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Post-merger integration checklist

Improve your planning and understand what's needed for seamless post-merger transitions

Introduction

According to a Fortune survey of 40,000 acquisitions worldwide, around 75% of mergers fail. It's not usually due to one significant error but a series of smaller operational mistakes. These issues typically range from leadership misalignment, poor communication, and clashing company cultures to systems that simply don't sync.

This is a concerning situation given what's at stake. In 2024, global M&A activity grew by 8% to $3.4 trillion, up from the same time in 2023. While there is no way to guarantee a successful merger, a structured post-merger integration plan ensures you're ready for any potential challenges.

This whitepaper will guide you through the main steps and areas of focus in the post-merger process. It highlights the importance of leadership alignment, operational planning, and cultural integration in combining the strengths of both organizations.

In addition, we have provided a detailed post-merger integration (PMI) template to support the process.

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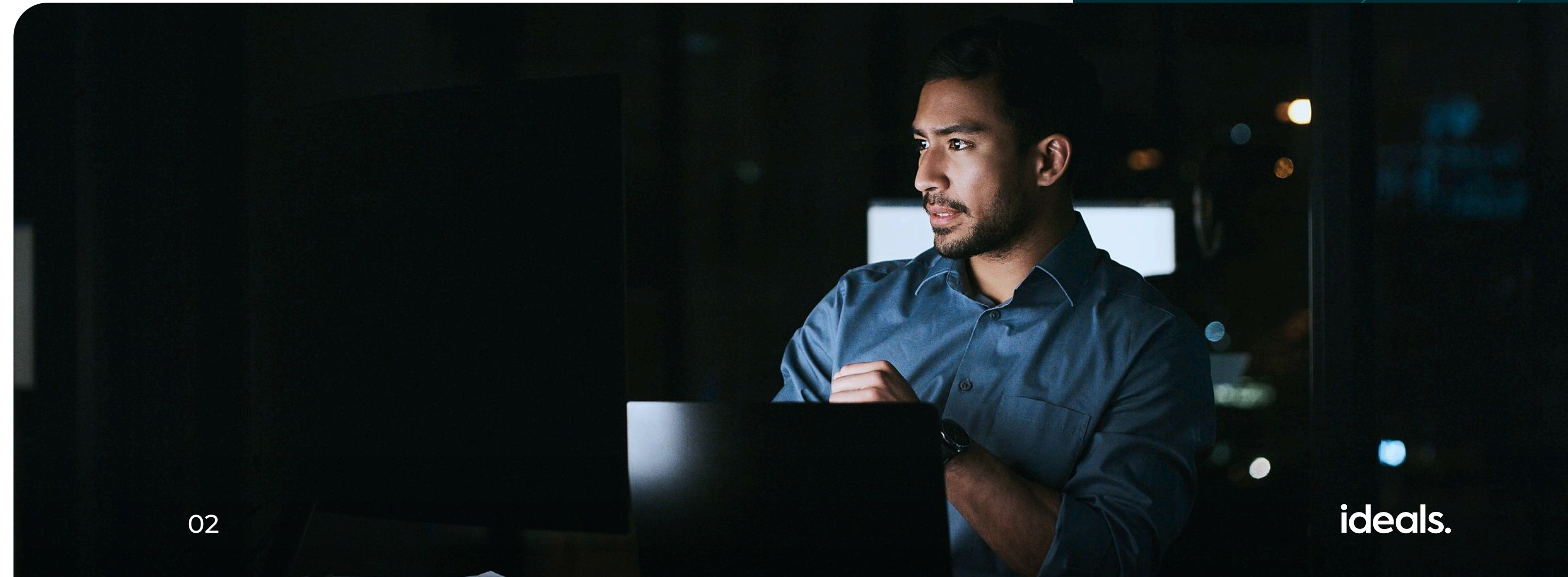
Chapter 1

Key stages of the PMI process

Every stage of the PMI needs precision, foresight, and clear communication. Each integration phase sets the stage for the next, influencing whether the deal will deliver long-term success or, ultimately, failure.

The major PMI phases include:

- Preparation for deal closure

- Day one

- First 30 days

- Days 30-90

- Post 90 days

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KEY STAGES OF THE PMI PROCESS

Preparation for deal closure

The success of any PMI depends on the groundwork laid before finalizing the agreement. To be successful, this phase demands foresight, adaptability, and consistent leadership. Effective preparation ensures that, from day one and the weeks that follow, there will be minimal disruption, building confidence among employees and stakeholders alike.

Key areas of focus during preparation include:

- **Day one readiness.** Ensure all critical systems, from IT infrastructure to customer support, are prepared to handle changes. They must operate without interruption.

- **Objective alignment.** Leaders need to agree on clear, measurable goals: revenue synergies, cost reductions, or efficient operations so everyone knows the criteria for success.

- **Build functional workstreams.** Break down integration into clear workstreams (e.g. IT, finance, HR, operations). Each should have a team leader accountable for tracking milestones and mitigating risks.

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KEY STAGES OF THE PMI PROCESS

Day one

The first day marks a defining moment when the abstract "deal" transforms into a new reality for employees, customers, and stakeholders. Employees and customers will form lasting impressions based on how smooth and transparent the experience has been. Even small disruptions can undermine confidence, so planning for seamless execution is essential at this stage.

The ultimate goal of this phase is to set a foundation for meaningful connections between leadership and employees. In its recent study, Deloitte reported that **86% of staff members** and 74% of CEOs considered trust in the workspace as necessary for organizational success.

Here are areas to prioritize on the first day:

- **Deliver a consistent message.** Everyone, from managers to employees, should understand why the deal happened, the next steps, and ultimately, their role in the new organization. Make sure you tailor your communication strategy to different audiences.

- **Ensure operational continuity.** Systems for payroll, benefits, and IT access must function flawlessly. Otherwise, the organization risks its credibility.

- **Set reasonable expectations.** Not everything will change immediately and leadership must be clear about what stays the same and what employees can expect in the coming weeks.

Pro tip:

Set up channels for immediate feedback (e.g. helplines, virtual town halls) so teams can flag challenges from day one.
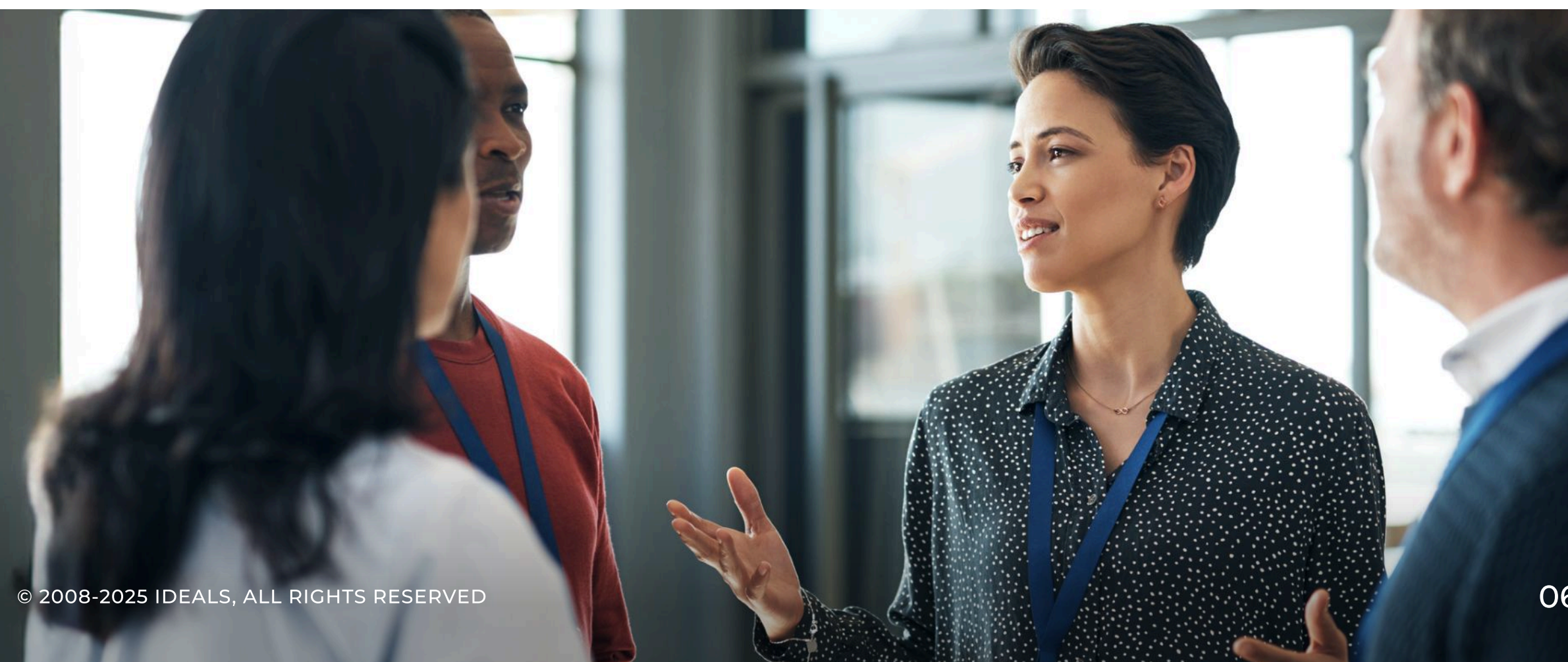
KEY STAGES OF THE PMI PROCESS

First 30 days

The first month sets the pace for the integration and determines whether teams remain engaged when anticipating early progress.

Quick, visible improvements signal that the process is on track. These could be as simple as resolving small inefficiencies or clarifying organizational structures. At the same time, deeper integration work begins: aligning processes, assessing talent, and identifying cultural differences that could be potential challenges later.

Here are factors to focus on during the first month:

- **Assess and realign talent.** Begin evaluating leadership roles, team structures, and skill gaps. Identify whether critical talent is correctly positioned to drive integration forward.

- **Begin cultural alignment.** Around <u>30% of mergers fail</u> due to cultural disagreements. To address this, focus on identifying the key cultural strengths of both organizations and integrating them into a unified company identity.

- **Focus on early wins to build confidence.** Prioritize changes that are easy to implement and deliver tangible results. This can include optimizing redundant workflows or addressing long-standing inefficiencies that employees have flagged.

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KEY STAGES OF THE PMI PROCESS

Days 30-90

By now, integration is at full speed. At this stage, teams earnestly merge systems, workflows, and organizational structures. Leaders must shift their focus to measurable progress.

Key steps during this phase are the following:

- **Accelerate system and process integration.** Consolidate IT systems such as finance, HR platforms, and CRM tools. Integration often reveals technical complexities, so anticipate disruptions and communicate timelines.

- **Address resistance.** Integration fatigue and employee resistance are common and well-documented. Regular check-ins, performance feedback, and direct communication will help keep teams engaged.

- **Process alignment.** Different organizations often have their own ways of managing operations. When merging the two (or more) it's important to adapt processes such as managing supply chains, reporting, or customer interactions.

Pro tip:

Regularly update leadership on progress and adjust plans as needed to address any gaps. Adopt <u>data room software</u> to securely store corporate materials and simplify access. Leverage the dashboard features to provide a clear overview of integration milestones, making progress easy to track and communicate.

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KEY STAGES OF THE PMI PROCESS

Post 90 days

The priority shifts to optimization and unlocking long-term potential at this stage. The deal's initial disruption has passed, and the organization must focus on becoming a single, high-performing entity.

Key priorities include:

- **Performance optimization.** Refine processes, fix inefficiencies, and look for ways to improve productivity and reduce costs further.

- **Cultural unification.** By now, the goal has changed from coexisting to truly collaborating. Incorporate shared values into performance evaluations and leadership training. Encourage teams to align their objectives and share resources, creating opportunities for relationship-building and genuinely cohesive integration throughout the organization.

- **Growth opportunities.** More than a financially advantageous deal, the merger has been an opportunity for growth and development. Leverage the combined strengths of both companies to explore new markets, pursue innovation, or introduce new products that wouldn't have been possible before.

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Chapter 2

Key areas to focus on during PMI

At its core, the success of the PMI phase relies on four foundational areas: capturing synergies, meeting tight deadlines, managing culture and change, and ensuring strong governance. These essentials are highly interlinked, with strong governance often driving success across all others.

Research shows that companies performing well in these areas are significantly more likely to meet their ROI objectives — a key measure of integration success.

With this foundation, let's explore the critical areas of focus during PMI, each essential to navigating integration complexities and maximizing value.

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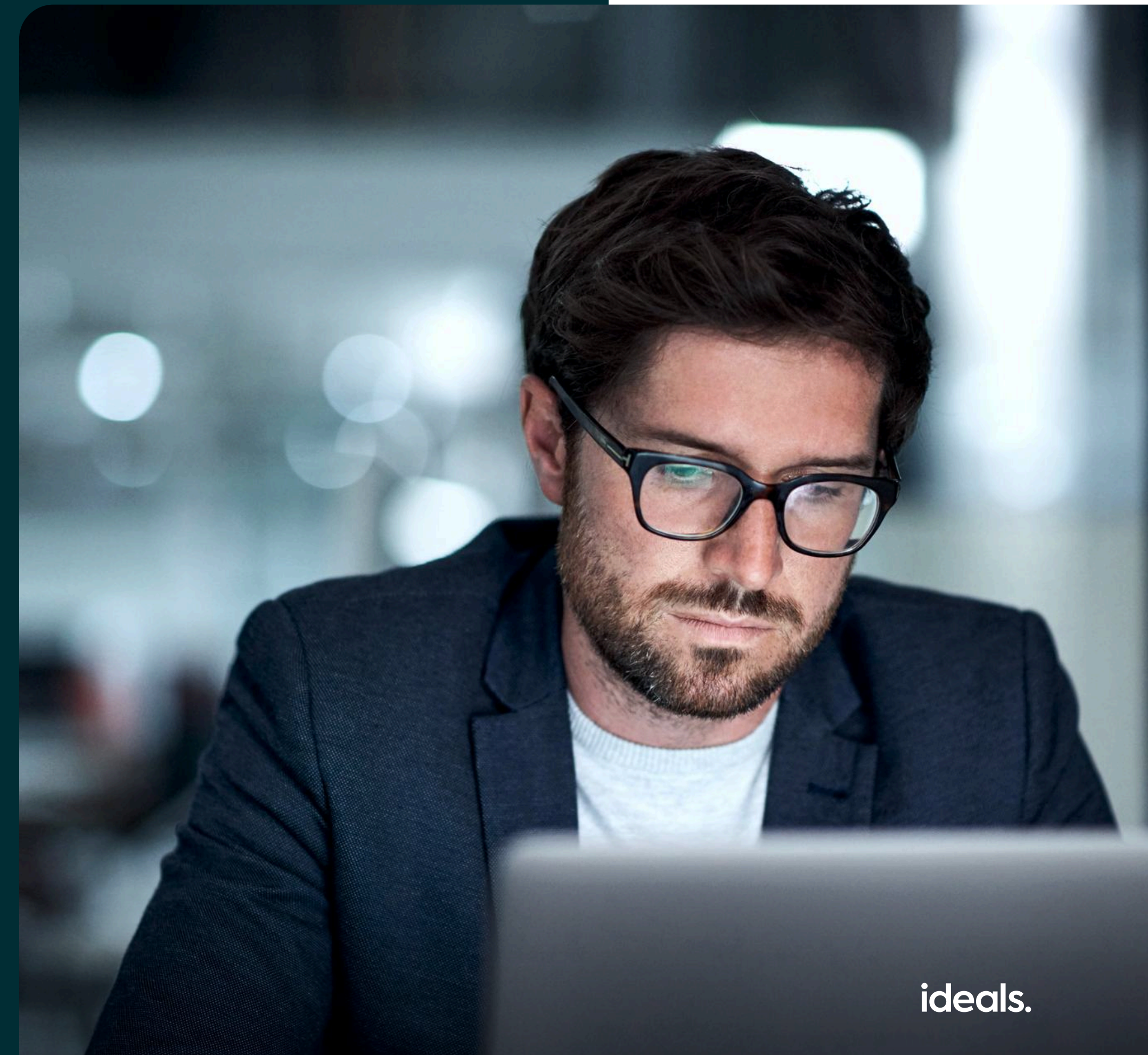
KEY AREAS TO FOCUS ON DURING PMI

Human resources integration: aligning culture and retaining talent

Talent retention risk is ranked among the top five most pressing challenges for businesses, directly influencing the stability of post-merger performance.

Meanwhile, the integration of diverse workplace values, experiences, and cultures is one of the most complex yet critical aspects of post-merger success. To simplify this important task, you may want to include cultural assessment in your due diligence process, as performed by 60% of companies surveyed recently by PWC.

Given this, leadership must craft tailored retention strategies that emphasize:

- Competitive compensation

- Career progression pathways

- Robust employee engagement initiatives.

Pro tip:

Periodic employee sentiment analysis can help uncover issues with employee morale and identify cultural problems.

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KEY AREAS TO FOCUS ON DURING PMI

Marketing: harmonizing brand and customer experience

Marketing and branding are often the first things customers notice during a merger. How you present the new company can build trust and loyalty or create confusion.

- The process begins with understanding your new, combined customer base. By analyzing their shared values and different needs, you can create messaging that connects broadly while still addressing specific priorities.

- Once the audience is understood, consistency becomes the focus. Harmonizing brand narratives, digital assets, and communication channels helps establish a unified voice.

- Customers notice when every interaction feels connected and intentional, and advanced tools like AI and analytics make it easier to deliver personalized experiences

KEY AREAS TO FOCUS ON DURING PMI

Finance: unifying systems and realizing synergies

It's not a surprise that finance is the core of any successful merger. When it's handled well, it keeps operations running smoothly and helps capture key synergies. Moreover, strong finance processes are essential for unlocking deal value.

Pro tip:

Aligning accounting standards, consolidating data, and simplifying reporting systems ensures smooth operations.

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KEY AREAS TO FOCUS ON DURING PMI

Legal: ensuring compliance and managing risks

Legal compliance is central to successful PMI, especially given the heightened regulatory scrutiny.

In 2023, the Federal Trade Commission (FTC) and the Department of Justice (DOJ) collectively challenged 28 mergers, with the FTC leading 16 of these efforts. Notably, ten of the FTC's challenges resulted in companies abandoning or restructuring their deals after antitrust concerns were raised during investigations.

Thus, addressing antitrust laws, harmonizing contracts, and reviewing intellectual property are key steps to mitigate risks and ensure operational stability.

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KEY AREAS TO FOCUS ON DURING PMI

Governance: building leadership and accountability

Companies need reliable and capable leadership to achieve lasting outcomes during the post-merger phase. A leader, or senior management, is responsible not only for defining key goals and strategic objectives but also for driving change and establishing the desired motivation among all the employees.

To make this process more effective, companies need to:

- Establish a structured steering committee.

- Schedule regular meetings for the committee.

- Ensure transparent reporting lines to maintain accountability across teams.

- Engage and align the leadership team.

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KEY AREAS TO FOCUS ON DURING PMI

IT: securing continuity and system integration

Effective IT integration is crucial in post-merger scenarios, as it significantly influences the realization of anticipated synergies and overall success.

At this stage, major tasks include:

- Assessing systems for compatibility, cybersecurity risks, and compliance needs.

- Identifying IT priorities that support both operational continuity and future growth.

- Developing a flexible roadmap for application consolidation, data migration, and system alignment.

- Stabilizing critical systems with transitional environments and contingency plans.

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KEY AREAS TO FOCUS ON DURING PMI

Products and services for market advantage

The post-merger period offers a rare opportunity for companies to redefine their market positioning. Combining product and service portfolios possibly can create a strategic advantage over competitors.

To implement changes, it's important to identify redundancies or gaps in your offering that present opportunities for innovation. From there, consider whether your pricing strategies, branding, and customer experience need adjustment to reflect the unified organization's strengths.

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KEY AREAS TO FOCUS ON DURING PMI

Supply chain: optimizing efficiency and costs

Integrating supply chains post-merger is a crucial driver of value creation.

Considerations for getting it right include:

- Rapid consolidation of supplier contracts reduces costs while improving purchasing leverage.

- Real-time visibility through advanced planning systems simplifies coordination across global operations.

- Harmonizing processes, optimizing networks, and building a resilience plan helps to adapt to future market demands.

KEY AREAS TO FOCUS ON DURING PMI

Real estate: aligning assets with business goals

When structures don't work together efficiently or some are left underused, organizations can end up with unnecessary expenses. By taking a close look at their portfolio, companies can spot overlapping areas, identify spaces that could be redeveloped, or even sell properties they no longer need.

If properly utilized, real estate is one of the primary strategic assets of sustainable business performance.

Pro tip:

For practical impact, reference property benchmarking studies to guide your real estate strategies.

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Chapter 3

Post-merger integration checklist template

This checklist can help guide you through the PMI phases, from the initial preparation to the final stages of optimization. However, every merger and integration is unique, so this checklist should be tailored to align with your specific circumstances, goals, and operational complexities.

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POST-MERGER INTEGRATION CHECKLIST TEMPLATE

Template structure

01. Preparation for a deal closure

Finalize pre-closing readiness

☐ Conduct due diligence review (financial, legal, operational).

☐ Align on integration goals and strategy.

☐ Assemble the PMI leadership team and assign roles.

☐ Develop a communication plan for stakeholders.

☐ Confirm regulatory compliance and approvals.

Integration planning

☐ Define Day 1 and Day 100 objectives.

☐ Establish a project management office (PMO).

☐ Identify potential cultural alignment challenges.

☐ Set up initial synergy tracking and KPIs.

02. Day 1

Operational stability

☐ Ensure all communication channels are operational.

☐ Deliver day 1 announcement to employees and stakeholders.

☐ Transition key legal entities, contracts, and accounts.

☐ Guarantee IT systems and security protocols are in place.

☐ Resolve any supply chain disruptions.

Employee integration

☐ Onboard acquired company employees.

☐ Communicate benefits, roles, and expectations.

☐ Provide training on organizational policies.

03. First 30 Days

Operational and cultural integration

☐ Establish joint leadership meetings.

☐ Begin cultural assimilation programs.

☐ Address immediate customer concerns.

☐ Begin integration of financial reporting systems.

Synergy realization

☐ Conduct early wins review and report progress.

☐ Refine synergy targets based on early observations.

☐ Prioritize and align key operational processes.

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04. Days 30-90

Functional and systems integration
- Align HR, marketing, and financial processes.
- Implement technology integration.
- Align supply chain operations and vendor relationships.

Performance monitoring
- Conduct regular integration reviews with leadership.
- Assess customer satisfaction and feedback.
- Monitor and report on synergy realization progress.

05. Post 90 Days

Continuous optimization
- Conduct final transition of remaining systems.
- Conduct a full review of the PMI process and identify lessons learned.
- Set a framework for ongoing performance monitoring.

06. Checklist by key areas

HR
- Align employee benefits and compensation plans.
- Communicate role changes and expectations.
- Merge talent management systems.

Marketing
- Align brand strategies.
- Merge customer databases and CRM systems.
- Communicate unified marketing messages.

Finances
- Consolidate financial systems.
- Align tax and regulatory compliance processes.

Legal
- Transfer key contracts and licenses.
- Ensure intellectual property protection.
- Monitor compliance with antitrust and regulatory requirements.

Governance
- Update board structure and governance policies.
- Align compliance frameworks and risk management processes.

IT
- Integrate IT infrastructures.
- Secure data migration and cybersecurity protocols.
- Unify communication platforms.

Products and services
- Align product lines and service offerings.
- Address overlapping products and potential redundancies.
- Develop unified pricing and distribution strategies.

Supply chain
- Merge vendor and supplier agreements.
- Align inventory management systems.
- Ensure continuity in delivery and logistics.

Real estate
- Consolidate facilities and optimize office space.
- Manage leases and property transitions.
- Plan for employee relocation if needed.

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