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# Planning all the right moves

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Corporate mergers can look good on paper, but they often fail to meet the goals set by management or improve shareholder value.

Why? Because nobody took the steps to ensure a smooth integration of the two companies. The result can be a clash in personalities and technology, affecting production and the new company's status in the business world.

Avoiding that is what brings companies considering a merger to a strategy implementation consultant such as McCreight & Co. in New Canaan.

"Over two-thirds of our work relates to mergers. More than 70 percent of mergers don't meet management goals," said John McCreight, chairman of the business he started more than 20 years ago.

In many cases, companies don't fully map out all the intricacies of a merger or keep their upper-level managers fully informed about their roles in the process, causing confusion and mistrust.

"In a merger, executives are uncomfortable about whether they will have a job. We interview all the senior executives," McCreight said, adding that he is often asked to analyze executives to advise upper management about who to retain in their current positions, reassign or let go.

Cisco Systems is an example of a company that has honed its integration skills -- acquiring more than 40 firms in the past few years. But, most companies have trouble getting it right, said Roger Aguinaldo, chief executive officer and publisher of Mergers & Acquisitions Advisor.

"They make the mistake of doing it on their own. They forget that they don't have the know-how to acquire and integrate companies. That's a distinct skill," he said.

"We live with our clients, and we're proud of our agility," said McCreight, who relies on a 12-person staff in New Canaan and more than 100 seasoned consultants at 70 professional services firms around the globe.

But corporate integrations and transformations are "getting more complicated," he said. "We see restructuring that's been badly botched. We're working with a global company now to change the way it operates."

McCreight & Co. was contacted by a United States-based technology company with 30,000 employees to help it through a $50 million reorganization.

"They tried it two years ago, and it cost $100 million, and it didn't stick," said McCreight, declining to identify the company.

Recently, he and 12 consultants worked with a technology company with a global staff, helping it reorganize its organizational structure. In a second phase, the firm assisted the new chief technology officer in developing a information security system.

Clients include American Express, AT&T, Boeing, IBM, Deutsche Bank, Kodak, Reed Elsevier, The New York Times, United Technologies and the U.S. Department of Defense.

Based on the length of involvement and the level of resources needed, an engagement could run from $30,000 to "many, many times that," McCreight said.

Another client is EFJ Inc., a company that provides encryption technology for two-way radios and markets radio equipment and infrastructure to the government and public safety markets.

The Irving, Texas-based company hired McCreight to help develop a three-year strategic plan and provide the company with tools to track the plan's success, said Jana Bell, chief financial officer.

"Our company has grown from $40 million in revenue in 2002 to $95 million to $100 million in 2005. We've been profitable since 2002," Bell said. "We've made a lot of changes in the past 12 to 18 months. We're trying to take it to the next level."