Innovation in Integration – How to Tackle the Integration Challenge after a Merger or Acquisition

Recently I talked to a management consultant of one of the most renowned management consulting firms worldwide. His job is to help corporations in their integration process after a merger with or acquisition of another company. He then shared with me his frustrations with the leaders he comes across seeking the advice of his consulting firm in Mergers & Acquisition (M&A) projects.

He said that he couldn't understand what was going on.

Top managers seem willing to spend thousands and thousands of dollars for consultants who are supposedly specialists in their respective fields. The consultants do weeks of hard work, analyzing the facts and interviewing people. They blend the findings with their extensive experience and knowledge to finally propose a strategy for the integration process.

And what do the leaders often do with that? Either ignore it, implement it half-heartedly, or change it altogether…leading to an undesired outcome.

Why M&A integration projects fail

When I was still a director of a multi-national technology company, I had similar experiences 'from the other side of the river'. Upon acquiring or merging with another company, we would want to achieve a smooth integration of both companies and would therefore engage M&A consultants. It was the CEO's decision that we should have these consultants even though most of the directors often felt we could do without them. Nevertheless, we tried to work constructively with the consultants and after some weeks or months – depending on the scope of the project – they would come up with a pamphlet with some useful and some less useful (from our point of view) findings and suggestions.

The first part of the problem? There was actually no full agreement from all key players on the findings and suggestions.

Of course, the presented results were discussed between and agreed upon by the consultants and the CEO and then 'discussed' with the directors. But the discussion was not a real and open discussion. In fact, if someone dared to disagree completely with the results, that person would have to make a very compelling case, or else be 'shot down' for it. I never had the impression that a very open and critical discussion was really welcome.

Which leads us to the second part of the problem: the CEO is actually in a dilemma. On one hand he needs the team to implement the suggested changes in the operation; on the other hand he simply believes that he can't afford to have a lengthy discussion and possibly a change of the proposal made by the consultants. If he allows the latter, it could mean:

- Several weeks delay of the project;
- Increase in the cost for the consultants beyond the budget set for the project;
- An extension of the period members of the project team are disrupted from their normal work.

So what does the CEO do? He uses his authority to push the results through and allows major adjustments only in extreme cases.

What does the project team do as a result? Since the members don't fully agree with the findings and suggestions, they implement them half-heartedly (in the good case) or boycott them subtly (in the worse case). As a result, the project targets are not met, the consultants are frustrated, and top management celebrates the project as a success because some positive changes have been achieved, even though these may be far less than originally expected and promised by the consultants.

Taking care of the soft factors

How can this process become more effective? There are a number of soft factors that are often overlooked by CEO's and consultants alike and therefore seldom addressed:

- Every project member brings his/her own agenda along;
- Unless full and true agreement has been reached by all members of the team, disruptions during the implementation are to be expected; and
- Ownership for the strategy to be implemented would dramatically increase the likelihood that positive change will actually happen.

As facilitator and moderator in this process, an executive coach would address these factors and assure that everybody would pull at the same rope in the same direction.

For example, before any consultants are engaged, the CEO could clarify and determine the desired outcomes in a pre-integration workshop with his directors. Any concerns raised by the directors could be dealt with upfront to assure positive collaboration among the consultants, the integration team, and the directors who are not part of the integration team.

In the course of the project, a coach would work in individual and team settings with all key players to improve communication and identify any conflicts along the way. The coach would act basically as a communication facilitator and emotional sponsor to assure that everybody stays positively engaged in this process.

Finally, through the coaching-typical approach of giving ownership for proposed changes to the implementation team, the consultants would reap the benefits of considerably higher buy-in for the finally proposed solutions.

Photo by: Franklin

Conclusion

M&A integration projects are very complex due to the inherent 'human factor'. Traditional approaches towards M&A integration don't sufficiently consider this factor and therefore are at high risk to fail. An experienced executive coach can help integrate the special expertise of the consultants with the unique experiences of the corporate team members. This leads to a continuous alignment of all project participants, which results in a much higher success rate for the integration project.

Charlie Lang
Executive Coach & Trainer
Progress-U Ltd