

## PM WORLD TODAY – PM ADVISORY – NOVEMBER 2009

## Deal or no deal?

## How to ensure your major transactions deliver benefits

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The merger and acquisition (M&A) market, now more than ever, puts you under pressure to ensure that your major strategic transactions deliver on the original 'promise'. Yet, research consistently shows that many companies never achieve the value from a deal that was their *raison d'être*, largely due to loss of focus on the benefits and a poorly planned implementation upon deal completion. But you don't have to be one of them. Read on to hear how taking a robust programme and project management (PPM) approach pre- and post-deal can ensure your transaction's benefits remain front of mind and achievable...

### **1 Don't lose sight of your business case**

A good business case will outline and quantify the motivations for doing the deal, the organisational, the market and of course, the financial benefits. Ensure it is clear, accessible and reviewed regularly by those sponsoring and implementing the transaction, to ensure delivery focus is maintained. Often those who originate and execute a deal are not the same team charged with implementing on the benefits. As such the business case must clearly point to the expected transaction 'value drivers' to guide the integration effort and to avoid implementation teams making dangerous assumptions as to the motivations of the deal, which, if wildly off kilter, can start a negative reaction, threatening all benefits.

### **2 Conduct a thorough 'as-is' analysis**

Undergoing an 'as-is' analysis will provide you with a detailed view of the existing operations and governance of the parties involved. Look at the positive and negative elements brought to the table by each partner, and do not assume the apparent path of least resistance - that of the larger company simply 'swallowing' the smaller one. Take an honest look at the respective strengths and differences – be it people skills, products, or channels to market - with a view to maximising benefits and respecting the original motivations for the deal in the 'future state' design. And importantly, do not miss a trick by just considering the tangible assets; assess the 'human' side of the deal. By doing this, you'll encourage more effective integration and smoother change by accepting the challenges of cultural integration as well as physical consolidation.

### **3 Blueprint for the future**

A shared vision for the 'to-be' organisation is critical to realising integration benefits. And that blueprint must, at its core, reflect clearly what value the transacting parties stated they seek to gain from the deal. If, for example, value is sought from combining products to go into new markets, then make that a focus of the blueprint design. Do not focus on, for example, a description of IT rationalisation opportunities. Your business case motivations should be the key drivers for your 'to-be' design blueprint.

### **4 Design a programme of activity – the project portfolio**

By now it should be clear where you are going, so the next question is 'how are we going to get there?' We at Moorhouse believe that complex change is only meaningfully delivered through programmed initiatives, resulting in a portfolio of programmes and projects that remain linked to the blueprint design. This step is all about agreeing a programme structure, governance, and accountability and setting up the project portfolio that will deliver the 'to-be' state and thus the deal's value. Expect to cover the following vital elements at this stage: how many and which programme initiatives will you need? What is the governance model and reporting structure? How will the tough issues and decisions be escalated and who will take final decisions? Where will you achieve early wins to gather momentum?

### **5 You've made the plan... now to implement it**

Now it's about delivering on the plan of action. All projects should be well structured, resourced with a terms of reference, supported by a project management office (PMO) that will own and run the 'heart-beat' of a major Programme. The PMO should make it their job to be aware of the sensitivities around each of the individual projects, particularly those that are politically or emotionally charged, to help mitigate risks and manage issues. Build in some time at this stage to keep the enthusiasm and impetus going. Implementing the plan can be a lengthy and complex process, and people who have been involved from the start will need regular re-energising.

### **6 Communicate the vision and the motivation behind the deal**

Know your key stakeholders and communicate with them in a way that will keep them interested and motivated. Don't swamp them with unnecessary detail that makes it hard for them to plug in to the blueprint vision and tell the story to others. Report your successes succinctly and reinforce the deal's motivations and value drivers – this will prevent both the implementation losing momentum or worse still the 'future-state' being shaped 'on the fly' and being over-run by individual agendas. Once you've mastered the art of simple, smart and powerful communications, create a drumbeat, a programme

brand. Remember – keep re-enforcing the reasons for the deal. It, most likely, is not just about cost cutting – so keep those additional messages alive.

## **7 Focus on the benefits**

Make everyone aware of the benefits expected of your programme. Analyse and quantify them, build benefits profiles, and map them to your delivery projects. Get everyone involved in managing risks, so that any loss of potential benefits is reduced. Also, remember to emphasise a complex transaction's benefits are not gleaned on deal day, but come through thorough persistent post-deal implementation. Ensure, through focussed programme and project management, that these are realised and communicated well to your key audiences.

Moorhouse Consulting supports organisations to retain momentum and the right delivery focus after the trials and successes of completing on a major transaction. Our aim is to ensure our clients don't become another 'falling short' statistic in realising the benefits of a major deal – and deliver on their promise.

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