ARTICLE

Insurance merger integration

7 core steps to maximise value

Merger integrations provide a unique opportunity to position the combined organisation to deliver on its potential. However, a lack of focus and the drain on business-as-usual activities means that pre-deal integration targets are often not achieved.

In this article, our Global Insurance Services team outline 7 core steps to maximise value from insurance merger integration.

In our experience, the best deals do not end at integration; they include a systematic approach to performance optimisation and value creation.

Integration optimisation is about going beyond organisational structure and tweaking existing processes to include a rigorous examination of all elements of the target entities operating model.

7 core steps to maximise insurance merger integration value

1. Make it count – prioritise where the value is created

Deals are typically scale (cost synergies) or scope (new revenue) which drive decisions regarding integration activities and priorities. Look to identify the key sources of value early and focus integration activities where it counts.

2. Set the direction – let the 'why' inform the 'how'

To minimise uncertainty, a clear vision for the combined organisation must be articulated. An integration roadmap that is aligned to the strategic intent of the organisation should be developed, building in benchmarks, targets and goals.

3. Handpick the team – win the hearts & minds

Mergers can destabilise and distract employees, leaving them to question 'Where will I fit?'. Focus your communications on what it means for the people involved - not just the synergies. By handpicking the members of the integration team and applying the 10/90 rule you can sustain business as usual performance. You should also make tough calls on leadership positions and lock in key talent early, whilst continuing to inspire employees to engage.

4. Make the first 100 days count and then maintain momentum

During the due diligence phase, develop your thinking and commence integration planning prior to the deal being announced to speed up matters. To ensure success, you will need to be realistic about internal capabilities and leverage specialist expertise where necessary.

5. Uncoordinated efforts versus a holistic enterprise-wide view

Gain a 'bigger picture' view by looking beyond organisational structures, reporting lines and short-term integration requirements. This will enable you to develop an operating model that's fit for purpose and supports the needs of both organisations. Your transition roadmap should be aligned to the strategic objectives of the organisation and plans should be communicated to all employees to avoid confusion.

6. Keep customers front of mind

Whilst the merger is in progress, customer needs should not be forgotten. The ultimate goal is to deliver a smooth transition to the new operating model without disrupting services and revenue.

7. Culture is key

Every merger is different and requires a context-specific approach. Aim to address the 'soft' issues early as this will ultimately influence how people feel and interact with the new operating model. Programmes that build bridges and proactively address cultural integration issues achieve the best results.

FTI Consulting's experience and proven approach to insurance merger integration helps clients to achieve a faster, more effective integration and ensures optimal value is achieved while limiting the impact on business-as-usual activities. For more information please contact Andrew.Munzberg@fticonsulting.com.

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