

Beyond the Deal Newsletter

*Mergers and Acquisitions that
Achieve Breakthrough Gains*

www.beyondthedeal.net

March 2010

Dear Jay,

Quote of the Month:

"If you change the way you look at things, the things you look at change."

Wayne Dyer

In this Newsletter:

- [*The Acquisition Environment Improves*](#)
- [*Social Media Strategy to Transform Integrations*](#)
- [*An Effective Guidance System for Integrations*](#)
- [*Italian Newsletter Features Beyond the Deal Conversation with Jon Low*](#)
- [*Master's Program in Intellectual Property Management and Markets starts at IIT*](#)

The Acquisition Environment Improves

As the economy moves into its new phase, mergers and acquisitions are taking place in greater numbers as well in larger scale. Kraft Foods' \$19.5 billion acquisition of Cadbury, MetLife's \$15.5 billion acquisition of the AIG affiliate, American Life Insurance Company (ALICO), Phillips-Van

Heusen's \$3 billion purchase of Tommy Helfiger Group and Teva pharmaceutical's \$5 billion acquisition of Germany's Ratiopharm demonstrate the broad range and significant level of acquisition activity so far in 2010. These are strategic acquisitions and markedly different from those of the 2008-2009 period when opportunities from distressed conditions was the major cause for acquisition (i.e., Bank of America/Merrill Lynch, Wells Fargo/Wachovia, JP Morgan Chase/Washington Mutual, etc.).

There is every reason to expect that acquisitions of this current magnitude will continue to take place with increased frequency and a growing variety of actors. The scale and complexity of these major acquisitions requires an enhanced ability to engage the staffs and stakeholders involved to speedily implement these challenging integrations.

[Social Media Strategy to Transform Integrations Now Available](#)

The size and significance of these acquisitions make it a continuing challenge to rapidly capture and leverage all of the possible value to be found in these newly combining companies. One innovative and effective way to accelerate integrations that is coming into its own is through the use of social media.

Progressive Practices has partnered with Euan Semple, one of the leading practitioners in social media, to develop a strategic approach of social media across the range of action areas involved in integrations. Click on this link to [**Social Media Strategy to Transform Integrations**](#) PowerPoint presentation ([**www.beyondthedeal.net/PresentationSocialMediaStrategytoTransformIntegrations.pdf**](http://www.beyondthedeal.net/PresentationSocialMediaStrategytoTransformIntegrations.pdf)) to get a strong picture of what we mean by a strategic approach and how you can start developing this capability in your organization now.

Using social media strategically in integrations enables making major innovations in integration processes and outcomes. This strategic approach brings the power and connectivity of social media into the acquisition integration setting. The benefits to integration process outcomes are multi-fold:

- Social media enables a capability to instantly create communities of both acquired staff and the acquiring company. The conversations that take place become the basis for sharing of hard won knowledge and experience. That alone can make a huge difference to the success of the acquisition. When all staff is engaged in critical conversations as significant contributors there is no more "us" and "them", but instead a new "we".

These conversations bring out embedded knowledge and experience that are otherwise quite

difficult to surface, capture and leverage. This is essential to knowing what is in the pipeline, who are the actors that need to be involved and how they need to be engaged in the newly combined company.

- A related core application is facilitating the overall communications processes that touch on all elements of the integration. Each of these can result in enhanced flow of critical inputs, in real time and at all points in the network.
- A further opportunity is in gearing staff to take on the role of "ambassador" with customers. Social media technologies allow the staff to quickly bring their personal messages about the newly reframed brand as well as newly configured goods and services to their customer populations.
- There are many other functions that can be considerably augmented by developing and implementing a social media strategy. That strategy is linked to the already existing strategies of the new company and particularly to its communications strategy. Using social media in these ways takes integrations to new levels of effectiveness and performance outcomes.

We are happy to discuss how to develop and implement an effective social media strategy in your firm. Please contact [Jay Chatzkel](mailto:jaychatzkel@progressivepractices.com) (jaychatzkel@progressivepractices.com) or [Euan Semple](mailto:euansemple.com) (euansemple.com) to make arrangements and for further information.

If you missed the conversation with Euan Semple, visit the Beyond the Deal archive at: www.beyondthedeal.com/Newsletter.html.

Commentary: Guiding Your Integration to Success

After the springboards for integrations have been put in place, the integration team needs to inaugurate a guidance system to incorporate the key factors and indicators that keep the integration process on track, on time, appropriately targeted and yielding the extraordinary gains that the acquisition promised.

Several critical success factors come together to form this integration guidance system:

- Focusing on the primacy of your *customers*
- Creating a strong - but flexible - *business plan*
- Keeping in mind that *speed* is critical to successfully combining the two companies
- *Partnering* with the company you are acquiring

- Establishing clear *accountabilities* for every task involved in the integration

How well your company attends to these factors will determine the degree to which you achieve a quantum leap in performance and create value in your newly combined company.

Upcoming issues of the Beyond the Deal Newsletter will go fully into each of these five factors, exploring how they connect to the four related actions your company needs to take:

- Setting time, cost and performance targets
- Selecting leaders who will run the new company
- Managing people
- Managing change

Look at your integration process. See what you emphasize as well as what you may not be paying enough attention to. This is the first step in calibrating your guidance system.

We welcome any thoughts and insights you have by engaging in this exercise. Please share your issues, successes, quandaries and examples in this area so that we can include them in the newsletter.

Moving at Internet Speed

A fascinating thing about the Internet version of the newsletter is the quick and unpredictable outcomes that can take place. One newsletter reader, Roberto Panzarani, of Panzarani & Associates in Italy, is a colleague of Jonathan Low and shares his focal interest in intangible assets. Jon participated in a conversation on how the world of intangible assets is reshaping in our [January 2010 Newsletter](#). Roberto Panzarani, featured the conversation with Jon in his March 2010 [Innovation Studio Newsletter](#).

In a few short weeks a whole new population in Europe and elsewhere is now reading what was developed here, creating new value in a way that was never expected.

Jon Low has also included Progressive Practices in his expert network on his [Predictiv](#) website. Stop by and learn about a remarkable group of practitioners and thinkers who work in areas related to intangible assets.

Master's in IP Management and Markets program at IIT

We are pleased to share news of the opening of the master's degree in intellectual property management and markets at Illinois Institute of Technology (IIT). This is the first degree program in the US that provides a foundational understanding of intellectual property that

integrates perspectives and skills from five key disciplines of: Business, Computer Science, Design, Engineering and Law.

To learn more about this exciting opportunity, contact the program's director, [Jacqueline Leimer](mailto:jleimer@kentlaw.edu) (jleimer@kentlaw.edu).

In addition to having the Newsletter sent to you directly, you can access the Newsletter and article library at: <http://www.beyondthedeal.net/Newsletter.html>

Please send in your comments, contributions and suggestions to [Jay Chatzkel](#), editor. They are important to making the newsletter as relevant to you as possible.

You are welcome to forward this newsletter on to a colleague or friend.

All the best,

Jay Chatzkel
Progressive Practices

Jay L. Chatzkel is coauthor of the [Beyond the Deal](#), and editor of the Newsletter. He is Principal of [Progressive Practices](#) where he assists organizations in transforming themselves into knowledge-based, intelligent enterprises. This includes working with organizations to develop skills and practices in the areas of merger and acquisition integration, intellectual capital, knowledge management, leadership and collaboration, business process management and performance measurement.

He is also author of *Knowledge Capital: How Knowledge-Based Enterprises Really Get Built* (Oxford University Press, 2003) and *Intellectual Capital* (John Wiley & Sons, 2002).