Executing on the Integration Strategy: Integrating Finance After a Merger

When two companies come together through a merger or acquisition, integrating their Finance function is often one of the top imperatives. Why might that be? Without an integrated Finance function, leaders and external stakeholders might not obtain the consolidated financial statements they need right away. The new organization often cannot carry out daily operations effectively. And the organization may miss out on Finance-related synergies promised by the merger.

Through Accenture’s extensive work in this area, we have seen that many companies which excel at integrating their Finance functions are especially adept at managing three stages of post-merger Finance integration. First, they start with the end in sight—by formulating a well-thought-out Finance integration strategy. We call this the “planning” stage.

Second, they put the right people in place, endeavoring for the Finance function to have the technical and leadership skills to support the integration strategy. This is the “resources” stage.

And third, they create a roadmap that can help them execute on the strategy. We refer to this as the “implementation” stage.

Let’s talk about the implementation stage. We’ve identified a number of what we call critical success factors for managing this stage. One such factor is setting and managing milestones. For example, when will new technology solutions be deployed, when will the new integrated policies and processes be executed and when will data be converted from old to new systems? When will specific talent be hired?

Milestones are often interdependent across different workstreams and require extra resources to successfully coordinate. Together, they arguably compose the body of work for achieving the future-state operating model defined for the new Finance function. To manage milestones, it may be beneficial for leaders to state them upfront in the integration process and break each milestone down into phases. And to obtain enough resources support during key milestones, leaders may also consider scheduling key milestone activities for times outside of major business-as-usual activities. Avoiding deployment of a new Finance process during the year-end close is one example. This can help minimize the risk of overburdening Finance resources and risking external reporting accuracy when using new processes or systems.

Another critical success factor for this stage is Finance partnering with IT. Many Day One and future-state Finance integration solutions require complex enhancements to a company’s existing financial systems. By working closely with IT leaders, Finance can help ensure successful integration of Finance-related technology after a merger.

The two groups can set the stage for an effective partnership by meeting early in the integration planning process. During these meetings, they can develop answers to questions like “What essential data will we need to transfer or exchange for Day One between the two companies’ systems?” “How can IT help establish the consolidations and reporting systems solution needed for Day One?” and “How will we manage any data that doesn’t get converted to the new systems?”

A final critical success factor for the implementation stage is the opportunity to build momentum for further transformation of Finance. Successful execution of the Finance integration strategy can inspire additional changes that boost efficiency and effectiveness in the new Finance function. For example, after a merger, the new company can consolidate vendors, and potentially use the resulting scale to achieve better discounts. It can also explore new organizational structures in an effort to gain specific advantages. For instance, a regional hub-and-spoke structure for Finance can help create more efficient finance processing. And a shared services model can position the company to capitalize on the competitive advantages offered by each legacy enterprise.

We’ve just talked about several critical success factors for executing on the integration strategy—the implementation phase of Finance post-merger integration. To learn more about the other two phases—planning and resources—we invite you to listen to the following podcasts: Starting with the End in Sight and Putting the Right People in Place.
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