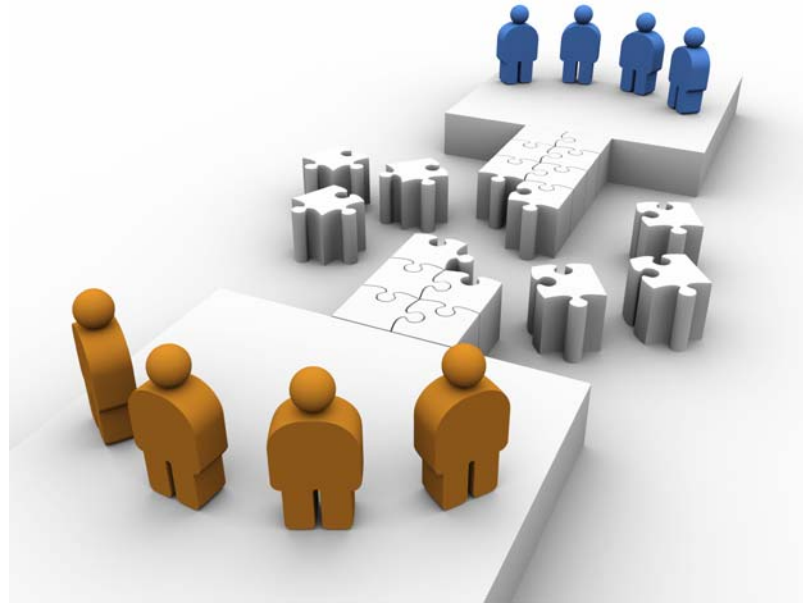


Quantum's Merger Process Model

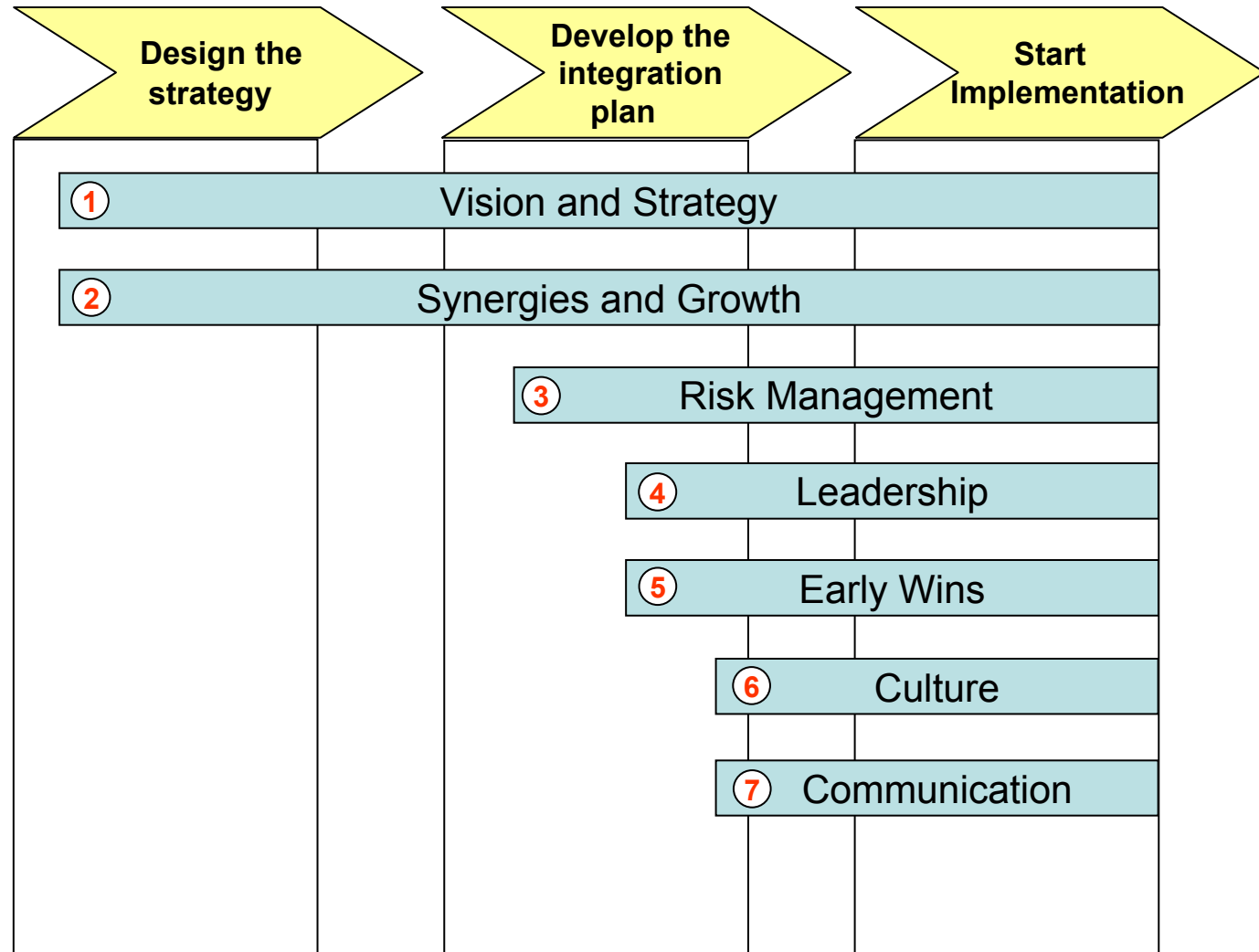


“A large part of what makes a deal successful after you complete it, is what you do before you complete it.”



The Seven Steps for Post Merger Integration

Merger process & where steps apply



The 7 Steps

1. Vision and Strategy
2. Synergies and Growth
3. Risk Management
4. Leadership
5. Early Wins
6. Culture
7. Communication

Step 1: Vision and Strategy

Elements

1. Define what you and the merger partner can do with due diligence. Be market and financially orientated.
2. What market do you want to be in? How can you create something new and powerful?
3. Prepare a credible and clear vision.
4. Communicate constantly in order to bring the vision to life for your employees.
5. Let 'fit' follow vision.

Step 2: Synergies and Growth

Elements

1. Establish 'one-business' vision.
2. Identify growth synergies, i.e. potential to increase sales quickly in customer, product and/or geographic segments.
3. Due diligence work, in conjunction with benchmarking, will reveal efficiency synergies. Find them, prioritise and realise them.

Step 3: Risk Management

Elements

1. Prioritise the post-merger integration projects according to their business importance.
2. Assess the complexity and risks by analysing each issue and make an assumption about those issues.
3. Categorise the risks to 'high', 'medium' and 'low' in order to identify the major blocks to an effective merger.

Step 4: Leadership

Elements

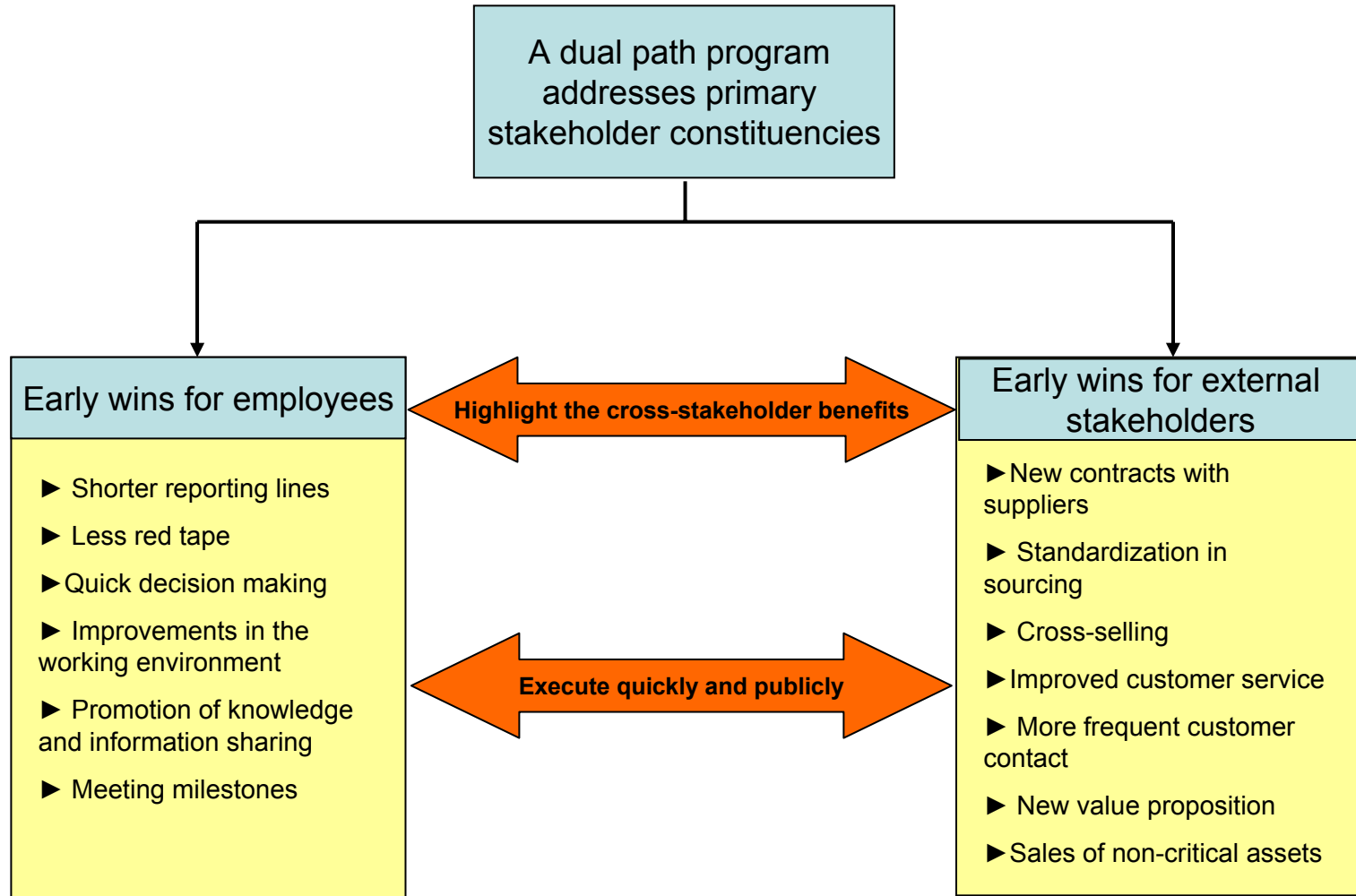
1. Leadership and management structure and positions to be set up, communicated, understood and accepted.
2. Lock in top managers.
3. Move as quickly as is possible, speed is critical in avoiding any vacuums which are destructive.

Step 5: Early Wins

Elements

1. Due diligence is the key to achieving early wins, which must be based on the needs of your stakeholders.
2. It is important to achieve early wins externally with customers and suppliers. Avoid internal focus only.
3. Commence cost cutting a.s.a.p. and get this negative stage over early.

Rationale for 'early wins'



Step 6: Managing Culture Differences

Elements

1. Develop the strategy for cultural integration prior to the merger. The new culture must be more effective – Which culture should be imposed? Do you keep them separate or do you create a composite culture?
2. The new leadership team must be placed quickly. Important to avoid any vacuums and the new team must be cohesive.
3. Need to understand the differences between the merging cultures. Identify potential barriers and misunderstandings, legitimise and discuss the differences.
4. Decide what you want the culture to be. Encourage the emergence of an entirely new culture which builds on the strengths of the merging entities.

Step 6: Managing Culture Differences cont'd...

Elements

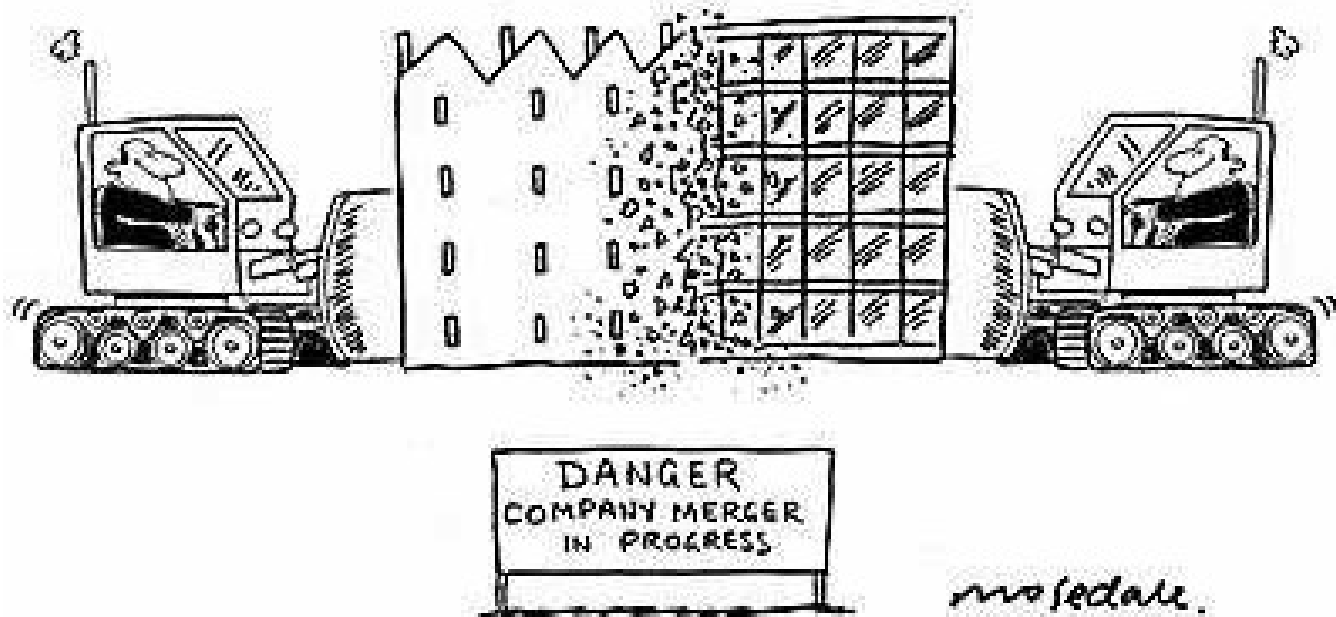
5. Build links between the merging entities.
6. Anchor your new culture through a cultural currency:
 - (a) Set up a system to positively reinforce the new values and norms that are required.
 - (b) The new leadership team must be capable of role modeling the desired behaviours.
7. Measure and monitor your culture

It takes time to embed a new culture. Staff will need role modeling, influencing dialogue and positive reinforcement. Measure and monitor your culture using a staff, semantic differential, style survey.

Step 7: Communication

Elements

1. To convince people of your merger vision there is a strong need to persuade other people to believe in your vision.
2. With each group of stakeholders be aware of the specific goal to be communicated.
3. Be flexible and effective about communicating. Use more than one medium and be prepared to change the communication method.
4. Stay in a dialogue mode to keep in the feedback loop. This will also prevent the grapevine becoming an important medium.
5. It is important to follow a framework to assist manage complexity. Understand the stakeholders, know your communication goals, write a plan, craft messages positively and effectively and select appropriate media.



Acknowledgements:

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