

Sales, Marketing and Customer Integration and Divestiture

Remembering where the money comes from

What distinguishes a sound Merger and Acquisition (M&A) transaction from one that should have gone better? When an integration or divestiture includes a high focus on customer-related initiatives, it's more likely to outperform industry peers in terms of revenue growth, margins and administrative cost. Those returns are more important than ever as companies pay greater initial premiums to get deals done. Should sales, marketing, and customer issues return to prominence in M&A deliberations? They shouldn't ever have left.

Plan today to compete tomorrow

Bringing a strong customer focus to an integration or divestiture process takes effort in three areas: an effective go-to-market strategy, a differentiated value proposition and an enhanced customer experience. Above all, it takes vision. It's easier to see the short-term savings you take out of a sales and marketing budget than it is to measure the revenue your weakened sales force or diminished relationships fail to generate years later – and it's hard to execute a new strategy without experienced people on board to carry it out. If no one champions the end-to-end view of sales and marketing, the short-term view may win out.

With a strong track record of delivering on synergy targets in complex environments, our Sales, Marketing and Customer Integration and Divestiture professionals can provide information to sales and marketing executives to address acquisition challenges related to growing markets, defining go-to-market strategies, integrating sales forces and product portfolio, and developing a unified go-to-market strategy.

A customer-focused approach to M&A can provide answers to questions such as:

- Which market opportunities are of highest value?
- How do we go to market as a combined company?
- What products and services will be in our new portfolio?
- How can we increase our profitability?
- How can we execute our brand strategy through marketing processes and systems?
- How do we effectively deploy our sales organization and execute our channel strategy?
- How will our service execution be affected?
- How do we create a positive customer experience?

How we can help

Deloitte has developed a suite of services that can provide information to clients to navigate several challenge areas that sales and marketing executives face during mergers and acquisitions. The first hurdle is to develop a go-to-market strategy and a portfolio of products and services that align with the new company structure and its needs. At the same time, functional tools and processes must be up to the task of delivering on the new value proposition. Finally, a holistic view of the customer experience must permeate the entire organization.

Our services include:

- Customer experience management
- Go-to-market and service strategy
- Market opportunity validation
- Marketing execution
- Portfolio and customer profitability optimization
- Portfolio rationalization and simplification
- Sales and channel execution
- Service execution

Bottom-line benefits

A Deloitte analysis of mergers and acquisitions showed that M&A deals that ranked highly on sales integrations also delivered an average of 19 percent greater revenue growth and 9 percent greater EBITDA margin growth than



their industry averages. What can a sales and marketing focus do for your transaction?

- Achieve organic and revenue synergy goals for the post-deal enterprise(s)
- Increase shareholder value through effective customer-related function integration
- Smooth customer experience across the integration or divestiture period
- Stabilize operations by minimizing customer and employee impact
- Improve SG&A cost structure
- Enable effective deployment of sales resources
- Improve visibility with measurable quick wins to revenue synergies

Four ways to get more value now

Make a new plan from your existing pieces. Not every product or customer will fit together the way they used to. Some won't fit at all. Develop a priority list of your market opportunities, define customer segments and the value propositions that apply to them, and base your planning on those goals.

Don't fear analysis. In an M&A environment, cost pressure equals time pressure. But you'll reap more rewards if you commit to pricing analysis, work to define a new or renewed brand strategy, and make sense of where your alliances stand.

Run through the finish line. Make sure everyone knows the plan – for roles, reporting, goals, metrics, compensation and everything else – then drive execution to and through Day One.

Look out the window. That's where the customers and prospects are. Research and reach out – in person if possible – to reaffirm your relationships. Make sure communications are consistent to external audiences, the sales force and everyone else, because discrepancies will come out in the wash.

Sales, Marketing And Customer Integration And Divestiture in action

- A global biotechnology company made a significant acquisition in order to combine complementary product offerings. Moving forward with the new portfolio required a new go-to-market strategy with product and regional differentiation, an ability to expand into growth

markets and a redesigned long-term sales platform that would generate revenue while keeping customer churn to a minimum. Deloitte participated in the building of these tools and strategies, along with internal governance and cross-functional mechanisms in an effort to make deployment swift and consistent. The client exceeded its year-one synergy goals and is on track to continue outperforming its own plan.

- A large telecommunications manufacturer was seeking growth opportunities in a mature, consolidating industry that seemed to have little territory left to conquer, so it acquired a competitor's business unit. The acquisition brought opportunities for increased revenue but required integration of both companies' sales forces across several thousands of customers in more than 50 countries. Deloitte used due diligence to create an integrated product roadmap and a go-forward business model as well as a customer overlap analysis. A strategy to harmonize sales targets, account coverage and compensation was also part of the solution. The client maintained revenue growth to and through integration and suffered no business disruption.

Related insights

- [Beyond Day One: Minimizing customer attrition during bank mergers and acquisitions](#)
- [Driving Revenue: Preparing your sales teams to turbo-charge revenues during an acquisition](#)
- [Growth Driven Acquisitions: Lessons on what to integrate \(and what not too\) and minimizing business disruption](#)
- [M&A Integration: Fast or Slow?](#)

Related offerings

- [Acquisition Strategy and Due Diligence](#)
- [Customer Strategy](#)
- [Integration and Divestiture Planning and Execution](#)

For additional information

www.deloitte.com/us/salescustomerma

Contact

Jessica Kosmowski

Principal
Deloitte Consulting LLP
jkosmowski@deloitte.com

This publication contains general information only and is based on the experiences and research of Deloitte practitioners. Deloitte is not, by means of this publication, rendering business, financial, investment, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte, its affiliates, and related entities shall not be responsible for any loss sustained by any person who relies on this publication.

As used in this document, "Deloitte" means Deloitte Consulting LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.