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# GUIDE 11: POST-MERGER INTEGRATION

The sale of a business is a complex undertaking, for both buyer and seller. Great attention is paid to the process, the technical aspects of valuation, deal structure and of course negotiations. Despite all this good work, a significant number of merged adviser businesses fail to deliver on their potential, which can leave the combined businesses adrift.

## Post-merger drift

- Post-merger drift is an organisational condition where two (or more) merged businesses fail to fully integrate.
- The condition can result in confusion amongst teams, low morale, resignations, the loss of clients, underperformance and a reduction in business value.
- It's caused by a lack of direction and planning. After the initial energy of a transaction has dissipated, confusion over leadership and strategy can lead to confusion within teams, which often turns to conflict and finally to a state of malaise.

## What can happen

- No documented plans are developed.
- Communication from management is weak.
- Teams have little or no understanding of why the firms merged in the first place.
- It's not possible to identify a clear vision or strategy for the firm going forward, so 'change' in the form of various operational projects, is seen as negative due to a lack of context.
- Multiple business models, different operational processes and variable standards of behaviour lead to increased risk due to a lack of consistency.
- Discipline is often down to personal habit/choice with very little enforcement.

## A sound post-merger integration plan

- Develop a clear rationale for the acquisition.
- As soon as the deal is completed, share a comprehensive vision for what the combined businesses might become.

- Address the most important integration factors immediately (like payroll for example).
- Engage individuals from both businesses to form a team to work on (and deliver) a strategy and operational roadmap for integration.
- Provide the tools and processes that could be used to help with integration.
- Identify the metrics that need to be measured in order to determine performance.
- Spend time communicating the plans and remind the entire team at every opportunity.
- Help people convert the organisations goals, into personal ones.
- Isolate and celebrate early wins, in order to build motivation and momentum.
- Monitor, adjust and follow through to completion, while maintaining flexibility and awareness of external factors.

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