When growth from incremental innovations and line extensions fails to help meet growth goals and strategic objectives, many executives turn to mergers and acquisitions (M&A) to buy the required capabilities. M&A activity in 2013 exceeded 2 trillion dollars and 20,000 transactions, with more than half the value focused in North America, and the trend is especially strong in the medical device and industrial manufacturing industries.

However, after the fanfare of press announcements and execution of merger agreements, the operations executive who has to actually implement the merger and maximize the benefits is left with an enormous challenge and no clear path to success. The sound business plan, immaculate data models and clear timelines that supported the case for a merger all become theory once actual implementation begins.

So what’s an executive to do?

**Prepare for the Pain**

Each merger is different, but most companies can expect to experience many of the following pains:

- Dispersed technical solutions across business sites and segments (ERP, PLM, PPM, QMS and others). Existing solutions within each company can include multiple packages from various vendors which were never fully integrated from previous mergers, which significantly adds to the complexity of the situation.
- Lack of discipline around existing business processes including new product development, new technology development and portfolio management.
- Varying levels of willingness to integrate.
- High number of procedures for employees to follow with many outdated ones still in effect.
- Lack of balance between required design control requirements and business objectives (this is even more important in regulated industries).
- Significant resource constraints.

Faced with dismal numbers and many of the challenges above, the operations executive is often betting his or her career based on the results of the integration effort. Daunting? Absolutely. But don’t worry – the task is not hopeless.

**Lead with Innovation**

The operations executive’s watershed moment for the integration effort is immediately after the deal, during the initial detailed planning stages of the integration. The company’s innovation processes, specifically new product development (NPD), are the most logical place to begin integration efforts. This is especially true if the initial justification for the merger was to create new products that compete in ever-shrinking and over-crowded market spaces.

The job is not easy, but a dedicated M&A integration team can succeed by focusing on NPD as a starting point for the integration. This approach has several benefits.

1. **Identifies the beach head (initial target) to focus resources**
   Big bang approaches are expensive and risky. Start small with your integration for a less expensive learning opportunity. NPD is an ideal beach head since it focuses on building the foundation of a business – innovation and product development. Once the base processes are established and approved, supporting system requirements can bolster them.

2. **Establishes a cross functional team**
   NPD touches all parts of the business. Developing the new NPD process requires input from all aspects of the business, yet will not interfere with current revenue streams. A dedicated team will inherently have cross-functional participation since all functions shape NPD in an effective organization.

3. **Creates an example of what a single source of truth looks like**
   As the cross functional team aligns on how to innovate new products, the resulting process will create a “single source of truth” for the rest of the organization. This source of truth will supersede all existing processes – setting the example for a clear and structured process as a foundation for continued improvement.

**Follow Proven Practices**

There is no one-size-fits-all approach, but these proven practices make great starting points.

**Create a Dedicated Work Team**

The dedicated work team needs to be separate from the existing day-to-day activity of either organization. They will work with opinion leaders from both sides to help bridge cultural divides while maintaining the strengths and addressing the weaknesses of previous processes. The team should keep in mind that new process creation needs to run in parallel with established processes for validation until it is ready to be applied to the merged organization.

**Appoint a Seasoned M&A Facilitator**
An external facilitator can bring insights from previous experience to help aid the integration efforts. The facilitator works with the dedicated team to understand the current state, define an ideal future state, and identify activities required to bridge the gap. When tempers flare and opinions clash, the facilitator is crucial to initiating dialogue and driving to a solution both sides will support. The best facilitators often bring personal experiences from similar efforts in a variety of industries to better inform the conversation and the resulting solution.

**Define a Decision Matrix**

The decision matrix clarifies who is responsible, who is consulted, and who is notified of critical decisions during the integration. Believe it or not, many companies hold fruitless “pre-meeting meetings” to decide which resources will be required for certain decisions. A matrix speeds decision making while increasing accountability and saving a lot of time.

**Follow a Comprehensive Implementation Methodology**

To help guide the integration and ensure completeness of scope for the effort, a proven methodology is required. A comprehensive implementation methodology will organize work streams, deliverables, and assignments throughout the integration from the initial NPD process and beyond. Without it, well designed teams can flounder during critical early stages, and lose momentum rapidly.

**Clarify the Vision for the Design Team**

For example, to create a market dominant organization, an operating executive needs to start with that end in mind. If you are creating a new market leader, then make decisions to enable such an organization from the start. Make sure the design team tasked with working out the details has that vision clearly in mind as they do their work, as a decision compass. In practice this is often about rising above the politics of enabling elements that generally act to slow the realization of the dominant business model.

**Create a Sense of Urgency Toward Results**

Typically, the operating executive has 18 to 24 months to show meaningful results and put points on the board. Your plans must make sure that this happens within the total effort. Well intentioned plans that ferment too long may eventually yield a good result, but the operating executive that started it will likely not be there to see it. Though their replacement will really appreciate the previous efforts!

**Get Started on the Right Foot**

After a merger, there are steep challenges to overcome and important choices to make. The tremendous burden on operations executives is only magnified with conflicting information systems, different cultures, and limited resources. Companies seeking a transformational merger that truly maximizes the benefits and meets shareholder expectations should consider NPD as a starting point. NPD is company-wide, highly visible and can help address the immediate needs of the organization while helping to establish a new, more effective culture of innovation. Following proven practices then reduces risks and keeps the executive on track for success.

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**References:**


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About the Authors
Michael Glessner

Michael Glessner is a director with Kalypso and has worked extensively in the areas of business and innovation strategy, product development, portfolio management, smart connected operations, large-scale organizational change leadership, and the software systems that enable innovation. His industry experience includes automotive, life sciences, industrial and high technology. He is a frequent speaker and writer on innovation effectiveness, disruptive innovation and time-to-market reduction.

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Alexander Tang

Alexander is a Manager with Kalypso and focuses on Cloud Solutions. He believes in Texas Longhorn football every year and never leaves a game early. He is harsh restaurant reviewer and maintains a normal distribution rating with Yelp.

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