



## **How to achieve postmerger success**

Ideally, a merger or acquisition creates value, providing a company's owners or shareholders with a measurable economic return. But all too often, mergers fail to achieve this goal. Many mergers fall apart before the deal even closes; others stumble during the integration phase.

To head off problems that might sabotage the long-term success of your merger, consider implementing a system that will help you define your goals and measure your progress in reaching them. Key performance indicators (KPIs), or statistical standards against which future performance can be prepared, help you do this. Assembling a team that will be responsible for measuring the company's progress in reaching its strategic goals is another way to ensure success.

### **Define specific KPIs**

Identifying the new KPIs and merger goals allows a company to define priorities and track achievements as well as failures. The buyer's and seller's companies likely have different KPIs they focus on. For example, one company may focus on customer service, while another concentrates on low costs. Ongoing business KPIs may include top line revenue growth and margin improvement.

As soon as possible after a merger, define specific merger-related goals. These might include:

- Reducing the two existing management information systems to a single system servicing the entire company,
- Merging certain (or all) comparable departments within the two companies,
- Leveraging the purchasing power of the combined organization, and
- Consolidating operations into a single location.

Arguably the most important goal is to transition fruitful customer relationships. This may mean, for example, cross-selling each company's products.

### **Assemble a team**

Once you've selected the new KPIs and merger-related goals, assemble a merger team to implement, track, report on and be responsible for achieving the goals. The team needs to be cross-functional and include senior management, ensuring that the team has the authority to drive projects forward. This team needs to keep in mind the corporate KPIs while pursuing the merger-related goals as quickly as possible.

Balancing the two can be a formidable challenge. But achieving the merger-related goals without regard to the KPIs can have dire short- and long-term consequences to the company. Conversely, focusing too heavily on achieving KPIs in the short term may slow down the merger-related activities, making it impossible to hit merger goals and long-term improved KPIs.

Having mentioned both concerns, a good rule of thumb is to complete merger-related items as quickly as possible, while avoiding as many negative consequences to customers as possible. The quicker you achieve the merger, the sooner you can turn all of your attention back to the ongoing KPIs.

### **Communicate KPIs and goals**

Whatever approach you take, make certain to clarify and disseminate the new company's KPIs and merger-related goals to your employees. When employees feel like vital stakeholders, they are more likely to focus on the company's common objectives and contribute to the success of your merged organization.