

## **PMI INSIGHTS**

# Unlocking the value creation potential of M&A transactions

PMI success factor insights  
from business leaders

# Introduction

An abstract graphic on the left side of the page, consisting of numerous overlapping, curved, and diagonal lines in various shades of green, ranging from light lime to dark forest green. The lines create a sense of movement and depth, resembling a stylized representation of grass or a dynamic architectural element.

AlixPartners conducted a survey and interviews with CEOs, private equity managers, and M&A lawyers to understand the key challenges and success factors in today's market environment. The study highlights the pressures on business models due to technological change, demographic shifts, and global conditions. A survey of decision-makers shows that M&A is seen as an opportunity to adapt business models and achieve strategic goals. The surveyed M&A professionals also expect a rise in M&A activity in the next 12 to 24 months.



# Key findings: PMI phases

The integration process is divided into three key phases: Pre-Signing, Signing to Close, and the Integration Phase, focusing on the first 100 days.

During the Pre-Signing phase, the focus is on quantifying synergies, potential value creation, and assessing business model compatibility for the Target Operating Model (TOM). It's crucial to understand management and leadership capabilities, as these can impact transaction goals. While Due Diligence in the Pre-Signing and Signing to Close phases is critical for integration preparation and subsequent value generation from Day 1, it is commonly not adequately put into practice.

The period between signing and closing centers on planning and preparing for integration. Initiatives documented in a 'playbook' are implemented immediately after closing to realize opportunities and synergies. Establishing a 'clean team' helps validate initial hypotheses and prepares for Day 1 actions. The integration playbook is seen as the main outcome of this phase and outlines integration steps, governance, communication, and milestones for the first 100 days.

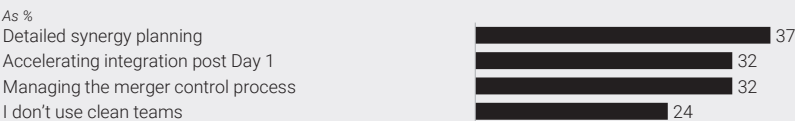
## THE FOCUS OF THE PRE-CLOSE PLANNING IS DEVELOPING AN ACTION PLAN AND INTEGRATION PROGRAMME WITH AN IMPACTFUL GOVERNANCE STRUCTURE

### SURVEY RESULTS

In the **pre-closing phase**, which of the following activities have the highest priority? (choose up to 3)



Where **clean teams** are in use, how and what do you use the clean teams for? (choose up to 3)



Note: The chart shows the share of survey participants that provided the respective answers

The implementation phase of M&A projects faces significant challenges due to resource shortages. Without sufficient personnel and financial resources dedicated to integration, achieving the intended goals becomes unlikely, highlighting the need for active management support. However, effective implementation requires more than resource allocation – it demands strong governance through an active Integration Management Office (IMO), targeted prioritization of initiatives, buy-in and commitment from C-level and clear communication strategies. At the same time the business continuity should not be disrupted, and stakeholders need to be addressed with adequate communication.

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From the beginning, the acquirer's team needs to be clear on the logic of the deal. The due diligence must set the foundation for submitting a solid financial bid.”

Private Equity,  
Investment Director

### INTERVIEW INSIGHTS

In order to secure Day 1 readiness, it is important to have a playbook with clear actions, responsibilities and milestones.

MDAX, Executive

Detailed integration planning prior to closing plays a crucial role for a successful integration.

Michael Wabnitz, Head of M&A DACH,  
AlixPartners



“

Clear commitment from the leadership is essential to secure buy-in.”

DAX 40, M&A executive

# Deep diving into the PMI process

A well-developed Target Operating Model (TOM) is essential for the success of the integration concept. In the short term, the TOM must ensure reliable value creation and business stability, while the long-term approach should adapt the TOM to evolving strategic goals. Continuous alignment of the TOM with synergy objectives and changing conditions facilitates effective goal tracking and supports strategic agility.

Realizing synergies is critical for value creation in post-merger integration, with integration levels depending on synergy types (e.g., cost or revenue). Setting ambitious but achievable targets and systematically monitoring synergies ensures transparency and practical adjustments during implementation tracked by a systematic synergy monitoring process.

A robust governance structure is essential, with 61% of respondents highlighting its importance. Clear responsibilities, alignment with strategic goals, and a customer- and employee-focused approach are key. Effective governance includes defining priorities and ensuring business continuity to retain employees and customers.

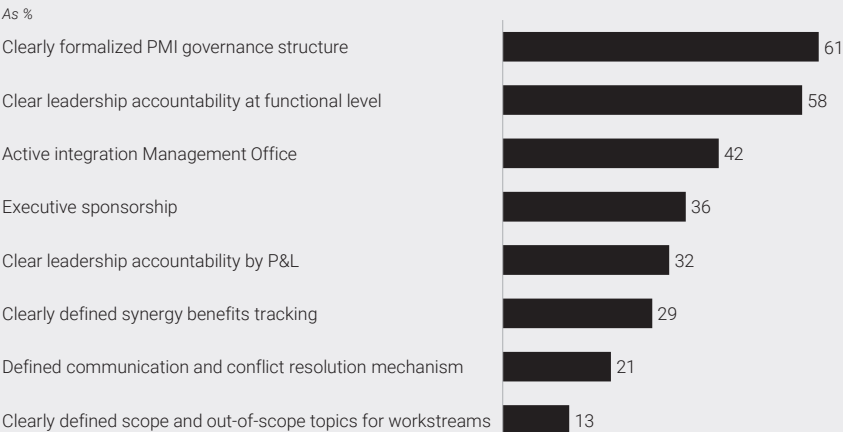
“The operating model typically follows the acquirer’s structure. However, we need to consider especially cultural aspects of the target as well to build a strong combined entity.”

Michael Wabnitz, Head of M&A DACH, AlixPartners

## TRANSPARENT AND CLEAR ACCOUNTABILITY AT BOTH THE TOP MANAGEMENT AND FUNCTIONAL LEVEL IS THE MAJOR SUCCESS FACTOR FOR PMI GOVERNANCE AND CHANGE MANAGEMENT

### SURVEY RESULTS

Which components/attributes are most relevant in composing top-class PMI governance? (choose up to 3)



Note: The chart shows the share of survey participants that provided the respective answers

### INTERVIEW INSIGHTS

The compensation of the management of the portfolio companies has to be structured to incentivize achieving synergies fast and in line with acquisition hypothesis.

Private Equity, Investment Director

Any new structure can generate conflict, but clear upfront decisions on the target management structure and leadership roles will establish the respective accountabilities to achieve planned synergies.

Stefan Ohl, Transformation & PMI Expert, AlixPartners



“

The compensation of the management of the portfolio companies has to be structured to incentivize achieving synergies fast and in line with acquisition hypothesis.”

Private Equity, Investment Director

# Conclusion

In conclusion, effective post-merger integration revolves around three elements: a robust Target Operating Model (TOM), a clear focus on achieving synergies, and a strong governance. The TOM must balance short-term value creation with long-term adaptability, while synergy realization requires ambitious, yet achievable targets. A successful process is led by an active IMO to ensure implementation of dedicated initiatives and supported by a governance structure containing a holistic communication concept.

A decorative graphic consisting of numerous overlapping, wavy lines in various shades of green, ranging from light lime to dark forest green. The lines flow from the bottom left towards the top right, creating a sense of movement and energy.

## **DISCOVER MORE**

To explore the findings of our PMI Survey in more detail, please contact the authors of this executive summary.



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For more than forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

## SMALL LEGALS

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