June 2020

Evolving with agility:

PwC's 2020 M&A Integration Survey

Deals are shifting to the types of transactions that can deliver value in a slower economy. As they face a higher bar for success, companies need to balance what has always been essential in M&A integration with an agility that's critical in a more uncertain global landscape. Here's how they can do it.

pwc

www.pwc.com

Table of contents

Introduction.....01

Integration strategy

Setting the course for your integration journey.....04

Value capture

When everything is a priority, nothing is a priority.....11

People and change

People don't fear change, but they need clarity.....14

The transition program

Leadership is critical and needs to be involved early.....17

Next steps for your business.....21

Methodology.....22

The decade leading up to the year 2020 featured an unprecedented economic cycle that significantly influenced the types of mergers and acquisitions pursued by US companies and the myriad challenges involved. This was accompanied by evolving approaches to M&A integration and how companies combined the people, products, technology and operations of the acquired businesses.

As the economy emerged from the Great Recession, many Fortune 1000 companies favored consolidation or absorption deals that focused on eliminating excess capacity in several industries. After a few years, as capacity was absorbed, acquirers increasingly explored where they could expand into new markets, products and channels. These different, transformational deals became more attractive as the economy thrived throughout the 2010s, leading to the longest US expansion in history. In this climate, many companies that already held a sizable industry share had to consider other avenues for growth beyond traditional markets.

But as deal values and multiples reached all-time highs, another shift in M&A appetite has happened, which affects how companies successfully manage the integration process. As PwC's 2020 M&A Integration Survey shows, companies have retreated somewhat from transformational deals (Figure 1), instead making their biggest bets on other types of transactions over the past three years:

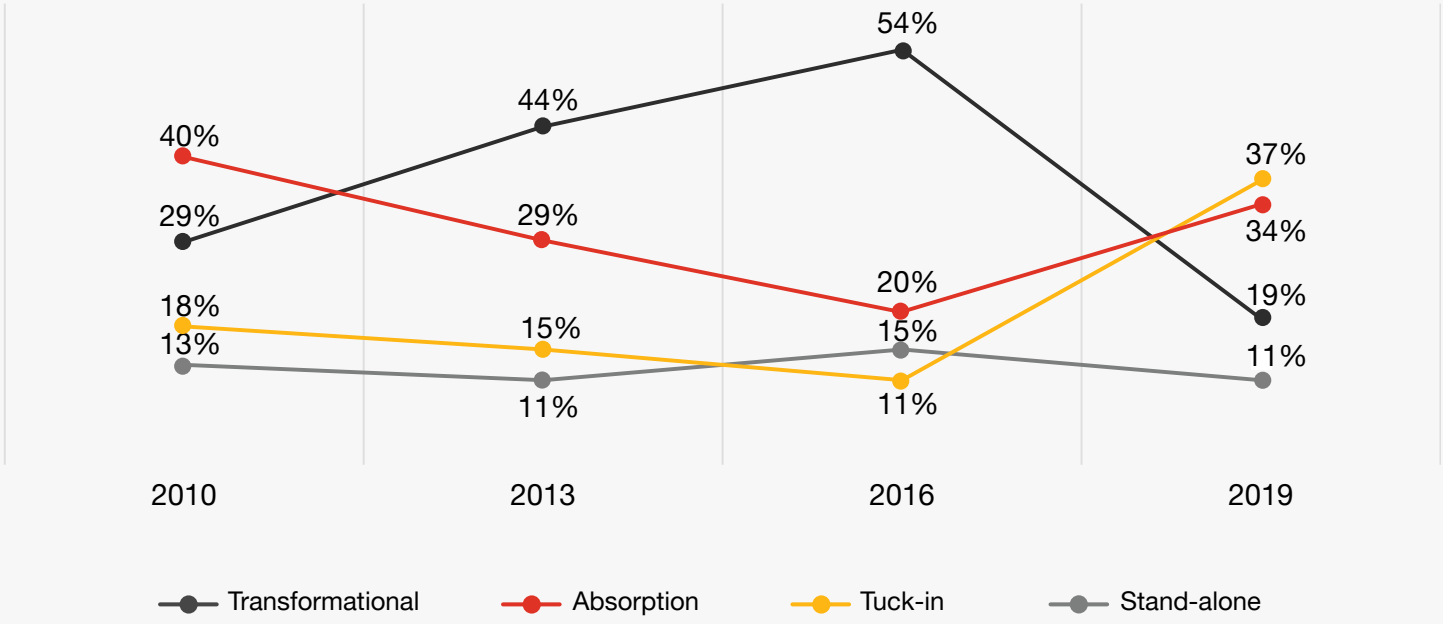
- Tuck-in deals have surged, occurring more than three times as often as in the last survey. One key factor: the accelerating adoption of new technologies across many industries in an attempt to stay ahead of competitors. For more than two-thirds of tuck-in deals, access to new technologies was cited as the main goal.
- Absorption deals also have increased significantly, only slightly behind tuck-ins in transaction volume. The potential for a slowdown after such a long economic expansion is moving some companies to double down and seek targets within their industries.

Types of acquisitions

- **Transformational:** Acquiring new markets, channels, products or operations in a way that fundamentally changes the fully integrated organization.
- **Absorption:** Acquiring and integrating companies similar to the buyer, such as industry competitors. Also referred to as consolidation.
- **Tuck-in:** Acquiring and integrating smaller companies, generally to gain access to key products, technologies or talent.
- **Stand-alone:** Acquiring a business and keeping it a separate operation from the rest of the organization.

Figure 1: Tuck-in and absorption deals are on the rise

Acquisition type of the largest acquisition in the past three years



By comparison, transformational deal volume has declined significantly, plunging from half of deals in the previous survey to only one out of five. The shift to other deal types suggests companies are rethinking their M&A strategy. In some cases, smaller deals, especially for technology and technical talent, can help companies keep up with the pace of innovation and still can bring change down the road, even if not seen as "transformational" at the outset.

This rise and fall of transformational deals is unique in the more than two decades PwC has conducted its M&A Integration survey. It also comes as companies and their leaders navigate multiple dynamics in determining which deals to pursue and how integration can help deals deliver the anticipated value. In PwC's 23rd CEO Survey, more than 60% of US executives said they expect economic growth to decline in 2020.

Nearly 80% said they were concerned about the speed of technological change, while 85% voiced concern about the availability of key skills within the workforce.

Given these factors, the bar for successful integration has never been higher, as reflected in our most recent survey. After the previous surveys showed steady progress by companies achieving strategic, operational and financial success in M&A integration, the latest survey features much lower marks, indicating a pause in that progress.

One potential reason is a plateau in companies' approach to integration, similar to what happens with learning curves in other organizational processes. After several years of growing success, many acquirers may be ready for new techniques and tools to manage new challenges along with traditional issues. Another reason

could be higher expectations. As recent surveys have shown, senior management and boards of directors have a better understanding of and are increasingly involved in M&A. As deal volumes and values have grown, so has the focus on what acquisitions should deliver for buyers. What qualified as significant success a few years ago may not meet the same standard now.

The 2020 M&A Integration Survey serves as a wake-up call for dealmakers, management and boards, as it shows companies haven't necessarily mastered all of the critical elements of a successful integration. Speed, value capture, dedicated leadership and commitment to completing integration over the long term remain critical for M&A success. But shifts in the types of deals being pursued can affect companies' approach to and priorities with integration, requiring agility to ensure the integration process is designed for a particular type of transaction and its unique objectives.

Along with the survey findings, this report includes insights in four critical areas – integration strategy, value capture, people and change, and the transition program – that can help acquirers minimize turbulence and experience a smoother integration journey.

10 key survey findings

1. Financial success remains a challenge.
2. Go-to-market goals are not being realized.
3. Management is important, and the board of directors also has a big stake.
4. Defining critical integration components before deal signing is key to success.
5. Synergy capture continues to be difficult.
6. Deal performance indicators are important to track deal success.
7. People objectives are hard to achieve.
8. Change management programs are insufficient.
9. Dedicated leadership to integration has increased.
10. The integration team should be involved earlier.

Integration strategy

Setting the course for your integration journey

Financial success remains a challenge

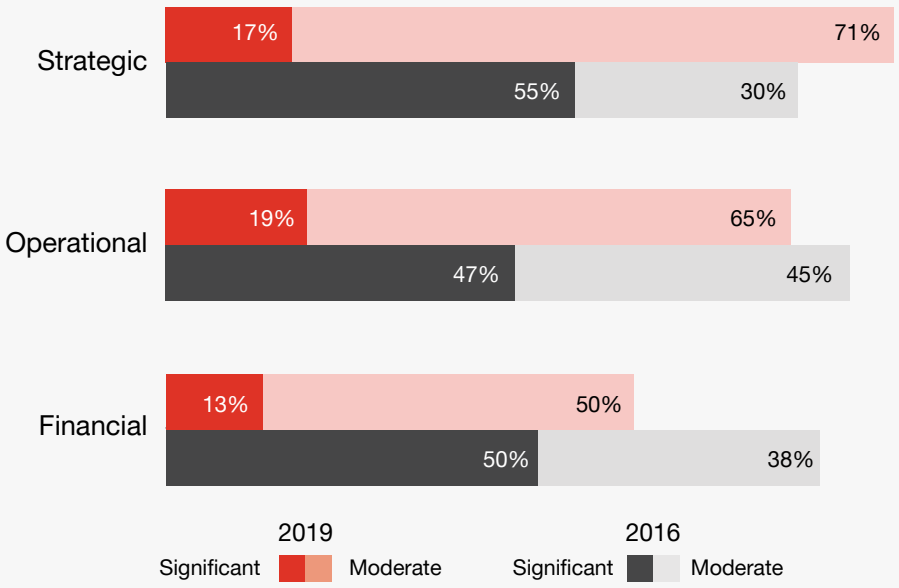
A company's M&A integration strategy doesn't exist in a vacuum. It's driven by the deal strategy, which is guided by the overall corporate growth strategy. While the fundamentals of integration don't change, the integration strategy evolves with the broader strategies, and there are three key measures of integration success:

- **Strategic** success is generally accomplished by "doing the deal" based on acquisition strategy.
- **Operational** success reflects how well companies tactically execute an integration.
- **Financial** success is determined largely by how the integration performs against revenue and cost projections.

The survey shows a major shift in integration success, with only small percentages of executives reporting significant strategic, operational and financial success. The sharp decline in significant success from the previous survey was offset by large increases in moderate success in all three areas (Figure 2).

A few factors likely play a part in this change. Higher company valuations in recent years have elevated transaction prices and left less wiggle room on balance sheets, affecting financial success. A recent PwC analysis found that median ratios of deal value to EBITDA reached all-time highs in 2017-2018 – 50% higher than in the years immediately following the 2007-2009 recession and three times as high as in the

Figure 2: Integration success has shifted
Percentage reporting "significant" or "moderate" strategic, financial and operational deal success

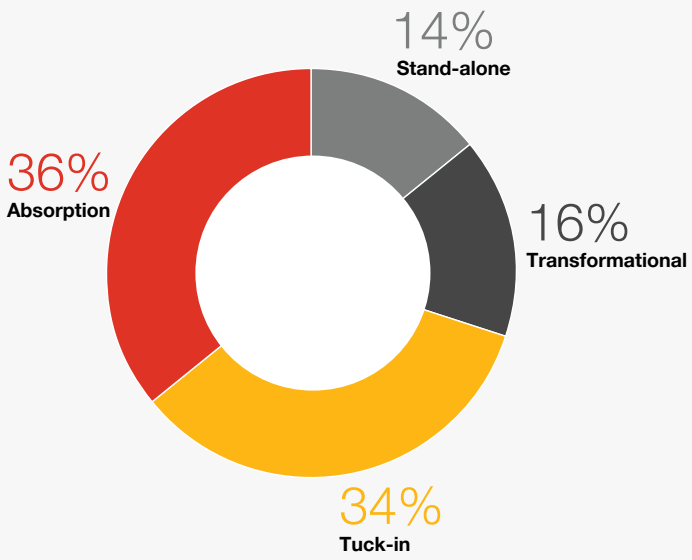


early 1990s. Those lofty multiples can make it more difficult for companies to clear the bar for financial returns on M&A, limiting performance.

On the operational side, acquiring emerging technology can allow companies to innovate products, processes and systems and stay competitive in an evolving market. But those deals also can require integrating very different business models and cultures, making operational objectives harder to achieve than before and making moderate success more acceptable, especially as the economy has remained steady and capital positions generally have been strong.

Similarly, the latest survey also shows a continued decline in high-performing deals – those in which executives reported significant success in all three measures: strategic, operational and financial. Two surveys ago, 24% of deals were high-performing. In the latest survey, not a single deal made the cut – the first time that has ever happened. Only 25% of deals claimed moderate or significant strategic, operational and financial success in each area, and the majority of those were absorption or tuck-in deals – similar to the overall shift in deal activity (Figure 3).

Figure 3: Integration success by deal type
Breakdown of transaction type with "significant" or "moderate" strategic, operational and financial success



Go-to-market goals are not being realized

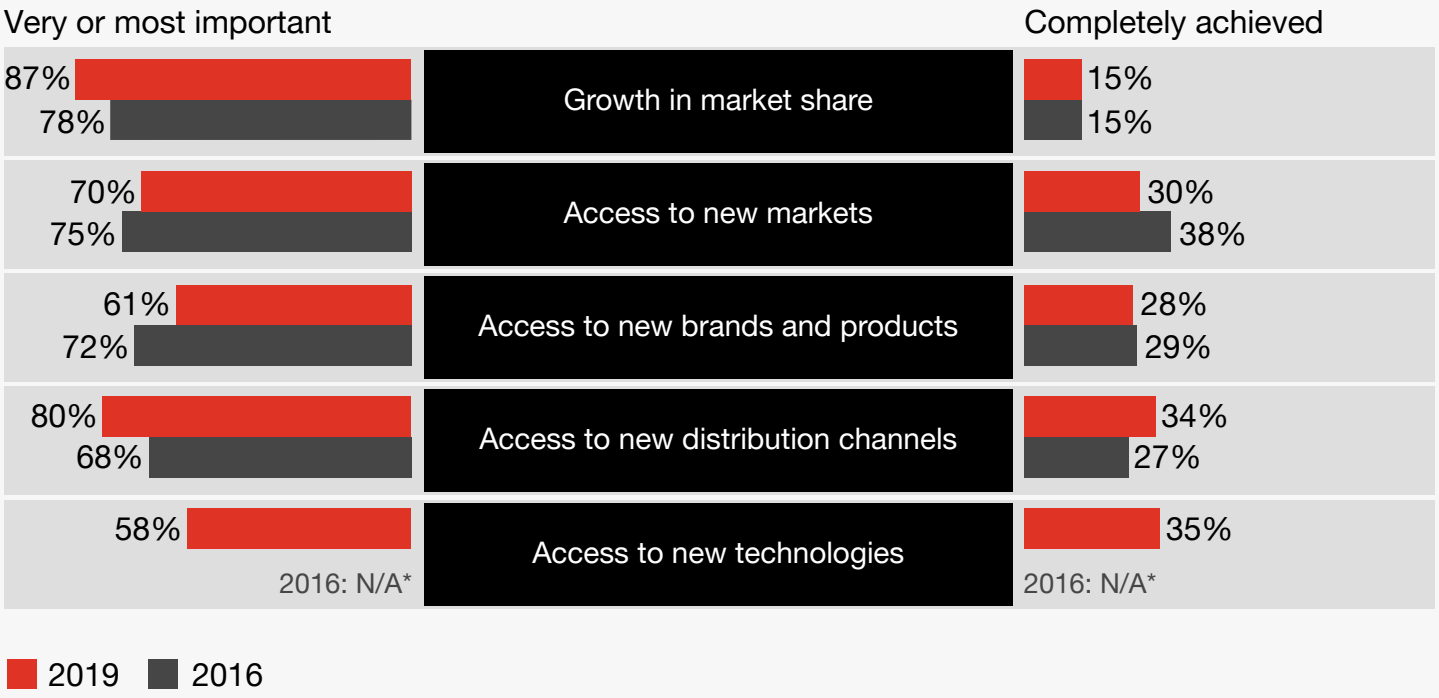
More than half of US CEOs said their companies are planning M&A in 2020. Yet a sharp split persists between what deals aim to deliver and how well they do so, and success in achieving go-to-market goals declined overall from our previous integration survey as the importance increased.

Regardless of the deal objective, achieving go-to-market goals clearly remains a challenge (Figure 4). Delivering new offerings to existing customers or selling to an entirely new type of customer is complex and difficult to accomplish. These are simply harder to achieve given the lack of knowledge and capabilities in the new spaces being entered, along with challenges in integrating markets, products and channels.

The disconnect between importance and achievement shows the need for better understanding among company leaders of how integration should be executed. Management and the board of directors may easily agree on what they want a transaction to ultimately accomplish. But making that happen requires emphasis on earlier and extensive discovery to appreciate the different capabilities of an acquired business and to determine the best way to preserve and leverage those capabilities.

Figure 4: Go-to-market goals are not being realized

Percentage reporting deal objective was "very important" or "most important" and "completely achieved"



* In 2016, "Access to new technologies" was included in "Access to new brands, products or technologies"

Management is important, and the board of directors also has a big stake

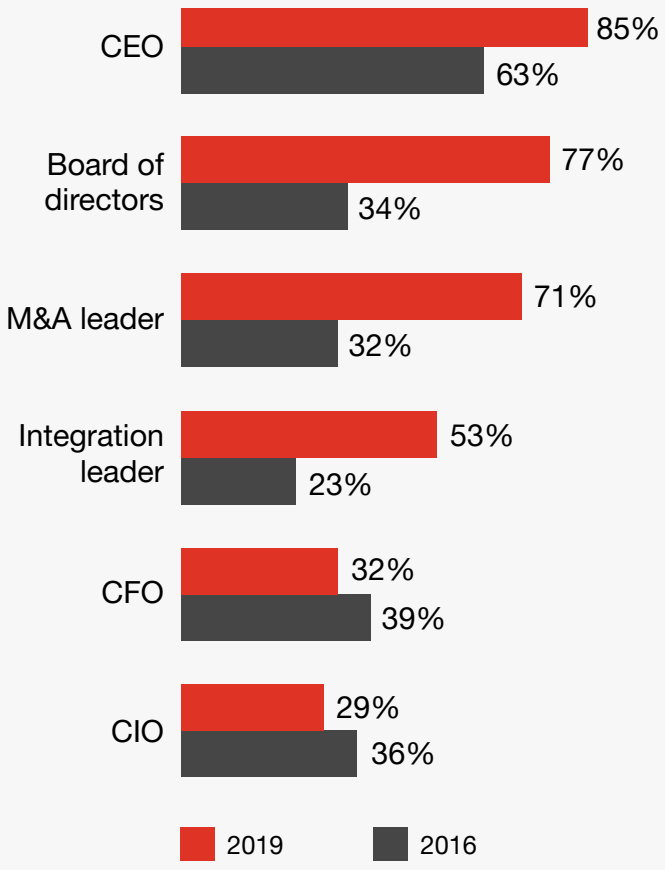
Any acquisition comes with risks, and successfully aligning people, processes and technology across functions and geographies requires governance. Beyond day-to-day management of a deal, a company's board of directors should have a way to analyze and provide objective and thoughtful assessment throughout the integration process. This has taken on greater weight as more companies in various industries have acquired businesses in other sectors, where different skills, culture, assets and other operating models need to be accounted for in integration plans.

Among management, our survey found significant increases in linking the compensation of key leaders to achieving deal goals. The number of companies linking the compensation of the M&A leader and the integration leader to deal success more than doubled, and those linking CEO compensation also were up considerably (Figure 5). Not surprisingly, deals that have dedicated leaders and personnel generally are more fruitful. For instance, the CEO was the primary sponsor of the cross-functional change management program in 33% of deals in our survey. For the most successful deals, however, it was 45%.

Board leadership in M&A could build on this success. The survey also shows a substantial increase in linking director compensation to achieving deal goals, and the link is even greater among companies with at least $10 billion in revenues. With companies placing more accountability for performance on boards, it's increasingly imperative that they consider how transactions align with corporate strategy, integration strategy, governance, risk mitigation and implementation. That better prepares the board to remain engaged and monitor activity throughout the integration, which is critical.

Figure 5: Compensation linked to achieving deal success

Percentage reporting compensation linked to deal success goals



Defining critical integration components before deal signing is key to success

The odds of deal success improve when an acquirer is proactive with its integration strategy. More than 60% of US executives said in the survey that their companies had an integration strategy in place at the time the deal was signed (Figure 6). About the same amount said in another global PwC survey that acquisitions having an integration strategy in place at signing were more likely to create value relative to purchase price.

Figure 6: Integration components in place before deal signing
Percentage reporting component in place at signing

An important step to capturing and protecting a deal's value is developing a roadmap and set of guiding principles to be used in pinpointing and executing the integration strategy. This should be documented in a target operating model for the combined company and include a clear understanding of what is in and out of integration scope, along with the timing and degree of integration across functions and geographies. This is all the more critical when you consider that a majority of respondents consistently report difficulty in completing key elements of the integration (Figure 7).

Figure 7: Integration activities not fully complete

Percentage reporting “not fully integrated” and “difficult”

About 60% of companies surveyed say they have a target operating model in place by deal signing. But the model should not be static. Rather, it should be iterative and updated frequently as the acquirer gains greater access to the target company’s information and personnel, and as the integration plan and external landscape evolves. Put another way, developing the integration strategy is only the beginning, and adjustments to each component should be expected throughout the process.

Consider how few companies – only one out of five – reported having a personnel assessment plan in place at the time of deal signing. That’s not surprising given the typical lack of access to a target’s workforce during the confidentiality phase of a transaction. But it illustrates how crucial it is for an acquirer to move swiftly and for its target operating model to evolve once it gains that access. More detail can better inform initial plans and help identify additional actions to execute the integration.

Operating Model Development in M&A Integration: PwC's Eight Critical Components

M&A experts emphasize the importance of converting acquisition strategy into integration strategy supported by an underlying operating model. Yet acquirers are increasingly challenged to be more agile during the development of a target operating model while addressing more complex requirements.

Designing an effective operating model should include eight critical components, all in sync with acquisition and integration strategy, and centrally managed at the executive level. Companies should also adjust the operating model throughout the integration life cycle to maximize deal value.

---

1. Mission and values

A clear mission and set of values reflect a company's purpose within society and define fundamental tenets that drive behaviors. These should be assessed for any change resulting from the acquisition and will help in designing the operating model's remaining components.

2. Customers and go-to-market

Recent innovations have made the customer experience inseparable from products and service, disrupting traditional paradigms. Plans to integrate sales and marketing, channels, sales operations, product management, customer support and other key go-to-market areas need to be established early in the deal process.

3. Business process and systems

Automation, advanced analytics and managed services often mask gaps and deficiencies in back office operations and shared services rather than optimize and provide incremental value. Understanding current-state differences and gaps in the buyer's and target's foundational infrastructure will help new policy development, process standardization, data management, automation and systems integration.

4. Legal and regulatory

Once a plan has been established to optimize the global tax rate, streamline tax reporting entities and file the correct statutory reports in jurisdictions, other operational and regulatory requirements need to be managed cross-functionally on a country-by-country basis. Centralized management of Works Councils, EU GPDR and country-specific regulations are required to accelerate operational execution, protect IP and avoid unintended infractions.

5. People and organization

At the outset of an integration, companies should select leaders as role models, establish a strong change management program and provide meaningful incentives to highlight desired behaviors, define expectations, drive accountability and reward execution. Then focus can shift to align traditional organization considerations.

6. Policies and procedures

At a time when managers and employees expect change, simple swapping or overlays of policies and procedures from one company to another often leads to unanticipated disruptions instead of enhancing performance. Thorough assessment of all policies and procedures reveals what can be revised or eliminated and defines how and where work will get done.

7. Data management and analytics

The increasing ability to analyze data can transform enterprise operations and company engagement with customers. An enterprise-wide approach should address data security, integrity, sourcing and production, storage and distribution, and end-user consumption. Discrete operating model plans for data management and analytics should address governance, supply chain and infrastructure in an integrated manner.

8. Performance management

Companies need to focus on what can be measured and transparently reported to the board, investors and other stakeholders. In addition to financial metrics, performance management should include operational metrics and incentives, including learning and education, compliance, and ethics, among others that balance immediate business continuity and long-term transformation.

Value capture

When everything is a priority, nothing is a priority

Synergy capture continues to be difficult

With all the moving parts of a major acquisition, companies can find themselves wrestling with distractions and lose sight of the deal's ultimate goal: creating shareholder value. We've seen that in the limited number of executives who reported significant M&A success. Even though 70% of companies had synergy plans in place at deal signing, it's clear that even carefully developed synergy models built during due diligence may not help deliver value during the integration.

Survey results consistently show that capturing value in M&A can be elusive. However, companies that involve integration teams early in the deal process are 40% more likely to see favorable results. This year's survey also shows more favorable results in capturing revenue synergies versus cost synergies, which is a surprise – and a first in the 23 years of conducting the survey – given revenue synergies are inherently more difficult to predict and quantify. One factor may simply be the result of a strong market and economic expansion that has allowed for revenue growth overall. Another factor may be the shift to tuck-in deals that are helping expand customer reach.

Either way, capturing synergies clearly remains a challenge (Figure 8). The value realized in an acquisition depends in large part on how well the newly combined company identifies, manages and executes on the opportunities. Buyers can take specific steps to more successfully navigate the value capture process by following a well-defined, disciplined and transparent approach. Critical to success is an approach that both shortens the time required to capture value and increases the overall size of the value actually realized.

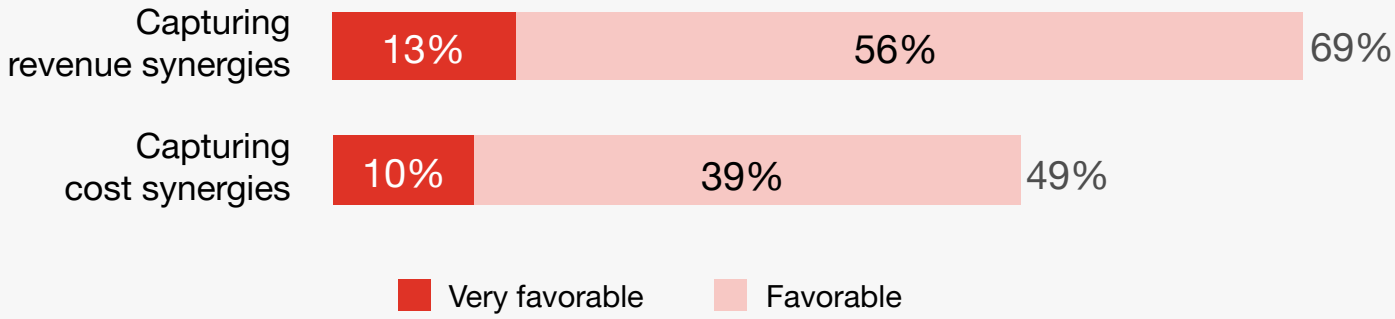
Similar to the target operating model, the initial synergy model developed before deal signing needs to evolve with more access to people and information at the target company. The model should also be distilled into detailed plans that are carried out by the integration team and consistently monitored to make certain they remain on track.

Capturing synergies may not always be a metric of focus

While synergy capture is generally considered a common goal in acquisitions, it does not necessarily rise to the same level of importance in all deals. For instance, the integration strategy for serial acquirers of smaller companies may be to create value by adding talent to an existing team or adding a feature or benefit to an existing product. In these situations, traditional cost and revenue synergies are of lesser importance and give way to more qualitative value driver initiatives.

Figure 8: Synergy capture remains a challenge

Percentage reporting “very favorable” or “favorable” results



Deal performance indicators are important to track deal success

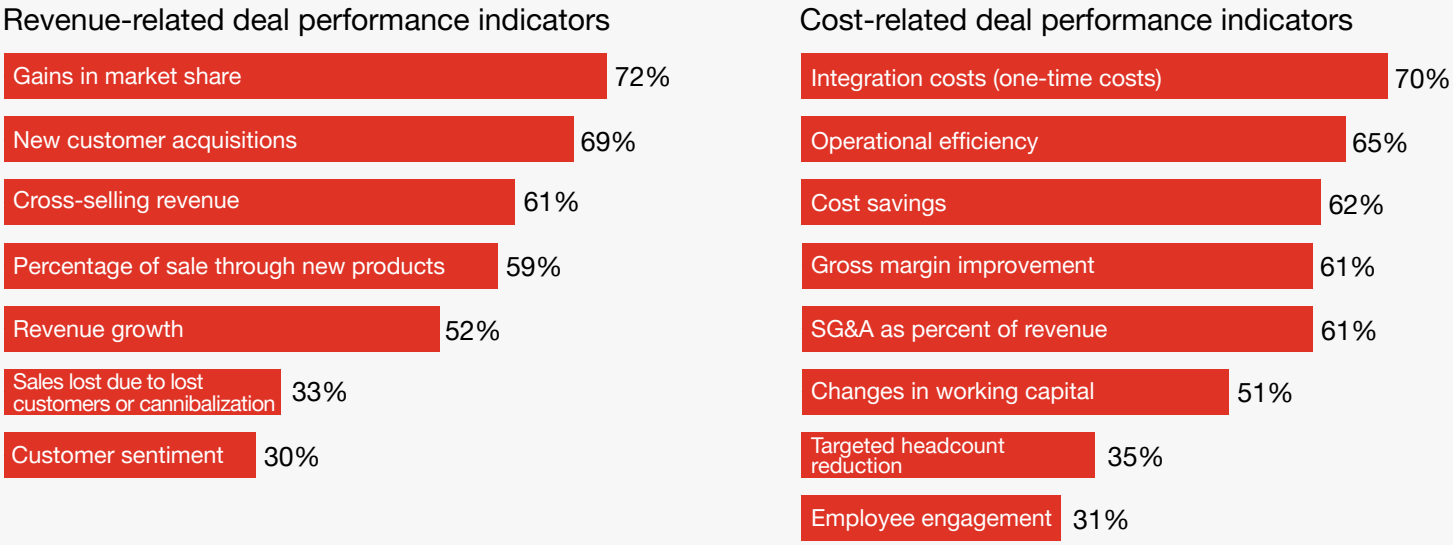
How well an acquirer succeeds at achieving stated deal objectives can determine whether the market will reward or punish shareholders. So it is imperative for the acquirer to realize synergies, capture deal value and communicate the resulting performance to all stakeholders. Effective communication depends on adequately tracking progress against synergy goals and other deal objectives. Without tracking, there can’t be reporting. It’s as simple – and complex – as that.

Keeping track of progress during an integration helps keep employees focused on the right activities at the right times. While specific business units and functions may be responsible for delivering certain synergies, a centralized process and set of tools for monitoring, tracking and reporting deal objectives and synergies is essential to keeping the combined company on task and delivering measurable results. This process also should be monitored regularly by the CEO and the board to ensure a view of performance across different areas.

Figure 9 shows the types of revenue- and cost-related key performance indicators (KPIs) the companies surveyed are tracking to measure deal success. These results are surprisingly low, particularly for some of the more common metrics expected to be tracked on almost every deal, including cost savings, integration costs and cross-selling revenue, among others.

On a final note, companies should not be limited by hard numbers in KPIs. Along with tracking revenue and cost-related metrics, companies can benefit from qualitative KPIs that track more nebulous factors, such as culture and change management. Whether the objectives are defined by qualitative or quantitative measures, formulating specific KPIs from the start helps companies set realistic synergy targets, and following up on those measures helps them achieve their goals.

Figure 9: Deal performance indicators being tracked



People and change

People don't fear change, but they need clarity

People objectives are hard to achieve

Engaging and retaining talent that comes with an acquisition is critical to capturing deal value. Yet finding the right incentives for retaining and motivating personnel – both during the transition and for the long term – can be a challenge. No matter the deal type, it is critically important to provide clarity and direction to key people, and to effectively manage change throughout the integration process.

About two-thirds of survey respondents said that access to key personnel was a very important or most important deal objective, yet less than two out of 10 said this objective was completely achieved (Figure 10). Both importance and achievement are down from the prior survey, likely related to the shift in transaction type. Transformational deals combine different types of workforces and cultures, which elevate the attention to the people element. Absorption deals typically involve similar workforces with talents and skills that may be more familiar to the acquiring company. They also often involve significant headcount reduction and a command-and-control integration by the acquirer, which may garner less concern about people issues.

But preserving workforce stability is still crucial in acquisitions, and it takes on greater weight when acquiring businesses in different industries, such as non-tech companies buying tech start-ups. More than three-fourths of companies reported moderate or significant success at retaining key employees in deals, down only slightly from the previous integration survey. Within those responses, however, there was a substantial drop in significant success (Figure 11). This may be related to declines in employee morale and employee understanding of company direction during the deal (Figure 12). Fear, indecision and just plain confusion within workforces can hinder companies until leaders clearly explain roles and expectations within the new organization. This can be compounded by the typical lack of access to a target's workforce before deal closing.

Figure 10: People objectives are not being realized

Percentage reporting deal objective was "very important" or "most important" and "completely achieved"

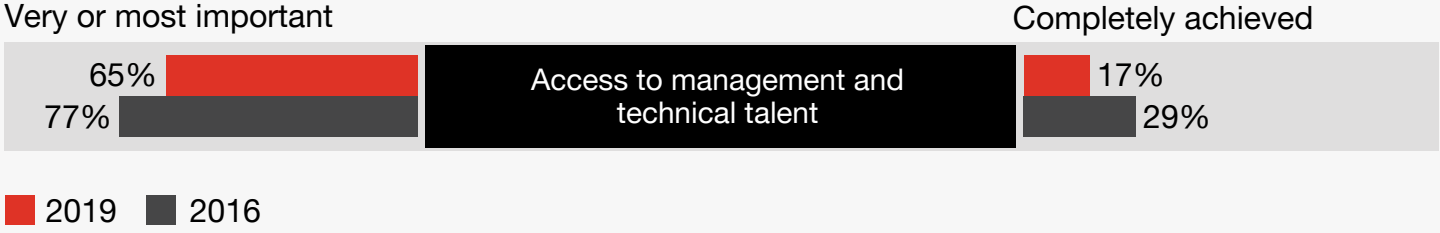


Figure 11: Employee retention has become harder

Percentage reporting “significant success”

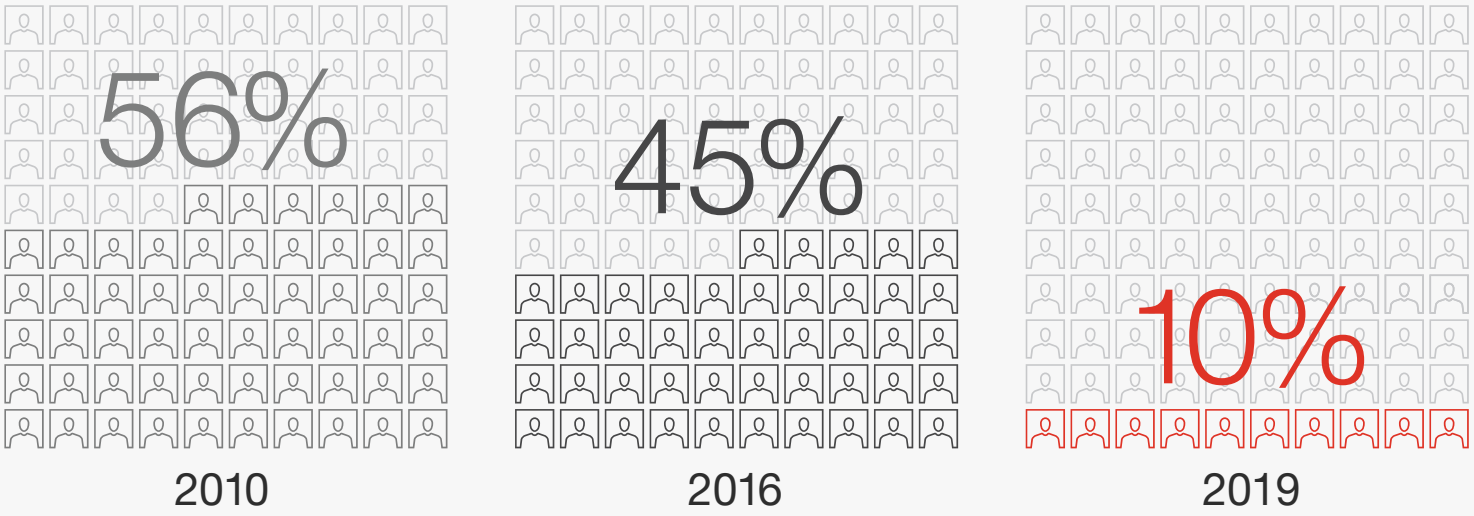
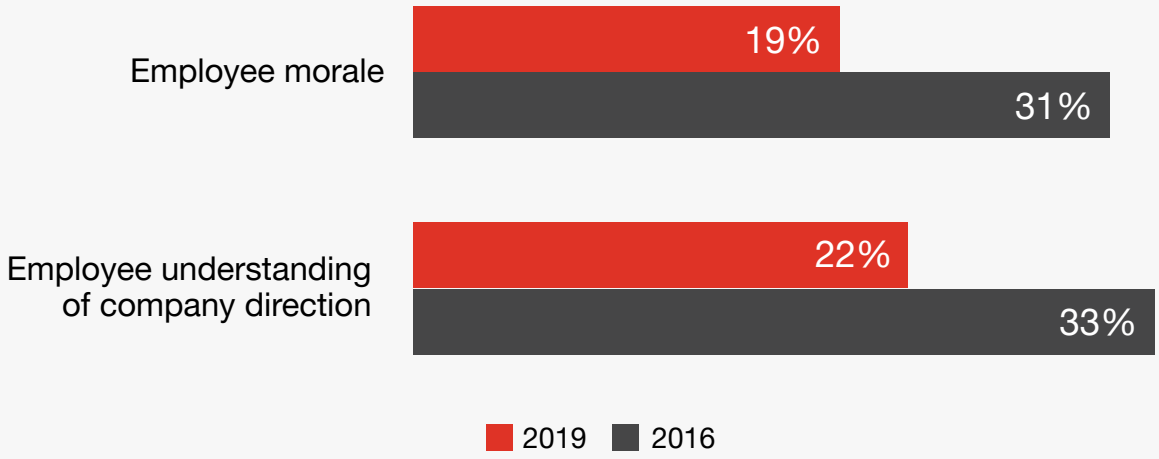


Figure 12: Employee morale and understanding need to improve

Percentage reporting “very favorable” results



Change management programs are insufficient

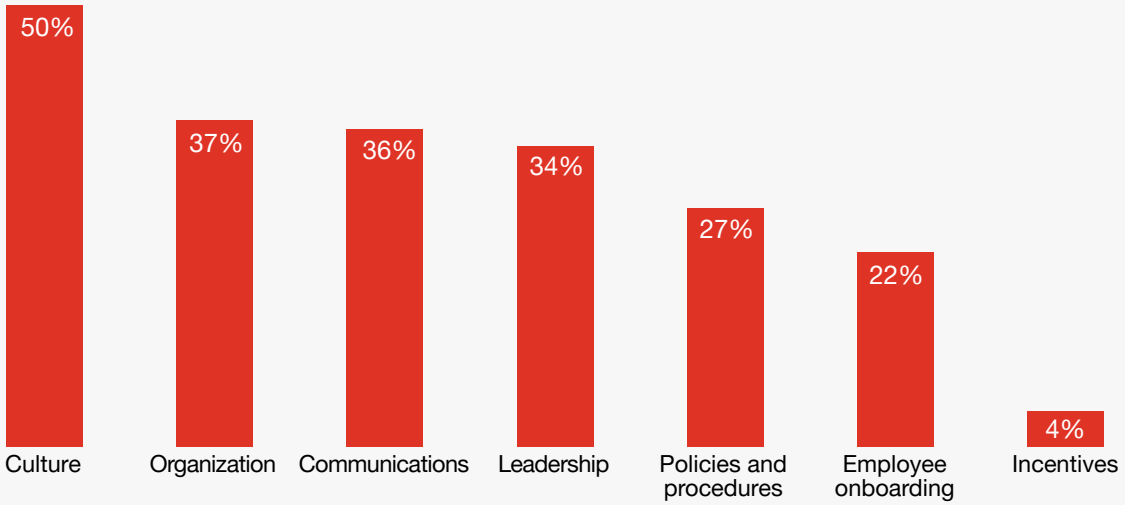
Good talent is hard to find and harder to replace. People issues should be a priority well before a transaction closes, yet companies often miss the opportunity to design and implement an effective change management program that aligns people to deal objectives and motivates them to achieve those goals.

While more than 60% of survey respondents said they had a change management program in place at deal signing, the survey also shows those programs did not include many of the critical drivers needed for them to be effective (Figure 13). This suggests the approach to change management during integration is soft and lacking a set of concrete and actionable items, or it's fragmented and addressing only a few of the critical drivers to succeed. Not one company in the survey reported having all seven critical drivers in its change management program. Only one element was included in 20% of programs, 50% included two, and only 5% said their programs had three or more.

Culture was by far the most common element in change management programs, echoing the importance of culture seen in PwC's Global Value Creation survey, where 65% of respondents said culture issues adversely affected value creation in deals. By comparison, only 4% of companies in the integration survey said their change management programs include incentives. This is a huge missed opportunity, and management and the board need to ensure there are processes to gather employee feedback and accommodate people across both companies – all of which help retain critical talent at both the target and acquirer. This is particularly important in acquisitions of technology talent.

The survey responses overall show that most companies simply do not understand and appreciate all the drivers impacting a successful change management program that help accomplish the people objectives in deals. Without a focus on all seven drivers in a program that is aligned with the integration strategy and owned by leadership, achieving success in people goals in M&A will continue to be a challenge.

Figure 13: Change management programs are insufficient
Percentage reporting elements of change management program



The transition program

Leadership is critical and needs to be involved early

Dedicated leadership to integration has increased

Implementing strong project governance through an integration management office (IMO) is essential for deal success. More than simple "project management," an IMO should also serve as a strategic advisor, defining and implementing the integration strategy throughout the integration process and driving the integration efficiently across the enterprise. Such robust governance and advisory insights are often major factors in companies achieving their synergy targets, business imperatives, and people and change management goals.

Assigning dedicated leadership is also essential for deal success. Our survey shows that most companies understand the importance of involving top leaders in the integration process, which has taken on greater weight as transaction values have escalated and deals stretch acquirers into new areas of growth (Figure 14).

In establishing effective transaction oversight processes, management and boards have increasingly seen the value of appointing a dedicated executive sponsor, often in the form of a "chief integration officer." In fact, 78% of survey respondents assigned an executive sponsor to their integrations, which is two times more than in our previous survey. We also saw a notable increase in companies dedicating personnel in functions.

Figure 14: Resources dedicated to integration

Percentage reporting full-time personnel dedicated to the integration

The integration team should be involved earlier

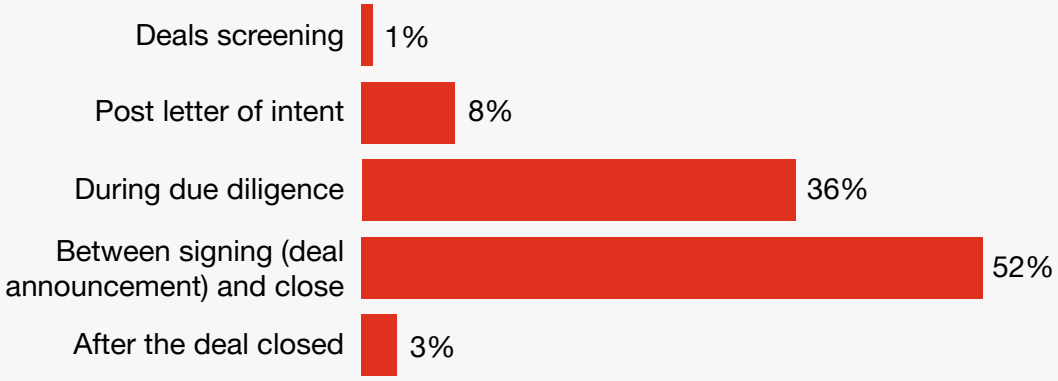
Dedicated integration teams can also enhance a company's ability to make decisions early – a preferred practice in M&A. Over the last 10 years, we have seen integration teams get to work earlier in the deal process, which is critical for developing a sound target operating model, validating synergy assumptions and identifying areas of risk to integration execution. But companies can do better to involve integration teams sooner.

About half of survey respondents said their companies involved the integration team on or after deal signing, with less than half being involved during or before due diligence (Figure 15). Deal signing is often too late to begin asking how people will actually work together or to assess timeline and complexity to achieve an operational imperative. Recall the low percentage of respondents who said various go-to-market goals were completely achieved, which is more likely to occur when integration teams aren't involved early. Due diligence was the engagement point for 37% of all companies participating in the survey. Among companies with more than $10 billion in revenue, it was 52%.

The type of deal also has affected when integration teams get involved. Transformational deals, in which the integration strategy and operating model are usually more complex, saw a higher rate of engagement during due diligence and a lower rate between deal announcement and closing than the overall results. Absorption deals were the opposite, reflecting a typically lesser impact to an acquirer's operating model. Tuck-in deals traditionally have involved lower costs, complexity and impact on operational models. But as noted earlier, those transactions have increasingly involved new technologies. Acquirers' unfamiliarity with emerging technology in some cases has moved the engagement for integration teams ahead of due diligence.

In general, companies benefit more from starting the integration process earlier, and regardless of transaction type they should have a robust integration strategy and target operating model in place at signing. A speedy – but still well-executed – integration enables leaders to quickly get to managing the daily business of the combined company and minimizes the risk of confusion and frustration among employees.

Figure 15: Integration team involvement during the deal process
Stage in deal process when the integration team became involved



Digital tools and technology impacting integration

The explosion of data and analytics over the last 10 years has dramatically impacted the way acquirers are incorporating new technologies into the deals process. The landscape of advanced digital integration tools is vast and changes monthly. Our survey found that nearly nine out of 10 companies now use digital tools as part of their integration processes, and digital tool adoption is most prevalent at larger companies. Systems integration, value capture and synergy tracking, and communications and change management were the top areas of focus (Figure 16). Speed, collaboration and quality of insights were among the top anticipated benefits.

Historically, integration digital tools were centered on increasing rigor around the integration management process. The survey shows room for progress in this area, and in maximizing impact. Among those companies that use digital tools, a significant percentage noted several areas where the tools had little or no effectiveness or simply weren't a factor in achieving the intended goals (Figure 17). This is indicative of both the nascent nature of the integration digital tools and companies' understanding of how to apply them.

As digital tools become more advanced and common place within deals, acquirers need to remain agile to embed "fit for purpose tools" into the integration process for specific acquisition types and related integration challenges. This represents a distinct shift away from focusing on digital process management and a reconsideration of what can impact integration results. Looking forward, acquirers will need to upskill workforces on digital tools that incorporate more complex elements, such as robotic process automation (RPA), sentiment analysis, natural language processing and predictive modeling to drive impact.

Figure 16: Digital tools used in integration

Percentage that used a software tool by integration area

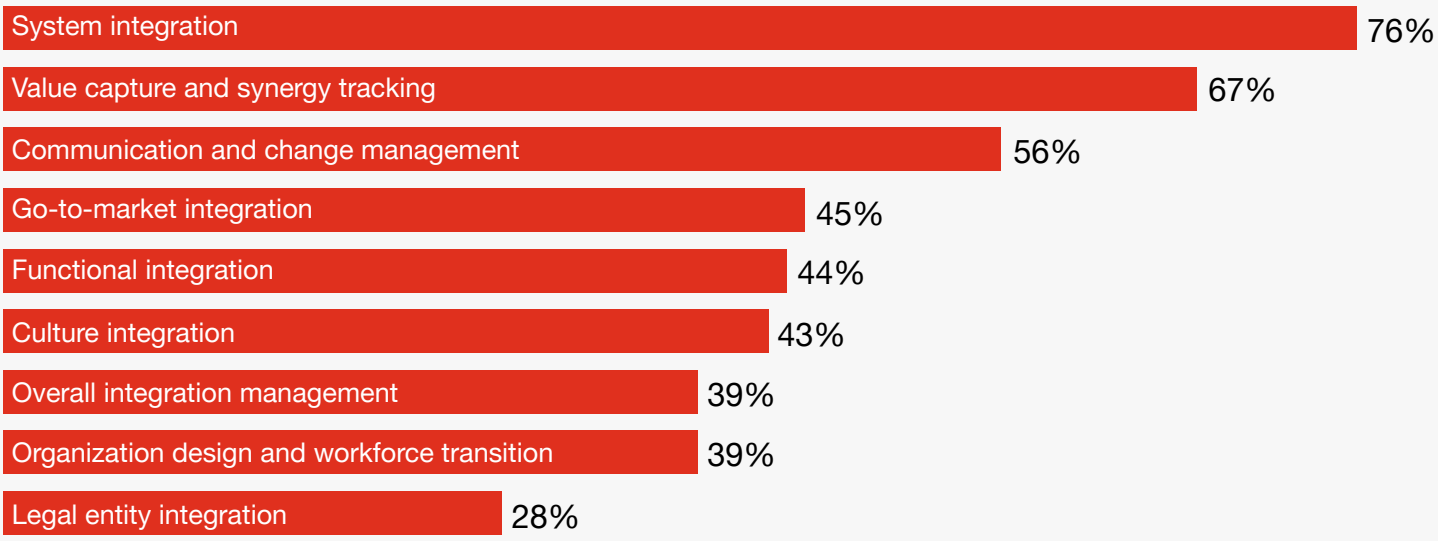
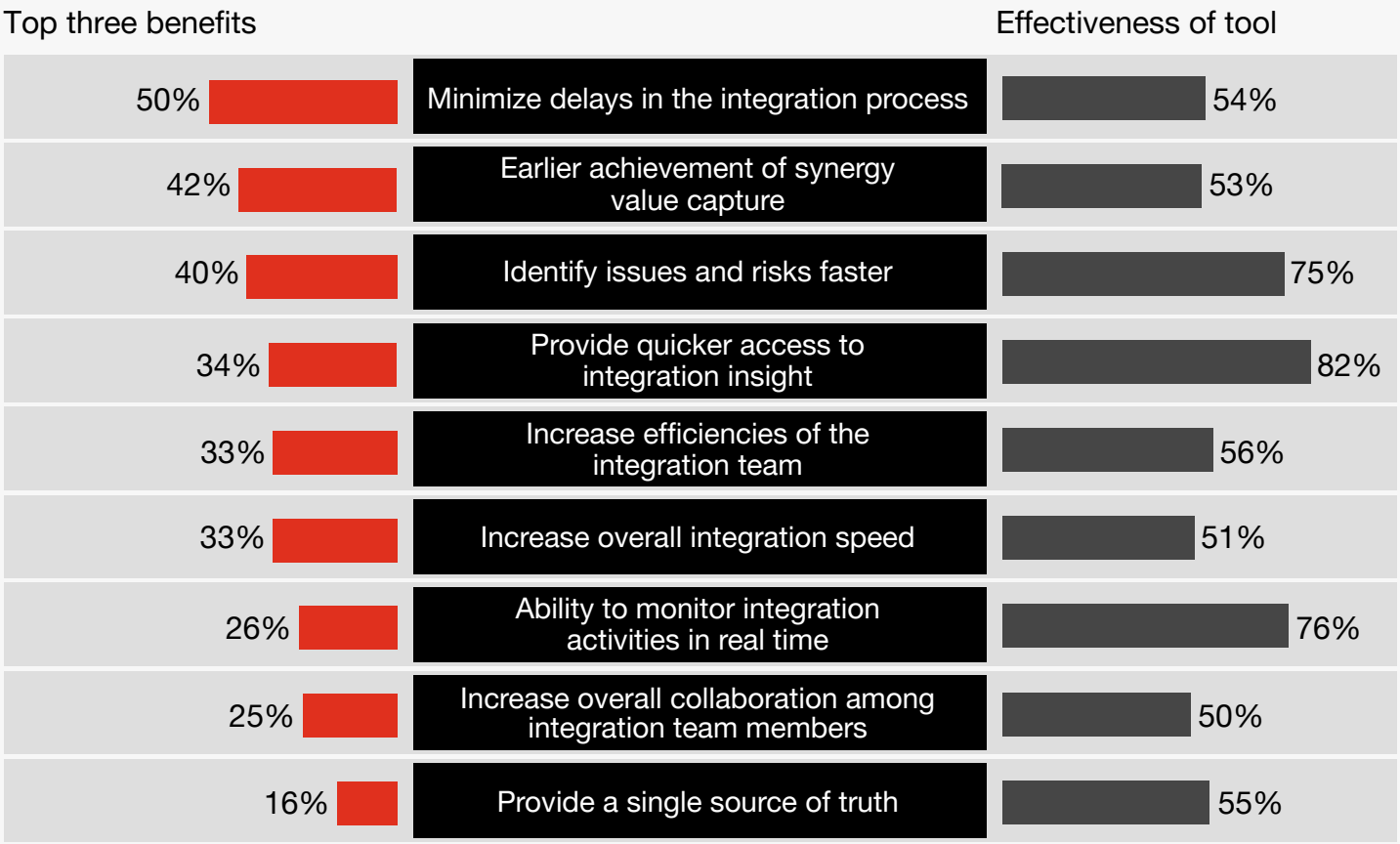


Figure 17: Effectiveness of digital tools used in integration



Next steps for your business

A coordinated approach to M&A integration is critical for capturing the anticipated deal value. In pursuing a new transaction, you need to address several key questions candidly and completely:

- Is your integration strategy aligned with your deal strategy and overall growth strategy?
- Does it include the critical components needed to be effective?
- Do management, the board of directors and other key stakeholders agree on what a transaction ultimately should accomplish?
- Do you have the right leaders driving the deal and integration? Do your leaders and key people have the appropriate incentives to achieve your deal and integration goals?
- Do you have a target operating model with a clear understanding of scope, timing and degree of integration across functions and geographies? Does it include the critical components needed to be effective? Are you adjusting this model throughout the integration process?
- Is your integration team involved early enough in the deal?
- Do you have dedicated teams in complex and challenging areas, such as go-to-market, people and organization, systems and process, and geographic and legal entity integration?
- Does your change management program include all of the critical drivers needed to be effective?
- Is there a centralized process and set of tools for monitoring, tracking and reporting deal objectives and synergies?
- Do you have an effective integration management office with leadership and authority to drive the integration efficiently across the enterprise and provide strong project governance?

The value of a company – and the shares held by investors – can be shaped greatly by how well the company integrates an acquisition. Finding the right M&A target and signing the deal won't matter if an acquirer hasn't taken early, deliberate steps to ensure a smooth transition in the weeks and months after closing. Those companies that fully understand and can answer the above questions will be best equipped to execute M&A integration and position their organizations for long-term business success.

Methodology

PwC has conducted its M&A Integration Survey since 1997. In late 2019, PwC surveyed senior management from a sampling of Fortune 1000 companies that had completed mergers or acquisitions in the previous three years. The goal was to understand the current state of M&A integration practices and evaluate their impact on management's assessment of deal success.

We asked an independent third-party survey company to conduct telephone interviews with these executives. Respondents participating in the telephone survey were guaranteed anonymity for themselves and their companies and were screened to ensure they had direct, firsthand knowledge of the issues their organizations dealt with during the integration.

Of the 200 respondents participating in the survey, 21% were at the senior executive management level, with titles including CEO, president, COO, CFO, CIO, EVP and SVP. The remaining 79% were vice presidents from corporate development, strategy, sales and marketing, operations, information technology, finance, and human resources.

If you would like to participate in future surveys, please contact pwcdeals@pwc.com

How PwC can help

To have a deeper discussion about how this topic might impact your business, please contact your engagement partner or a member of PwC's Deals practice.

Authors

Gregg Nahass
US and Global Leader, M&A Integration
310 200 2797
gnahass@pwc.com

Barrett Shipman
PwC Deals Principal
415 595 7308
barrett.j.shipman@pwc.com

Alison Furman
PwC Deals Principal
917 535 9392
alison.furman@pwc.com

Robert Shuman
PwC Deals Principal
404 667 8575
robert.g.shuman@pwc.com

Delivering Deal Value

Gregg Nahass
PwC Deals Partner
Technology, Media and Telecommunications
310 200 2797
gnahass@pwc.com

Paul Kennedy
PwC Deals Principal
Financial Services
617 320 4019
paul.g.kennedy@pwc.com

Michael Giguere
PwC Deals Principal
Consumer Markets
617 803 6377
mike.giguere@pwc.com

Lev Holubec
PwC Deals Principal
Industrial Products and Services
216 496 1196
lev.w.holubec@pwc.com

Michael Wright
PwC Deals Principal
Health Services
609 954 9203
michael.r.wright@pwc.com

Deals

Colin Wittmer
US Deals Leader
248 705 2284
colin.e.wittmer@pwc.com

Curt Moldenhauer
US Deals Solutions Leader
408 817 5726
curt.moldenhauer@pwc.com

Project team

Diane Weaver
PwC Deals Director
Delivering Deal Value

Jefferson George
PwC Deals
Editor-in-Chief

Lesley Bakker
PwC Deals Marketing Director

Cinthia Burnett
Creative and Design

© 2020 PwC. All rights reserved. PwC refers to the US member firm or one of its subsidiaries or affiliates, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. 700248-2020. GF.