

Post-Merger Integration, MDR Consulting

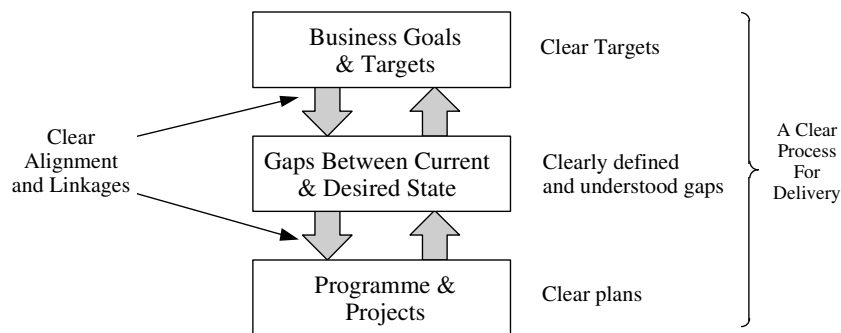
Delivery on schedule of merger (or acquisition) targets requires focused action across a wide front. This document describes how a programme management approach is used to ensure delivery of the objectives set.

Definitions

Programme management is the management of the total programme of projects to achieve the merger objectives by:

- Selecting the optimum portfolio of improvement projects to achieve the merger business objectives, immediate and longer term
- Managing and controlling these projects as an integrated whole, ensuring that inter-project dependencies are satisfied
- Maximising the benefits from the programme in shareholder value and P&L terms.

Project management is the management of specific projects within the programme. It focuses on discrete project targets - linkages between project and business targets are illustrated below.

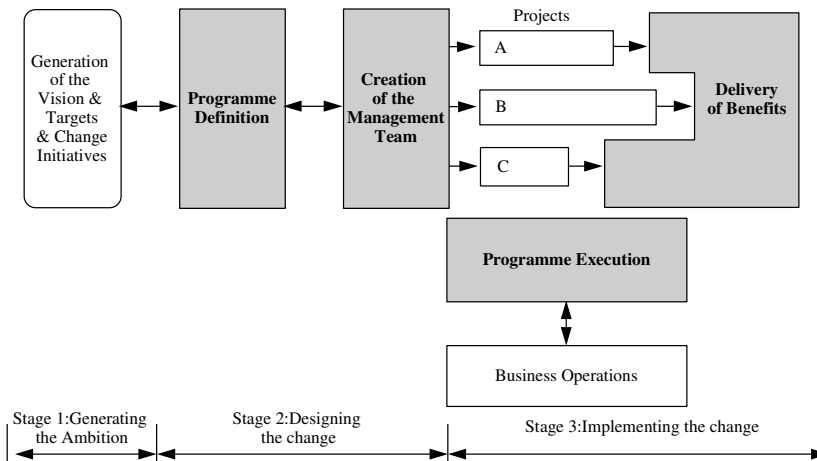


Approach to Programme Management

The approach is summarised in the three step change model overleaf and comprises a number of key activities:

- Agreeing a clear, documented and quantified vision of the business change that will result from the implementation of the programme
- Scoping, defining and formulating the programme of projects that maximises benefits, minimises resources and does not expose the organisation to unacceptable levels of risk
- Planning and reporting all aspects of the programme clearly and concisely to facilitate management actions and decision-making
- Integrating the programme with the on-going business, recognising that business operations must continue

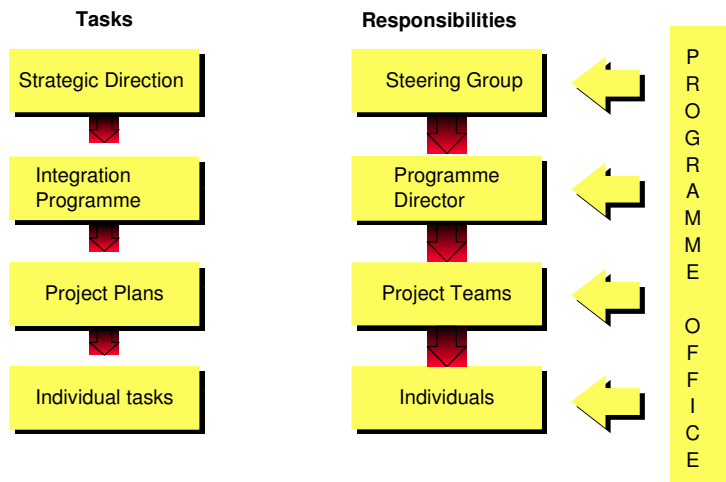
- Recognising that delivery of the projects must be coupled with the embedding of the change into the organisation's 'way we do things' for the benefits to be achieved in a sustainable manner
- Ensuring ownership and management of benefit delivery as part of the programme.



Management of business change over a rapid timescale can be facilitated by a clear definition of programme management roles with:

- a *Steering Group* responsible for providing overall direction (usually the top team)
- a *Programme Director* responsible to the Steering Group for delivering the programme and the associated targets
- a *Programme Manager* responsible to the Programme Director for planning and managing the programme on a day-to-day basis
- *Project Sponsors* responsible for ensuring that individual projects meet the needs of the business; usually the business / function head and a member of the Steering Group
- a *Programme Office*: responsible for defining and operating the programme controls, preparing and maintaining programme plans and reporting on the programme, identifying issues and solutions.

The process is illustrated below:



The Stage 2 Programme Definition is documented in a Programme Management Plan summarising the:

- Vision, goals and targets for the programme;
- Programme organisation structure, and the roles and responsibilities of key players;
- Benefits management plan for tracking benefits delivery and monitoring performance against the defined targets;
- Outline plans for each of the projects that make up the programme;
- High-level schedule, cost and resource plans for achievement of the programme targets and the corporate vision;
- Reporting routines for projects and the overall programme.

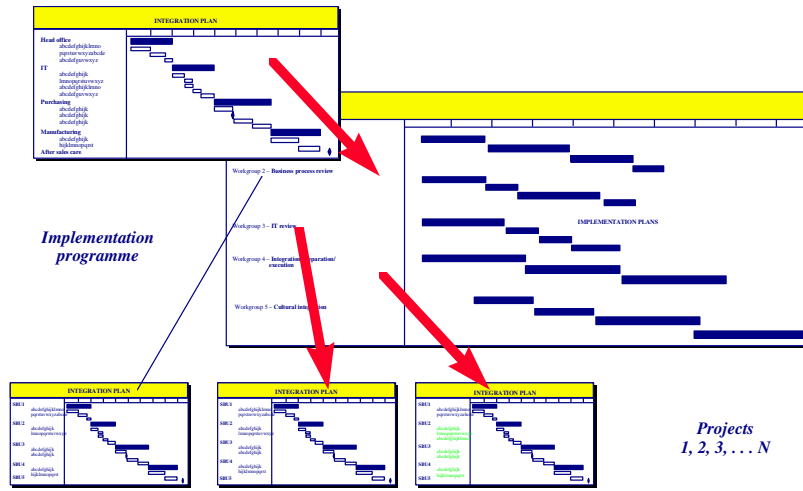
Approach to Project Management

The projects within the programme must be managed in a structured and disciplined way which requires several essential features for each project:

- Clear business needs and well-defined benefits
- Clear objectives and scope of work
- Single-point responsibility for all elements of the project, matched with the authority required to deliver
- Clear, realistic and published plans for all elements
- Regular updates, coupled with efficient information flows, to enable the required decisions and corrective action to be taken
- Good teamwork

A structured approach to action planning and implementation is essential to maintain momentum and ensure that benefits transfer to the bottom line. This requires a comprehensive plan to be prepared with responsibilities clearly defined (see below).

Business plans describing how the benefits will be obtained are supported by detailed action plans, integrated into the Programme Management Plan. Opportunities are summarised in financial terms in the business plan and also in the implementation programme. This permits progress to be chased in each area with top level reporting to the Steering Group, within business unit / corporate groupings and for the whole organisation.



Projects are summarised in a standard format to facilitate evaluation and ensure that all the relevant aspects are considered. For each project a benefits plan is prepared setting out the:

- Benefits target and the base for comparison
- Measures and methods to be used to track benefits
- Basis for conversion to bottom-line financial terms
- Timescale (monthly) of benefits delivery

Tom Moriarty, Principal of MDR Consulting, has extensive experience in project and programme management in Ireland and overseas, and helps leading organisations deliver merger and acquisition programmes.

MDR Consulting is a Registered Consulting Practice of IMCA and specialises in performance improvement and project management consultancy. Tom Moriarty can be contacted at tommoriarty@mdrcl.com or 086 2423778.