



Case Study – PRACTICALITIES OF A BUSINESS MERGER

The Company

TWO DIVISIONS OF A MAJOR CORPORATE COMPANY EACH WITH A TURNOVER OF £25 MILLION PER ANNUM, AND WITH 500, AMND 900 STAFF RESPECTIVELY WERE LOSING STRATEGIC FOCUS.

The Business Problem



The two divisions over time had developed similar software, systems and customer domain knowledge. As a result of shrinking business the Divisions had begun to compete against each other. The corporate board, following an indepth study, came to the conclusion that the best strategy would be to merge the two divisions. They appointed a new Managing Director whose main task was to integrate the two businesses. This

needed the development and implementation of a single business strategy, formation of a new first line management team and a accelerated reduction in operating costs of 20%. Due to the sensitive nature of some existing contracts it was important that the merger should not result in the loss of key engineering staff

The Solution

Avangarde Consulting carried out a rigorous and rapid assessment of the capabilities of each of the existing management teams in terms of their functional competence and ability to work within a new organisation. Recommendations were made and a new management team was appointed within one month of the merger announcement. Avangarde then carried out a facilitation exercise with the new team to develop the credible strategic focus for the company. This new strategic focus was then communicated to all stakeholders (staff, suppliers, customers and shareholders). A number of key business processes were also introduced, such as formal business reviews and succession planning for all management staff. To reduce the operating costs by 20% a voluntary redundancy scheme was developed. The merger was achieved within 3 months of the merger announcements against a target set by the Corporate office of six months.

The Benefits

The merger was achieved well ahead of schedule which allowed the new management team to achieve the 20% cost reduction in the first year. What was more striking was the improvement in staff morale as a result of the consistent communication of the company's objectives and new developments were initiated in support of the revised strategic goals. Also within one year a new Managing Director was appointed from within the Management team who had been identified during the succession planning process.

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