

Elements of a Successful Merger	
<p>Brian Brady Gates and Company</p>	<p>You may be surprised to learn that, according to some sources, nearly 80% of mergers fail. Not so much in the actual buying, selling, and merging process, but in the integration of the two companies after the paperwork is completed. If you're looking to grow by acquisition and/or merger, here are some key elements you should consider in your overall M&A implementation process:</p> <ol style="list-style-type: none"> 1. First, companies should keep an eye on their customers. For most mergers, revenue and net income generation (i.e., shareholder value) are the key reasons for completing a merger. Companies that focus only on the merger transaction itself tend to forget about the customers who are caught in the middle of the process, thus risking (or losing) revenue momentum, and realizing once the merger is completed, that many of their customers have found alternative sources for their product or service. Companies that are successful in merging are careful to look after their existing customers, tailoring the integration of the two firms to balance revenue and cost initiatives, and maintaining customer service. 2. Second, both the acquirer and acquiree should take care of their employees. In many cases, the executives in charge of the merger deal are skilled in negotiations and strategy, but the "people issues" can be easily overlooked or undervalued. Companies that are the most successful post merger are those that communicated with their employees through the entire process, soliciting input from them, and setting up joint-company working teams to focus on some of the key issues of the merger. 3. Third, companies must create a plan prior to the merger. This plan must clearly set forth the reasons and justifications for the acquisition strategy. This plan should also clearly describe the target company profile and define how and when the merger activity will be considered "successful." If a company fails to define what a successful merger will look like prior to undertaking the process, it is almost guaranteed that success will not be achieved. After all, if you don't know where you're going, any road will get you there. <p>Successful mergers are certainly possible . . . with pre-planning, realistic expectations, and a strong commitment to both employees and customers.</p>
<p>For more information, please contact the author at bbrady@gatesandcompany.com</p>	