful integration, reach out to

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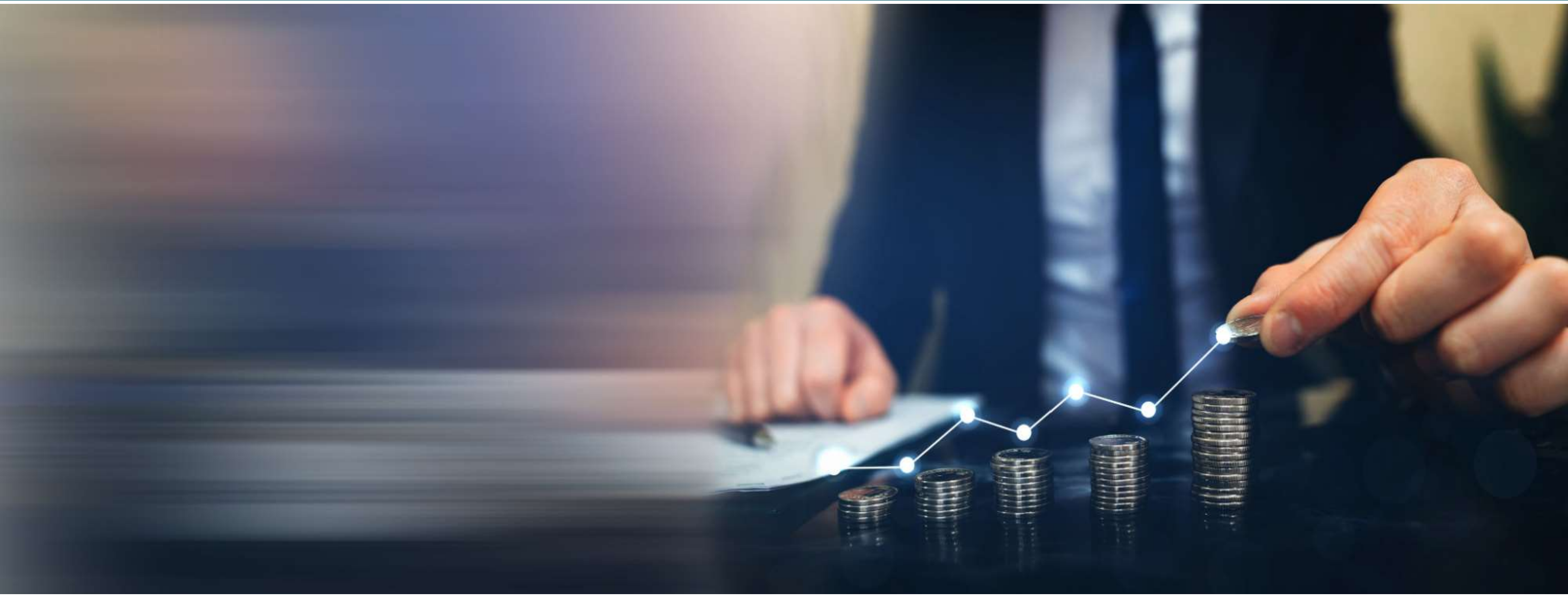

Case Study: Synergy savings of over $35 million

A large multi-product manufacturing corporation acquired a business unit of another large company. Their goal was to expand market position in an area where they were weak. The acquired business unit was nearly five times bigger than a similar business unit in the acquiring company.

The buyer did extensive, detailed planning for the integration in advance of the closing. But it was critical that they follow through.

When the yearlong deal was complete, the CFO of the acquired business unit, an E78 Executive, was asked to lead the integration. He had experience in multiple functions of the business and had learned about the buyer's plans during the deal.

He organized teams and sub-teams under the framework of the plan and finalized measurement metrics and a timeline for each plan element.

He also set up an ongoing communications program involving progress reviews that decreased in frequency as elements of the plan were completed. In addition, he established the decision authority to keep the process manageable.

The detailed integration follow-through kept the entire organization focused on achieving well-defined goals and maintaining positive momentum.

As a result, the company expanded market share and increased their margins more than they had planned, due to improved efficiency. They also saved over $35 million through synergies. The company's stock price increased approximately 30 percent by the end of the first full post-acquisition year.

KEYS TO PLANNING A SUCCESSFUL INTEGRATION

- Your objectives and drivers: Do you understand how they may change post-acquisition?
- Your integration planning: Is it taking place alongside acquisition planning?
- Your schedule: Are you ready to start integration immediately?
- Your resources: Have you dedicated an integration manager to oversee them?
- Your customers: Are you nurturing those relationships?
- Your employees: Are you communicating openly and often with them?

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The CFO Suite is now part of E78 Partners, LLC, a firm that provides consultative, interim and outsourced tailored services in accounting, finance, and technology to the alternative investments community.

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