

POST-DEAL REINFORCEMENTS

ONCE THE DEAL HAS BEEN SEALED, INTERIM MANAGERS CAN ENSURE IT DELIVERS ON ITS INITIAL OBJECTIVES, SAYS RECRUITMENT SPECIALIST ARCHER MATHIESON

Post-deal integration typically begins with the financial and legal aspects, followed by the merging of staff and offices and this is where interim managers can add value, says Ashton Ward, director of interim management at Archer Mathieson.

“Post-acquisition, the new organisation will typically go through a period of transformation and cultural integration. This is where interims can add value, drawing on their experiences to guide, mentor and enhance internal cross-functional communication. This ‘hearts and minds’ integration is frequently overlooked and is often where the acquiring company can realise the most value from an acquisition.

“A poorly planned integration can be extremely costly. The use of interim managers enables the organisation to embrace the experience of individuals with a track record of delivery and direct exposure to their type of challenges, leaving an effective and lasting legacy.”

Craig Compton was parachuted into IT reseller Kelway as an interim CFO in November at the tail-end of the company’s acquisition of veteran reseller Elcom ITG from its administrators last summer.

The deal was the first ambitious step in the London business’s expansion plans; doubling its turnover to more than £100 million with more than 190 full-time staff at seven UK locations in one fell swoop.

Compton says: “My remit was to get the company fit in terms of its organisation, processes and structure within a six-month period, and to provide a foundation for future growth both organically and through acquisitions.”

Compton focused his alignment strategy on support functions, such as finance, credit management and IT infrastructure, which he claims can be the difference between the success and failure of a company.



Compton, who had previously worked for multinationals Hewlett-Packard and Veritas Software, was one of three interim managers brought in at Kelway by the recruitment specialist to smooth the way for post-deal integration.

He adds: “So much attention had been focused on the Elcom acquisition that the core business had worked in a vacuum and hadn’t had the value creation that a solid customer-focused back office can give.”

The interim CFO began reviewing processes, policies and internal procedures to create a platform to grow Kelway from a £100 million to a £250 million concern in the following three years.

“We are at the stage now where as a company we can now effectively support our sales and supply chain engine. This will continue to fuel growth organically and allow us to continue our search for future acquisitions.”

INTERNATIONAL INTERIMS

The recent upturn in cross-border deal activity has been mirrored in the recruitment industry, with more interim candidates being placed in international companies to ease post-acquisition integration in European markets.

The recruitment specialist recently supplied finance expertise to an international manufacturing company supplying some of the largest retailers in Europe. The public company has been busy making acquisitions on the continent.

Rod Hutchings, director at Archer Mathieson, says: “Our client needed help post-acquisition to integrate the manufacturing operations it had acquired. The challenge was finding FDs who were linguists to assist in the integration of manufacturing operations in mainland Europe.”

In addition to overseas placements, the recruitment specialist supplies candidates across all industry sectors, specifically within the areas of finance, HR, procurement and supply chain.

With people, systems and processes on the to-do list, interim managers are usually focused on one or a combination of these areas.

“Post-acquisition, we find there are a number of challenges surrounding people issues, so it’s important that communication with employees from the acquired

UK workforce.

According to Phelps, the acquisition has brought its challenges as the two companies are currently running as two separate legal entities and are set to be incorporated early next year.

“Steve Rogers, SAP MD of UK and Ireland, wanted us to focus on

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Ashton Ward

company is clear from day one,” says Hutchings.

“Although the initial part of the assignment can be oriented towards addressing people issues, there’s no getting away from the fact that interim managers are there to improve cost efficiency.”

Ward adds: “To realise value and cost efficiencies and reductions from an acquisition, the acquiring company should consider investing in experienced interim resources to assist with the integration. We are able to deploy the most appropriate interim, tailored to our clients needs. Ultimately, this investment will save time, hassle and money.”

MEGA-DEAL MOVES

Interim HR director Samantha Phelps joined SAP in December after the business software maker snapped up software group Business Objects in a €4.8 billion (£3.8 billion) cash deal. The move, aimed at achieving the company’s growth objectives by broadening its product range, has doubled the size of SAP’s

people issues because of the size of the transaction. He wanted integration to be quick to release the potential of both businesses working together,” says Phelps.

As SAP’s previous acquisitions had been on a smaller scale, the HR team was short on the international experience needed to integrate Business Objects, which is dual-headquartered in France and the US. “SAP has a global view of M&A and in HR we have to translate this into what can and can’t be done in this country.

“The second complexity is that for financial reasons we are not legally merging until early next year. This has to be translated into people issues and how best to align contracts, so people who are working side by side can work in harmony,” says Phelps.

“The difficulty with overseas purchases is that you have to explain what can and can’t be done in the UK. It’s about trying to educate people and not being seen as a road block,” says Phelps. ■



CONTACT

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