Introduction to the

[THIRD EDITION]

After the Merger is the first book ever published on merger integration strategy. *Library Journal* named it "One of the Ten Best Business Books of the Year" in 1985. Now a classic, it has remained in print and enjoyed steady sales for more than a quarter of a century, evidence that the book's insights and advice are sound enough to endure the test of time.

Why the continuing popularity? *Two reasons.*

1. *After the Merger* describes the integration landscape with clarity.
2. It focuses on the few critical concepts that hold the key to successful integration.

Often a book's guidelines become outdated with the passing years, but the message in *After the Merger* remains just as true and useful today as when it was first written. Why? *Three reasons.*

1. The organizational dynamics of merger integration haven't changed.
2. The core management challenges inherent in M&A haven't changed.
3. The basic principles for effective integration haven't changed.

This is a book about fundamentals, and that's why it lives on.

Every deal is different…but every deal is also alike. Human nature is the constant—people are people—and mixing two organizations together produces a very predictable set of behaviors. If you know that pattern, and if you understand the problems it causes, then you're positioned to manage the integration effectively.

It's a bit ironic—today's mergers and acquisitions encounter the very challenges companies have faced for decades. Same old same old.

Just wait. Case studies yet to be written about this year's mergers will report integration problems that parallel those of years past.

After the Merger spells out how to deal with these predictables. It tells you what to expect, why things happen as they do, and how to manage the situation such that *your* merger has a happy ending.

Introduction to the

[FIRST EDITION]

Mergers and acquisitions serve as one form of corporate growth, and it's worth remembering that growth, whether in an individual or an organization, frequently brings with it some discomfort as well as some awkward behavior. How can executives and managers best handle these growing pains? What can be done to overcome the adolescent clumsiness that comes from newly developed corporate muscle not yet matched by coordination?

The best steps probably are preventive ones. But because of the nature of acquisitions—how the deals are pursued, negotiated, and finally struck—many problems cannot be preempted. They can only be anticipated, met head-on, and dealt with in a professional and timely manner.

Certainly one of the things top management can do is be prepared for the organizational dissonance that is virtually always one of the upshots of merger/acquisition activity. The destabilizing force that is generated opens the door for change, for positive effect. It is a motivating force top management can seize to fuel growth and improve performance. It is energy that can be harnessed.

The dissonance must be managed intelligently and carefully channeled, or it can be disastrous. The upheaval is not something to be stifled, sidestepped, or ignored. It should be parlayed into a positive thrust. But only rarely is it fully exploited for its potential benefit to both firms involved.

Often the dissonance—the psychological shock waves—appear to be unexpected, poorly understood, and inadequately governed. As a result, there is much organizational trauma that could have been avoided, and many potential benefits of the destabilization are not seized.

The people responsible for engineering mergers and acquisitions have developed a high degree of expertise in handling the legal and financial aspects of the deal. Regrettably, there is no corresponding sophistication in post-merger management. And regardless of how astute a job the deal makers do, the merger is not going be a bargain if management doesn't make it work.

So this is a book about managing, rather than making, mergers and acquisitions. The intent is to sharpen managerial insight and understanding into the unique dynamics that characterize this form of corporate development. It is an effort to give direction and straightforward answers to executives and managers who must carry the burden of making the merger measure up to the potential the deal makers originally conceived.

Every year, thousands of acquisitions must be shepherded by new owners and managers. These people need guidelines, plus a frame of reference that makes sense of the problems peculiar to this organizational event.

The symptomatology and underlying problems are remarkably consistent, regardless of the size of the companies being acquired. It may be a megadeal, such as Boeing buying McDonnell Douglas or Hilton attempting a takeover of ITT Sheraton. It may be a foreign acquirer such as British Telecommunications purchasing MCI to get a foothold in the U.S. market. Finally, there are innumerable owner/entrepreneurs who take their life savings and commit to a scary load of personal debt to buy some little business that another individual started but now wants to sell.

Granted, every single merger agreement that is reached will be unique in some respects. But there will be a remarkable number of features they all hold in common—enough that managers and executives can be told what to expect and how to contend with the situation most effectively.

That is the purpose of this book.