

Synergies increased and operating costs reduced by leveraging services after post M&A activity

Problem

A large Fortune 100 company had been through a plethora of mergers and acquisition (**M&A**) activities in the past five years. The existing alignment process (Phase 1) focused on core capabilities and the employee benefits plan. In order to gain the value by conducting these **M&A** activities, there was a need to assess synergies for the rest of the organization and reduce operating costs in:

- corporate functions
- shared services
- back-office functions
- indirect functions
- overhead related functions

Approach

Phase 2 of this alignment process was initiated to address the above concerns.

An approach of **leveraging synergies** was taken and the following activities were initiated:

- Base lining the following, allowing executive management to assess opportunity for synergy and where operating costs could be reduced
 - current spend in commodities and service purchases
 - current performance of key processes
 - current skill sets
- Conducted alignment to current strategic plan
- Launched and managed to completion projects in **volume leveraging, process leveraging and skills leveraging** to capture these opportunities
- Established guidelines to measure financial savings and a metric to measure soft synergy benefits

Results

After the first year of this phase 2 alignment project, the steering team for the alignment resulted in capturing 70% of the projected opportunity and saved 3.5% of the operating costs of indirect functions.