

The strategist's bookshelf

A practitioner's guide to realizing M&A synergies

Timothy Galpin

The Synergy Solution: How Companies Win the Mergers and Acquisitions Game by Mark L. Sirower and Jeffery M. Weirens (Harvard Business Review Press, 2022)

Whether through cost reduction by the elimination of overlapping locations and operations or revenue enhancements from cross-selling each firm's products and services, synergies are a key success metric of every business combination's projected benefits. However, as Mark L. Sirower and Jeffery M. Weirens, the authors of *The Synergy Solution* point out, realizing synergies is vastly more difficult than forecasting them.

In their new book, they walk readers through the main elements in the acquisition process – M&A strategy, due diligence, valuation and synergy projections, deal announcement, pre-close integration planning, post-close integration management and the role of the Board. They put a significant emphasis on quantitative analysis throughout various chapters, which may seem daunting for readers with limited or no background in financial analysis and quantitative analytics.

For scholars of merger and acquisition (M&A) literature the book will not offer a novel approach. Like several "how to" books and numerous practical business journal articles published over the past four decades aimed at practitioners, it addresses synergy planning, realization, measurement and reporting.

Nonetheless, the book has five important "selling points" for practitioners wishing to learn more about the acquisition process. First, it is obvious the authors have significant experience working on various transactions across multiple industries. Second, the examples of real organizations going through real transactions provided within each chapter bring to life the key concepts presented. Third, much of the book's discussion is evidenced-based, supported by solid data and financial research. Fourth, the authors address both pre-deal strategy and organizational readiness, as well as post-deal elements of synergy capture, including "Day 1" (transaction closing day) preparation and managing cross-functional integration workstreams. Fifth, the "Tools for the Board" chapter is a particularly novel addition to the existing M&A literature as the Board's role in M&A planning, synergy identification and realization is often an opaque and overlooked area that is either missing from or given curt treatment by many previously available M&A texts.

However, the authors address a number of crucial elements of the M&A process in a way that will leave the serious reader wanting more practical direction. For example, for practitioners to ultimately be successful with their own transactions they need to learn how to carefully plan and execute M&A

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communications to match various internal and external stakeholders' needs. Also, they need specific guidance on the retention and re-engagement of key talent – those people who are critical to the future success of the combined entity. It's also notable that the authors don't offer a plan for managing, organizational culture due diligence and integration, which has been found to make or break synergy achievement across numerous

transactions. Providing pragmatic methods and tools to plan and implement these transaction elements would have made the book a much more complete guide for corporate leaders.

Take-aways

Although many good practical books and articles are available addressing various pre- and post-deal aspects of business combinations, *The Synergy*

Solution is a useful addition to the library of M&A works for readers looking to broaden their understanding of the transaction process. The more experienced practitioners will be pleased to note that, although it is not meant to be a valuation text, the book will be especially appealing to those with a propensity for the financial and quantitative aspects of transaction synergy planning, realization and reporting.

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