RACCA SOLUTIONS GROUP

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PROVIDING SOLUTIONS FOR PEAK PERFORMANCE

Topic – Importance of an Integration Playbook

Mergers and acquisitions are usually completed to reach the goal of an investment thesis. While a great deal of work is done prior to an acquisition to determine if the merger will make sense, ultimately whether the investment thesis goal is met can only be measured by the success of the integration efforts to combine the companies into one.

The first step to an effective integration is to have a plan and by using a tried and tested "Integration Playbook" that will help navigate through that plan.

Other keys to a successful integration include:

- Communication - Clear, constant and correct communication is critical, because in absence of facts, people make up their own reality. Communicate broadly, regularly and predictably, even if nothing has happened.
- Speed - Do not amputate by inches, be milestone and timeline driven, let people know when you're done. Be fast, but not reckless.
- Honesty - Avoid the natural temptation to tap dance. If you don't know an answer, do not speculate. Tell people when they can expect an answer and live up to that date. Credibility lost is never regained.
- Transition Principles - Establish them early, test every decision and process against them. Audit yourself.
- Plan the work and work the plan, but be agile. Establish a clear plan with delivery dates that will support the requirements of the combined enterprise, ensure accountabilities are clear and provide updates weekly.

Always remember to protect your investment thesis. If the initial planned approach doesn't work, find another one and always use a tried and tested "Integration Playbook" to manage the integration. Email info@raccasolutions.com if you interested in learning more.

Case Study – Corporate Integration

Situation Analysis: A Private Equity Firm engaged Racca Solutions Group (RSG) to assist with a pending acquisition and subsequent integration of two companies. The investment thesis was documented and integration savings targets established. Since the leadership team had limited prior integration experience, a comprehensive project plan was needed to manage the integration, production moves and process changes required to meet the targeted cost savings and revenue growth.

Improvements Identified: Racca Solutions Group engaged and put together a complete integration scope that included the development of an "Integration Playbook". The playbook was used to organize all the integration functional areas, list the necessary tasks, identify all responsible parties and assign completion dates. To aid in the approach, RSG provided the leadership team an integration training class to help them effectively project manage the integration and playbook to completion. Key drivers for this included:

1. **Production Consolidation** – Closure of entire plant was planned and involved an out-of-state move. To ensure a smooth transition, RSG extended the playbook process to incorporate the move, the closure of the plant and other necessary changes. This planning effort lead to a number of cost savings beyond the original synergy savings goals.
2. **Process Improvements** – In order to effectively consolidate production, RSG identified and implemented a number of process improvements and controls that gain the cost savings and topline revenue growth desired from the integration.

Overall Results: Using the playbook strategy, Racca Solutions Group managed the client through the comprehensive integration plan, product moves, process improvements and the HR integration that were necessary for the client to exceed the requirements of the original integration cost savings goals. The systematic approach used in the playbook and move plans provided an organized structure to review all raw material, packaging, shipping and resource costs. By standardizing product cost analysis and creating standard product labeling RSG has helped the client exceed the original cost savings estimates by 25%. Having RSG implement the additional process changes made the cost analysis and savings process sustainable well into the future. With RSG managing the playbook activities and deadlines, the acquiring company was able to focus their efforts into the areas of the integration that allowed for topline revenue growth and projected growth requirements.