



Post Merger Integration

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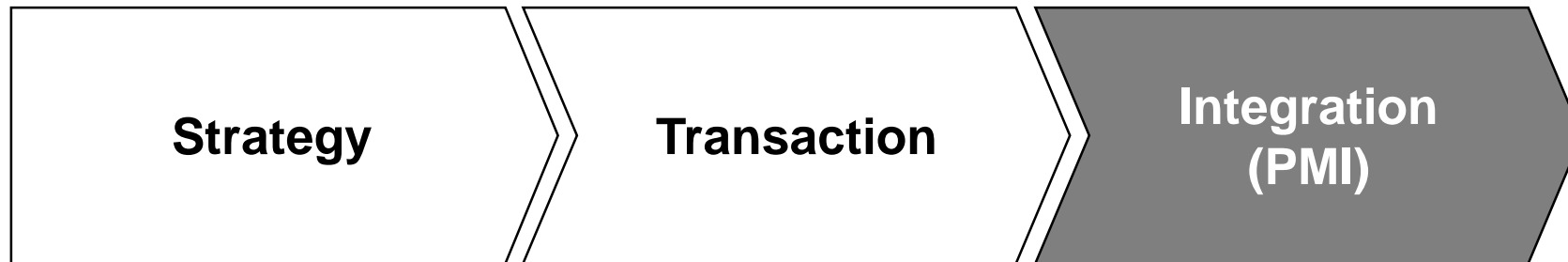
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Merger & Acquisitions – 3 Phases



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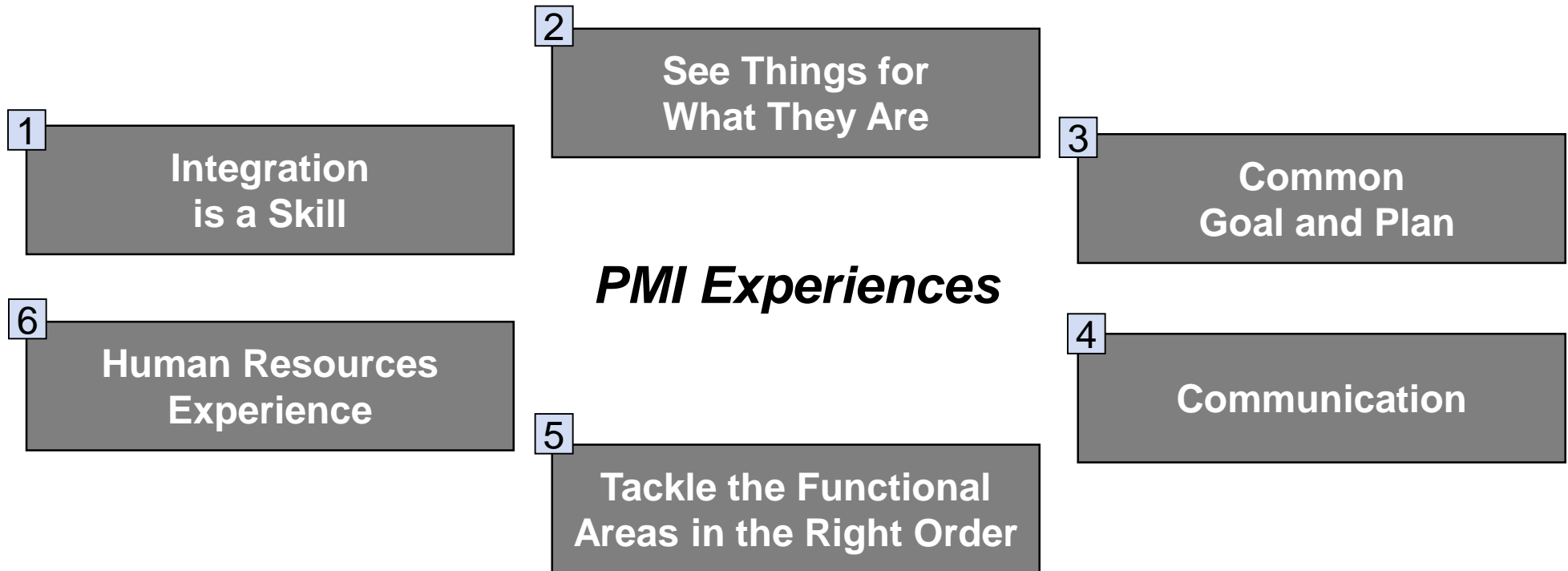
Up to 80% of all acquisitions do not live up to expectations

Available statistics from Sweden as well as internationally show that 70-80% of all acquisitions do not live up to expectations.

➡ Our experience is that in most cases it is during the integration phase things go sour



Six areas need full attention in order to succeed



Remember, PMI is a skill !

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- A good CEO might not necessarily be a good Integration General
 - Integration is a project, and project skills vary from line manager skills
 - Sometimes the time available from Management is just not enough
- Industry understanding is great, however leadership is crucial
- Integration demands understanding for the full picture and how various processes interact

Remember: It is not only about Business Development and top-line growth

See things for what they are and not what you want them to be

- Most buyers know the acquired company in great detail in terms of business – market dynamics, competitive position, product portfolio etc.
- However, often too little time is spent understanding culture such as relationships to key customers and distributors as well as the corporate culture
 - Acquisition of a entrepreneurial business ?
 - Smaller portion of a large company ?
 - Different countries \longleftrightarrow different cultures

Remember: You probably also acquired things of no future interest

Create a common goal and plan

- Management needs to take the responsibility to
 - Create and anchor the strategy with the owners
 - Secure that it is understood by all employees
 - Define the integration plan
 - ... This can never be delegated
- Establish a PMO office if necessary
- Clarify responsibilities (who should be involved and who should not) and take an active role

Remember: A non performing company do not automatically starts to perform just because there is a new owner

Communication and the right pace

- Everybody wants to know
 - 1. Why ?
 - 2. Where are we ?
 - 3. Where do we want to be in the future ?
 - Things that are not understood will never be accepted
- Communication = “everybody needs to get onboard”
 - Communication that stays in the Board room doesn't fuel the integration success
- The integration process needs to start immediately
 - To start or restart a process after a couple of years is seldom successful

Change and improvement are two different things

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Change is doing something different.
Improvement is getting better at doing the same thing.



Tackle the functional areas in the right order

- Select a CFO with the right background for the job
 - You need management skills and business acumen not an Excel matador
- Sales & Marketing: run the process with great care
 - You do not want to lose the top line
- R&D: Create synergies based on a common product plan
 - If you do not have a product roadmap, now is the time to get one
- Production, purchasing & logistics: rationalize and improve efficiency
 - Depending on the situation it can take longer time than you think

HR resource experience is crucial

- Let HR play an active role – leadership is “key”
- Be objective regarding your own and the acquired company’s competence and leadership skills
- Organizational development is a necessity
- CEO, CFO and HR = “Core team”