

Management for Professionals

Stephan Bergamin
Markus Braun



Mergers and Acquisitions

Integration and Transformation
Management as the Gateway to Success



Springer

Management for Professionals



Bergamin and Braun's illustration of how integration projects can be planned and implemented successfully is the result of their own experiences of around 30 M&A transactions from different industries. Their practical approach also features in-depth interviews that are based on the findings of their research.

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Integration and Transformation
Management as the Gateway to Success

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Originally published with the title M&A: Erfolg dank Integrationsmanagement. Herausforderungen, Erfahrungsberichte, Praktikerleitfaden by Verlag Neue Zürcher Zeitung, 2015

ISSN 2192-8096

ISSN 2192-810X (electronic)

Management for Professionals

ISBN 978-3-319-60503-6

ISBN 978-3-319-60504-3 (eBook)

DOI 10.1007/978-3-319-60504-3

Library of Congress Control Number: 2017942801

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Printed on acid-free paper

This Springer imprint is published by Springer Nature

The registered company is Springer International Publishing AG

The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

Preface

Mergers and acquisitions have become the order of the day. Not a week goes by without a new M&A deal hitting the headlines in the business news: LafargeHolcim, dormakaba, Gate Group and HNA, Syngenta and ChemChina, to name just a few transactions that have made quite a splash in recent weeks and months. They clearly demonstrate that global business transformation is more than a buzzword, but actually *sine qua non* for many businesses to stand the test of time amidst their international competitors. Technological development and the demand for access to new purchasing and sales markets are turning the economy upside down. Traditional courses of action and patterns of behavior are losing their impact. New competitors, elevated cost structures, alternative technologies, and new markets are merely a few triggers of an urgent transformation process. Small to large businesses all have to decide whether they should keep struggling single handedly or join forces to become stronger and more efficient.

There is a need for agile business organizations that are characterized by *speed and flexibility, and their openness to change around them*.

Our experience of many years as CFOs and managers with operative responsibility combined with academic research has enabled us to identify similar patterns that in many cases are paramount to the success of a business transformation. The following presents a list of these factors:

1. Identify the *need for change* and communicate its urgency.
2. *Accountability* must be ensured and *guiding coalitions* be built from the start; in other words, an aligned management is able to drive fundamental changes in the company.
3. *Implement changes perceptively and stringently*: An organization requires change agents to implement changes. The necessity for change must be universally acknowledged for overall support.
4. *The right spirit* certainly helps to put the entire organization in motion.

Business transformations are often closely linked with *M&A transactions*. A company's global strategy is deliberately and rapidly promoted by external growth. M&A transactions thereby are more than mere triggers or the answer to business transformation; a successful M&A transaction depends on whether any

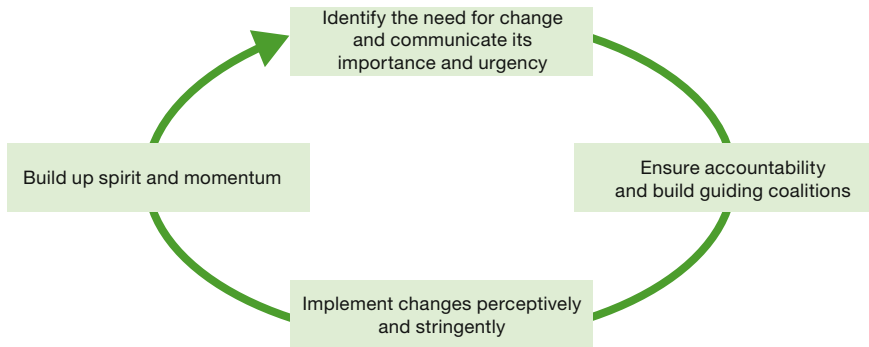


Fig. 1 Typical steps in change management. Source: Bergamin/Braun

subsequent integration management follows the guidelines of a business transformation.

What are the most important considerations? What success factors and obstacles promote or hamper a successful merger? Merging with another company on paper or purchasing it is one thing, but any future value added can only be achieved when different company cultures are combined to forge a single powerful unit.

Growing globalization in the economy has spawned a multitude of cross-border transactions: Commerzbank, Kuka Robotics, Champions League finalist Atlético Madrid, Syngenta, Gate Group, Swissport, SR Technics; what do they have in common? All these companies have passed into Chinese ownership in recent years. The management will certainly have experienced that there is one aspect beyond the gift of perceptibility, speed, and flexibility that takes center stage in successful business transactions: openness for other cultures and mentalities.

What are the deal breakers? How can an integration process be successfully kick-started and managed? What challenges are there with respect to different cultures and mentalities? As managers and CFOs, the authors have personally mentored close to 30 M&A transactions. This book is an account of their experiences and a handbook for successful integration management.

The following investigates three aspects:

1. What are the key factors for success or failure of integration management in M&A projects?
2. What courses of action have revealed to be successful with performance transformation during the integration process?
3. How do global players tackle integration management? Those in charge of the mergers of dormakaba and LafargeHolcim demonstrate in an exhilarating way how they proceeded in their merger process.

We trust that the practical advice and checklists in this book can be put to good use in your day-to-day work.

We would like to express our gratitude to and profound respect for our interview partners Riet Cadonau, Christof Hässig, Walter Oberhänsli, Hans Hess, Renato Fassbind, Philippe Hertig and Wolfgang Werlé; experts Philipp Robinson and Stefan Rösch-Rütsche and Samy Walleyo. We are thankful for their valuable contributions and the many rewarding discussions. We also thank Petra Hanselmann for the chapter on the legal aspects of a merger.

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