

## Post-Merger Integration Planning At Tech-Enabled Compliance Services Providers: Jump Starting The Merger To Capture Synergies

**The Challenge:** ResearchCo, a PE-owned leader in a compliance services niche serving Fortune 1000 companies, had 3 divisions, the smallest of which provided specialized research services to retail businesses and their network of branches nationwide. To shore up and grow this retail research service offering, ResearchCo had signed a LOI to acquire one of the leading companies in this space. In terms of revenue, the target company was equal in size to the whole of ResearchCo, and nearly 5 times the size of its retail research division, but was not profitable. Management anticipated a two-way integration: ResearchCo's retail division would be integrated into the target company to leverage its superior systems, and the target company would be integrated into the profit-focused corporate structure of ResearchCo. During the initial due diligence, management had identified potential cost savings from process synergies and invited Gotham in a month ahead of the targeted closure date to prepare a detailed plan for integration for the first 100 days of the merger, in order to ensure smooth operations on Day 1.

### The Partnership:

**Integration Priorities:** For the integration to be successful, it was necessary to begin with a clear understanding and prioritization of the objectives of the integration and the desired end state of the merger. The joint Gotham/ResearchCo team's first task was to pin down the desired market positioning, key targeted customer segments, financial objectives, brand rationalization, organizational structure, and systems capabilities. From this effort, the team established 4 key priorities for the integration effort: (1) capture the process synergies, (2) leverage the superior technology platform of the target company, (3) integrate ResearchCo's division into the operations of the target company, and (4) maintain continuity of business during the transition and facilitate growth of accounts thereafter.

**Integration Strategy:** The joint team had 1 month before deal closure to create the timeline for integration, and did so based on the prioritization level of the issue at hand. High-priority and deal-sensitive issues would need to be resolved prior to deal closure, low-complexity items could wait until the first 100 days of integration, and high-complexity and/or non-deal-sensitive items could be slated for completion after the first 100 days. Assigning the integration issues to one of these three categories was a highly iterative exercise—issues were identified; initial priority levels were established; and discussions were held to understand its needs and consequences, in turn revealing further issues. To create our initial list of issues, the joint team: profiled the operations of both organizations, beginning with detailed mapping of primary processes and backoffice systems and resources; identified key accounts, employees, and vendors to ensure explicit strategies for retention and management of communications; and tied all issues and their prioritization to management's stated objectives for the merger.

The team's efforts revealed a number of important planning considerations. To leverage the target company's more superior systems and programs and create a flexible, premium-priced service model for selective offerings, extensive system, organizational, and process overhaul was required in ResearchCo's retail research division. Further, in some instances, limited access to the target company data and employees required the delay of some high-priority issue resolution. Where delays occurred, we did as much upfront work as possible (e.g., a detailed plan for the capture of synergies was unfeasible ahead of closure, so we identified the key steps required and rolled the capture effort into the 100-day plan instead).

**Integration And Communications Plans:** The joint team created two key 100-day planning documents: a prioritized overall Integration Plan, and a prioritized Communications Plan to manage and control the information flow to all key stakeholders. The overall Integration Plan grouped all issues into functional areas and specified an Integration Team that included key functional personnel to own the issues and a lead Integration Officer to oversee the full integration. The plan documented each issue and provided a timeframe for resolution. The Communications Plan was designed to control information flow/manage stakeholder expectations pre- and post-deal announcement. All audiences at all levels and their respective concerns/needs were identified, along with the messages required, and the delivery mode and timing. To ensure communications were properly controlled, the Chief Communications Officer was designated as the central point person.

Audience	Regeneration	Message requirements	Mode	Communication Timing	Communication response/30Sec	Info/Info	Who?	When?	
Customers	Overall	Response to customer questions	Phone	Ad hoc	Sales/Exec/Client services	Script	VP Mktg	20 days prior	
		Response to market rumors	Phone	Ad hoc	Sales/Exec/Client services	Ad hoc	VP Mktg	20 days prior	
Research division	Changing account managers	Brief before deal closure	Phone	TBD	Sales/Exec/Client services	Script	VP Mktg	10 days prior	
		Announcement	In person	Day 1	Sales/Exec/Client services	Letter	VP Mktg	5 days prior	
		Keeping account managers	Brief before deal closure	Phone	TBD	Sales/Exec/Client services	Script	VP Cl. Serv.	10 days prior
Other divisions	Discontinuing	Announcement	Form Email	Day 1	Sales/Exec/Client services	Email letter/Distribution list	VP Cl. Serv.	5 days prior	
		A customers	Brief before deal closure	Phone	TBD	Sales/Exec/Client services	Script	Mktg Mgr	10 days prior
		Announcement	Phone	Day 1	Sales/Exec/Client services	Script	Mktg Mgr	5 days prior	
SFC customers	Announcement	Form Email	Day 1	Sales/Exec/Client services	Email letter/Distribution list	Mktg Mgr	5 days prior		

**The Results:** With this proactive planning effort, ResearchCo was well on its way to mitigating the risks and capturing the opportunities involved in its pending merger. By the time of the announcement, management was well-aligned in their messaging and objectives on Day 1 of the integration and had a solid plan in place for completing the merger. Six months after the merger, ResearchCo was in negotiations to acquire additional companies to further enhance its market position in the retail research arena.