BOSS MAGAZINE

The 5 Stakeholders to Consider in Your Post-Merger Integration Plan

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For post-M&A deal success, there are 5 stakeholders to consider during the integration process: customers, employees, suppliers, capital providers and the organization itself.

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While closing a deal is often viewed as the end of the merger or acquisition process, it's really just the halfway point. Immediately after the papers are signed, the crucially important period of post-merger integration begins. To ensure the success of your merger and future of your business, it's vital to have a high-quality post-merger integration plan that prioritizes the needs of your key stakeholders.

Integration after a merger is a top-to-bottom undertaking that includes both big-picture challenges, like renegotiating relationships with suppliers, and important internal tasks, such as getting all employees on the same email server. Many companies end up delaying parts of a post-merger integration because there's too much pressing work to be done. But putting off certain tasks can lead to inefficiencies, avoidable mistakes or even a crisis, such as an investor firing leadership if they don't follow through with a stated promise — for instance, increased sales.

Your post-merger integration plan should ensure that in the first three to four months, your leadership team will meet the needs of five specific groups: customers, employees, suppliers, capital providers, and your organization itself. Let's go through them one by one:

Customers

Customers should be the No. 1 priority in your post-merger integration plan. They are always on the lookout for better alternatives, which could be defined by more attentive service, greater convenience, or other factors. A major change like a merger or acquisition in your company gives them a reason to consider their options.

If customers feel neglected while executives focus on smoothing out post-merger issues, they are much less likely to stay loyal to your company. Ensure you are communicating with them regularly, explaining how this change will benefit them and reaffirming their value.

Additionally, your investors may be expecting an upswing in profits after a merger,

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which means not only maintaining your regular sales but increasing them. So, it's doubly important to prioritize your current customers and continue to provide excellent service.

Employees

Similar to with customers, news of a large-scale organizational change can also prompt employees to consider their options. Anticipating potential job cuts or issues with new management, some employees might begin preparing to seek new opportunities post-merger.

Build a people-first company culture and make your employees feel valued and secure during times of change and disruption by:

- Ensuring effective, detailed internal communication.
- Conveying your post-merger integration plan in full.
- Reinstating that they are valuable, and key to your organization's success.

Your existing team will bring institutional knowledge to the merger and enable the new, fuller team to get up to speed quickly. Plus, you will be busy enough in the post-merger time to worry about also interviewing and training new employees.

Employees are also often the ones interacting most with customers, so they have a direct effect on your customers' experiences. Making sure employees feel prioritized and having them on your side post-merger will have a positive impact on both your employee and customer stakeholders.

Suppliers

One benefit of a merger or acquisition is the ability to qualify for volume discounts on purchases, which can, in turn, increase profits. That's why your post-merger plan should include a focus on maintaining and strengthening your supplier connections as you renegotiate their contracts.

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In order to do this effectively, make sure not to overlook another essential part of post-deal integration: simplifying your company's internal business processes. Everyone should receive effective communications from the same email and chat app systems. Also, migrate everyone to the same accounting, calendar, CRM, and employee benefits systems. Having the ability to run a single management report on your company's progress is an important element of a well-organized business.

Capital providers

This group of stakeholders has a unique commitment to your business because their level of comfort with the merger or acquisition directly affects your company's success. It is critical to stay in regular communication with your investors.

Ensure that you give detailed updates on how the business is doing. In doing so, provide a clear view of your progress on the business plan they agreed to.

Having this open line of communication is especially important if you have bad news to deliver. Capital providers might be less inclined to give you the benefit of the doubt if you haven't given them insight into your thinking. If they're impatient to get their money back and you're not living up to the terms of their original investment, that could potentially cost you your job.

Your organization itself

After a merger or acquisition, you may be tasked with integrating new employees, customers and processes. This period of flux can be a good opportunity to focus on fostering company culture.

A unified company culture can be achieved by focusing on individual employee growth and providing opportunities for employees to build team solidarity. Giving specific attention to your organization and its culture will help you turn your expanded company into a cohesive whole.

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The close of a deal is the point where you stop talking about what you're going to do and begin the process of actually doing things. A detailed post-merger integration plan can significantly reduce the risk of any of your most important stakeholders being neglected, giving your business the best possible chance at a smooth transition.

Frank Williamson is the founder of Oaklyn Consulting, a consulting firm that helps investor groups and private businesses, from startup to middle market, with mergers, acquisitions, capital-raising, investor relations, succession, and other strategic corporate finance decisions. Oaklyn Consulting does not work as a broker but as an extension of clients' boards and management teams, charging time-based fees for investment banking advice.