Acquisition Integration Glossary

Intista helps acquirers of smaller businesses to deliver the M&A value that they aspire to. We are the only provider of integration training and certification for lower-mid size acquisitions.

Term	Meaning
Absorption	See "Consolidation"
Acquired Staff	Staff that work at an acquired business.
Acquirers	A business or non-profit that takes full or partial ownership of another, in return for some form of compensation, usually financial
Acquisition	A transaction in which the ownership of companies, non-profits, or their operating units is transferred or consolidated with other entities
Acquisition Integration	The consolidation of all or part of acquired businesses, for example consolidating all billing to a single process, operating unit, and software product
Add-On	An acquired business that has some overlap with an already-owned "platform" business. Typically, add-ons and platforms are integrated together to create combined businesses with greater opportunity than when they were separate. A.K.A. "bolt-on"
Announcement (The)	When an acquisition is publicized. Acquired employees are usually the first members of the public to hear the announcement. The day of the announcement is known as "Day 1", referring to the first day of the new business operations and the first public day of the integration
Assets	An item of value owned by a business. Items can be physical-tangible goods, such as vehicles, real estate, computers, and other fixtures; or intangible items, such as intellectual property
Backward Integration	An acquisition strategy for an acquirer to secure their supply chain, where the acquirer uses the raw material created by the acquired business. The integrated businesses will be in the same business vertical, with the acquired business being "behind" the acquirer in the vertical.
Bolt-On	See "add-on"
Brand Consolidation	The process of reducing the number of brands visible to the public. This is often a consideration after an acquisition, where an acquirer will review the scope of products and their brands to decide if some products need to be rebranded. Considerations include the value of the brands in the marketplace.
Brand Equity	The value of a brand, not the products using the brand, i.e., the social value of a well-established brand name. The owner of a well-known brand name can generate more revenue from brand recognition, because consumers attach higher value to better-known brands of comparable products.

Budget Contingency	A monetary "safety net" that is put aside by the Finance team which allows the budget to accommodate unexpected expenses. It is commonly used when the scope of work is partially unknown, or there are risks that may incur costs.
Bureaucracy	When used in a business context, this is a description of the administrative burden associated with business operations.
Business As Usual	Normal business operations, such as sales, R&D, support, manufacturing, etc. must continue concurrently as the activities and tasks of acquisition integration are taking place.
Business Broker	An individual or company that assists primarily in the purchase and sale of small, main street businesses.
Business Culture	The way in which employees interact with each other, customers, and partners. Every organization has a unique business culture, which includes the core principles that guide actions and decisions. Norms and behaviors, leadership style, workplace environment, communication styles and interaction with the customers are differentiators in the marketplace Teams within an organization can have their own sub-culture. The strongest sub-cultures often set the tone for the whole organization.
Business Mismatch	See "Mismatched Integration"
Capital Adequacy Ratio`	Capital Adequacy Ratio (CAR), also known as Capital to Risk Assets Ratio, is the ratio of a bank's capital to its risk, and it is a measure of a bank's capital. National regulators track a bank's CAR to ensure that it can absorb a reasonable amount of loss.
Cash Injection	When a business receives a lump sum of cash, equity, or debt capacity that the business will use to maintain or grow its operations or execute its strategic plans. A.K.A. cash infusion
Change Initiatives	A business' strategic set of planned steps intended to radically transform (i.e. change) an organization
Charter (For Workstreams)	In project management and integration, it is a short document that gathers the priorities and potential issues for the integration of a workstream
Closing Day (The)	The date on which an acquisition transaction is officially completed. A.K.A. "Transaction Close Date"
Cloud-Based	A software program or data repository that is primarily not stored on your computer, but on servers accessed via the internet
Combined Business	A term used in integration to describe the acquiring and acquired business. A.K.A. "NewCo"
Company-Wide Objectives	Focus areas and milestones for the whole company to work towards when integrating businesses together. Usually there are 3 to 5 company-wide objectives for an integration

Compliance	Adherence to all local, state and federal jurisdictions that govern your operations. Some industries have significantly more regulations to comply with than others, for the public good, e.g. banking or chemical engineering, compared with printing or baking
Confidential	Keeping matters secret. In M&A confidentiality could be desirable and/or a legal requirement
Consolidated Brands	See "Brand Consolidation"
Consolidation	In integrations, this is a technique for merging together acquiring and acquired businesses where the assets and employees of the acquired business are brought under the umbrella of the acquiring business A.K.A. "Absorption"
Contract Alignment	The acquiring and acquired businesses will have contracts for *future* clients, partners or suppliers. The differences in terms and conditions are modified to match for operational reasons, e.g. if the payment terms are 15 days and 30 days, one would be modified to match the other
Contract Consolidation	Acquiring and acquired businesses can have contracts with the *same* clients, partners or suppliers. These will address the same topics but will have different terms and conditions. For legal and/or operational reasons, these are replaced with single consolidated contracts, either through negotiations, waiting until they expire, or by legal obligation.
Contract Migration	Acquiring and acquired businesses will have contracts with *existing* clients, partners or suppliers, with different terms and conditions. Migration is when acquired clients are asked to adopt the contract terms of the acquiring business, either by accepting changes, or by replacing the contract(s).
Cost Saving Synergies	Savings achieved by combining two businesses together
Cross-Team Dependency	When a project or task in one team cannot be started or completed without the assistance of another team.
Culture	See "Business Culture"
Customer Centricity	Being customer-centric means anticipating a customer's wants, needs and communication preferences.
Day 1	The day of the announcement of an acquisition when it officially becomes public information. Note that a minority of businesses use the term "Day 1" for the Closing Day, i.e. when a business is acquired. Closing Day and Day 1 can be different days, especially if the closing is completed at a late hour. See also "Closing Day"
Deal Team	The group of people that find a business, negotiate acquisition terms, create the necessary documentation, finance and complete (close) the purchase

Deal Thesis	The Deal Thesis is the blueprint for a buyer to understand the rationale for considering an acquisition, the ways that it aligns with their corporate strategy and the ways that it will create value. The document includes an executive summary or high-level overview with strategic intent and potential value creation; an analysis of the market and industry; possible synergies, financial impacts, risks and mitigation and an implementation plan.
Deliverables	Required outcomes from a project or task. This could be tangible, such as a signed contract, or intangible, such as an announcement agenda
Dependencies	Tasks that need other projects/tasks to be completed before they can proceed. The tasks could be within the same project, a different project in the same team, or a different team (See "Cross-Team Dependency")
Digital Badge	An achievement, typically a certification, that is awarded by an organization. The record is held by an independent 3rd party and can be verified as legitimate by the public. When a digital badge has an expiry date, the verification will report this, including if the certificate is still current.
Digital Marketing	Product marketing that uses digital communication technologies such as email, websites, social media, text messages, phone apps and more
Discovery Phase	In acquisitions, the Discovery Phase is when a buyer or seller is considering its options for a transaction. It is pre-LOI (Letter of Intent) In integration delivery and project management, the Discovery Phase is when the initial information is collected to discover the scope of work needed. It takes place before the projects are identified and later created in detail
Diversification	An acquisition strategy so that a business can offer more diverse products to the market or being present in more markets. The intention is to limit the risk associated with lower sales during economic cycles.
Divestiture	Selling a business, or a business unit
Due Diligence	In M&A, it is a comprehensive appraisal of a business undertaken by a prospective buyer, to establish its assets and liabilities, verify claims that warrant the asking price, and evaluate its commercial potential.
Earn-outs	Earn-outs are contingent payments in acquisition deals, providing a way to bridge gaps between the seller's and the buyer's desired purchase prices (the Valuation Gap). It ties a portion of the purchase price to the target company's future performance in the acquisition agreement. The seller will receive additional payments if the acquired company reaches specific financial or operational milestones after the sale.
Economies Of Scale	A lower cost per item when a large amount of product or service is purchased. A decrease in cost per unit of output enables an increase in scale. The acquisition strategy of a larger business can use this technique to gain value from the deal.

	Economies of scale are not a commonplace strategy with lower-mid size acquisitions.
EI	See "Emotional Intelligence"
Emotional Intelligence	The ability to perceive, use, understand, manage, and handle one's own emotions. In a business environment it helps individuals and teams understand why people behave the way they do, helping them to maximize their work performance with improved engagement with colleagues, clients and partners.
EQ	See "Emotional Intelligence"
External Integration Manager	An Acquisition Integration Manager that is not an employee of the acquiring or acquired business. When hired, they bring experience and perspective into a business for the length of an engagement.
Family Office	A variation on a Private Equity Group (PEG), where the source of income is a wealthy family or families. The objective is to grow and manage their wealth and sustain it across generations. Family Offices are not as constrained by a strict time limit for repaying borrowed funds to lenders. This can make their acquisition strategies different to PEGs.
Financial Acumen	The knowledge and understanding of basic financial and accounting principles used to apply sound judgment when making business decisions.
Forward Integration	An acquisition strategy to secure the go-to-market operations, so the acquirer can sell its products through the acquired business. The integrated businesses will be in the same business vertical, with the acquired business being "in front" of the acquirer in the vertical.
Functional Alignment	Ensuring that business functions work well together, e.g. HR with HR and R&D with R&D. Almost all integrations seek to do this. If the integration implements a 100% consolidation, this is a step for creating a single business function.
Geographic Reach	The size of the region(s) that a business' products are sold into.
Governance	See "Integration Team"
Growth Synergies	See "Revenue Synergies"
Health And Safety Assessment	Survey of a business to assess the extent that employees are exposed to hazards in the workplace. In M&A this could be part of Due Diligence, if the potential acquirer has some concerns. However, it is more likely to be carried out as part of integration planning.
High Level Planning	A term used in program management that has been adopted by integration. During the early stages of integration planning, this is the "30,000 foot" view of what will be required to integrate business together. From these the projects and tasks are created.

Human Resources (HR) integration	HR integration is the process of smoothly integrating HR functions, records and data, as well as systems, activities and policies into an organization's overall operations with the goal of fostering a united, motivated and productive workforce.
Inclusion	In an integration, after an acquisition has been announced and it is public knowledge, the workstreams can be assigned their full roster of members. Many of the tasks that will be carried out during an integration are done so by people who were not aware of the acquisition until the announcement
IMO	See “Integration Management Office”
Inefficiencies	In an integration, the number of projects and tasks to be completed can create situations where the tasks are done out of sequence, causing re-work and hence inefficiencies. For example, an acquired product was modified to be compatible with a product from the acquirers. However, the lines of communication were not in place, and it was not made compatible with the latest version.
Intangible Assets	Business assets that cannot be touched, for example, customer relationships, reputation, processes, intellectual property, R&D expertise, business culture, and more
Intangible Costs	The costs associated with a loss of intangible assets after an acquisition
Integration Management Office	A team of people assigned the job of setting up, managing, modifying and reporting an acquisition integration. They are responsible for supporting and mentoring the employees carrying out the projects and tasks and facilitating smooth-functioning integration through communication. An IMO is akin to a Project Management Office, but exists only for the duration of an acquisition integration
Integration Objectives	A set of results to be achieved at the end of an integration. These are derived directly from the reasons why an organization is acquired
Integration Objectives Map	A tool to help an IMO identify the appropriate integration objectives for an acquisition
Integration Team	The group of people that plans, announces, and integrates an acquired business into an acquiring business. It has a collection of teams, (in smaller integrations these are roles) that oversee the integration (Steering Committee), set up and manage the integration (Integration Management Office), focus on the tasks for a business unit (Workstreams), create communications, and onboard acquired employees.
Joint Responsibility	A successful integration strategy is to make employees from both the acquiring and acquired business jointly responsible for the merging of the businesses. Although each deliverable should have a single owner, those task owners should have representation from “both sides”.

Keep Separate Approach	An acquisition strategy to not integrate acquired businesses, but to maintain separation. If priorities change, this could later become an integration
Kick Off	The official start of an initiative, such as an integration
Kick-Off Phase	A period where the acquisition announcement is prepared and delivered; mandatory tasks take place; workstreams are fully staffed; some preparation for the projects takes place. "Day 1" is in the *middle* of the kick-off phase, not the beginning.
Leave Autonomous Approach	An integration approach where no tactical activities immediately take place. Instead, there is a period of learning and planning, before activities start
Legal Compliance	Most industries have legal obligations that they must comply or adhere to. The legal body could be government (federal/local), or regulatory bodies. The scope and implications of these regulations vary tremendously from the requirement of a First Aid kit in an office, to government review of the handling of dangerous products. Legal compliance during integration requires a thorough understanding and preparation during the due diligence process, followed by a structured plan to adhere to the regulations
Leverage	In integrations, this is the ability to take advantage of the assets and resources of an acquired business to help the acquirer with its operations. For example, employees' skills, business relationships, market knowledge
M&A Integration	See "Acquisition Integration"
Mandatory Wait Periods	A legal requirement to pause activities. For example, large companies in the USA cannot be acquired until the government has assessed if the transaction will create a monopoly. Another example is having to wait a period before company pensions can be merged.
Margin For Error	Appropriate contingency planning and room for error
Market Share	The percentage of sales in a market (e.g. an industry or geographic region) that a company gets from selling its products and services. Businesses with larger market shares are "industry leaders".
Master Budget	The central financial planning document, defining how a business will spend and how much it expects to earn in a fiscal year. A master budget contains the budgets of departments/teams within the organization and projections that allow for management to plan holistically.
Merger	Two businesses that agree to combine and form one business entity, or operation. Generally, employees are retained after such an agreement.
Mid-Size Integration	The integration of an acquired "mid-size" business. However, the definition of mid-size varies tremendously across, and within, countries. According to the USA government "mid-size" generally starts when a business has at least 500 employees. However, the New Zealand government defines this as 50 employees.

	A commonplace breakdown of business size is: Main Street (small, SMB, or SME), Lower-mid, Mid-size, Upper-mid and Large.
Mismatched Integration	When talking about acquisition integrations, a mismatch is when the products, operations, or markets sold into, do not align well. For example, an acquirer creates trucks, and the acquired business creates motorcycles. Or the acquirer sells through Account Management relationships and the acquired business only uses eCommerce
Mission Statement	A one or two sentence summary description of the vision of the finished integration, with a time constraint
Mitigate	To lessen the effect of a problem. In risk management it is an approach to address a potential risk. For example, to buy a snow plough for a warehouse where distribution speed is critical
Newco	See "Combined Business"
Niche Technologies	A specialized area within a broad field of technology. For example, devices to monitor agriculture or livestock is a niche technology within the field of Internet of Things (IoT)
Non-Integration Costs	Business operation costs that are not associated with an integration. For example, the cost of accounting software would not be an integration cost. However, the cost of connecting a dashboard or other business intelligence tool to the accounting software, for reporting purposes after an acquisition, would be an integration cost.
Nurture Relationships	To sustain employee engagement, the people in acquired businesses must feel like valuable resources during M&A transition. Communicate honestly, early and often; create Q&A opportunities; stress the reasons for the integration. Address fear and uncertainty, provide support resources, invest in training and development. Foster a sense of unity and belonging.
Onboarding	The process of getting new staff up-to-speed quickly. This could be a newly hired employee, or an acquired business with many employees
Onboarding Plan	A series of actions planned over a schedule of weeks, that will help onboard acquired staff
Onboarding Team	A team of people tasked with onboarding acquired staff
One Off Savings	See "One-Time Cost Savings"
One-Time Cost Savings	A term using by integrations that track financial synergies. It refers to income or a cost-saving that can occur only once. For example, acquired land could be sold (One-Time Saving), as opposed to renting it (Recurring Savings)

Operational Breakdowns	When a business' normal functions fail to work as normal, causing loss of income or productivity. For example, during an integration the sales are disrupted by an interim process that included too many people in sales negotiation. Another example is when the distribution of products is slowed by a change in the purchasing of fuel for company vehicles.
Operational Efficiency	The ability to reduce wasted time, effort or materials, while still maintaining business as usual
Partial Consolidation	An integration approach where some of the teams/departments are merged, and others are left untouched. This is commonly used when Back Office functions are integrated (HR, Legal, Finance) and Front Office functions are not (Sales, Distribution, Customer Support)
PE	A Private Equity Group (PEG) is a business created to acquire businesses, grow its value and sell the business. The word "private" is used because they raise a private fund of money for them to use on their acquisitions and growth strategy. This fund must be repaid to the lenders, with interest, at an agree time, for example 5 or 7 years.
Planned Costs	In integrations, these are the costs that one can predict, given the information at hand, and the current scope of work. Tasks that are unexpected incur a cost known as Unplanned Costs
Platform	In M&A this refers to an acquired business that will have additional acquired businesses integrated into it. Platform acquisitions are commonly done by Private Equity firms
Playbook ("Integration Playbook")	A repository of shared files associated with the integration, such as templates, lists, reports, and reference documents
Pooling Inventory	After an acquisition, inventory of the businesses can be merged to create a larger, more efficient pool. For example, supply chain networks can be combined, or sales and marketing channels can be merged
Pooling Resources	After an acquisition, the assets of the businesses can be merged to create a larger, more efficient pool. Pooled resources move beyond inventory to include, for example, rationalizing R&D, shared ownership of patents, improved labor assignments
Post-Acquisition	The period after a business transaction has taken place. This is when integration is planned in detail and delivered
Post-Deal Integration Budget	The (accurate) cost and budget estimations required to integrate acquiring and acquired businesses together. This cannot be accurately determined until the business has been acquired, the projects and issues to be solved have been

	identified. See also "Pre-deal integration budget"
Post-Merger Integration ("PMI")	See "Acquisition Integration"
Potential Risks	With integrations, the potential risks are usually associated with continued operations, particularly the operations that affect revenue generation or collection
Pre-Acquisition Procedures	A commonplace question during the early days of an integration is if the businesses (acquiring or acquired) can continue to operate in the same way, or if there now needs to be different processes. For example, do sales calls now require coordination with the other business, before acting?
Pre-Deal Cost Estimations	See "Pre-Deal Integration Budget"
Pre-Deal Integration Budget	The cost and budget estimate for integrating an acquiring business and a target business to be acquired. The accurate budget cannot be accurately determined until the business has been acquired, the projects and issues to be solved have been identified. See also "Post-Deal Integration Budget"
Quick Wins	Quick wins are small-scale, easily achievable actions or strategies that yield noticeable results within a short timeframe, often with minimal effort or resources. They are typically implemented to build momentum, demonstrate progress, or validate a larger initiative's effectiveness.
R&D Team	An "R&D" (Research and Development) team can take many forms, depending upon the industry involved. In all cases, the integration will focus efforts on retention of Intellectual Property and skilled employees.
Rebranding	The process of changing product brands and all associated content. This is almost always where acquired product brands are changed to match products in the acquiring business
Recurring Cost Savings	See "Recurring Synergies
Recurring Synergies	A cost saving that occurs after an acquisition, avoiding costs that would have been continual. For example, consolidating employees into one building will avoid the monthly rental costs from the (now unused) facility
Reductions In Force ("Rif")	A used for lowering the number of employees
Retention (staff retention)	Refers to an organization's ability to keep its employees from leaving, essentially reducing turnover.

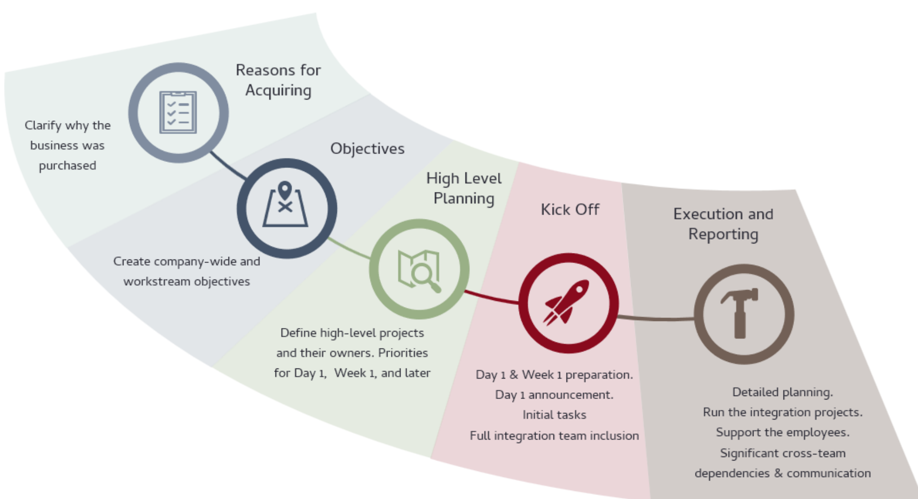
Revenue Milestones	Often the business model created by a Deal Team includes expected revenues to be generated before a specific date, by the business. These dates can be during and after an integration is completed
Revenue Synergies	Improved cash flow or profitability, resulting from the integration of business products and operations. These are often a reason for acquiring a business but take a long time and substantial collaboration between the businesses to realize.
RIF	See "Reductions in Force"
Risk Management	The process of identifying risks to projects and operations and deciding if and what you will do about them.
Risk Tolerance	A subjective phrase to describe if a person or business is willing to accept more or less risks with their projects/operations. For example, a lawyer would have a low risk tolerance, and a trapeze artist would have a high risk tolerance.
Roll-Up	Integrating more than one business at a time, either to merge similar businesses, to create a business vertical, or to assemble a portfolio of products
Sales Quality	The measurement of how well a salesperson is at closing deals
Scope Changes	Changes to a project, after the tasks (the scope) had been previously agreed
Scope Creep	An increase in the number of tasks or amount of work in a project or program, after the scope of work was already agreed, scheduled, and budgeted
Signing	The date on which the documentation for an acquisition is signed. This is not the date of the purchase (the Closing Date)
SMART Principles	Statements should adhere to the "SMART objectives": Specific, Measurable, Achievable, Realistic/Relevant, Timely/Time-Based
Staff Retention Toolbox	A collection of tools that can be deployed to help retain acquired staff
Standard Tasks	In integrations, these are checklists of activities that would always be considered for every integration. For example, "Merge email systems", "Consolidate employee healthcare benefits"
Steering Committee	A team of people that oversee the progress of an integration, who also make decisions on critical issues
Strategic Acquirer	A business or other organization that acquires to enhance their existing business operations. Acquisition is used as a strategic initiative in growth and/or value creation to expand their existing products/services or eliminate competition (subject to antitrust).
Synergies	In M&A integrations, this refers to the benefits gained by combining two businesses. Synergies are often identified as one of four types: Cost Saving synergies, Revenue

	Increases (or “Growth Synergies”), Cash (or “Finance”) synergies, and the Expense of delivering these (or “Reverse Synergies”)
Tailwinds And Headwinds	Expressions used in M&A to describe factors or events that have positive and negative effects upon the ease and challenges in that market. For example, high interest rates will be a headwind to the M&A market
Takeover	See "Acquisition"
Tasklist	The tasks or projects needed to merge the acquiring and acquired business for a workstream
Transaction Close Date	see "Closing"
Underestimation of Scope	When planning the list of integration tasks and how long they'll take, there is an element of guesswork required. It is the nature of acquiring, that full information is rarely available. Factors that affect accurate estimates include misunderstanding information received, over optimism and office politics, where it can be politically unacceptable to estimate a large amount of work for a task.
Unplanned Costs	With integrations, these are costs where you cannot accurately forecast if there will be a need, and there is a chance that it could. For example, weather could affect an integration task and incur additional costs. See also "Risk Management"
Unused Capacities	When trying to achieve cost saving synergies, a technique that can be used is to reallocate unused manufacturing capacity or unused resources
Value Creation	In M&A this refers to increasing a company's worth through acquisition and successful integration
Value Delivery	The successful achievement of the Deal Thesis, where the intended outcomes, designed during the pre-transaction phase, are delivered
Warehouse Management System	A category of software applications that help warehouses run efficiently. Key features include inventory management, picking and packing tools, resource utilization, and analytics
Workstream	A team of people that perform a focused fraction of the business. Usually these are the same as departments, verticals, or regions in a business, e.g. Finance & Sales, or Oil & Gas. They identify and complete tasks/projects to integrate their part of the business
Workstream Leads	The person that is responsible for the integration of a workstream. He/she will have objectives to achieve, broken down into tasks/projects. There will be a team of people that will carry out those tasks
Workstream Objectives	A focus area and milestone for one or a few workstreams to work towards.

Workstream Tasklists	A set of projects or tasks that apply to an integration workstream
Workstream Team Members	Employees who staff the workstreams
eXpertise	One of the valuable elements of an acquired business is the skills, market knowledge or business knowledge of the employees within it. This eXpertise, combined with the expertise of those guiding the integration, create positive ("growth") synergies in the combined business
Year 1 Goals	Most acquisitions have completed the integration well before their first anniversary. At this point, the disruption caused by the integration will be over and it should be a new paradigm for Business-As-Usual. Year 1 Goals are a statement of objectives or processes to be achieved or in place at this point.
Zero Layoff Policy	No employees shall be terminated because of business strategy. This does not exempt termination because of poor performance or other violations of the employment contract, such as ethical lapses.

Intista is a specialist in helping companies successfully integrate their add-on acquisitions. To learn more about the challenges that we address, go to https://intista.com/integration/

Intista is the creator of the *Small business Simple Integration Method* (SSIM™). A straightforward approach to integrating acquired add-on businesses.



The Five Steps

1. Work with the acquiring or "Deal" team
2. Develop integration objectives

3. Work out ***how*** you want to integrate a business
4. Create the list of projects and activities needed to integrate the two businesses together
5. Execute the integration plan and merge the businesses

To learn more about how we help acquirers through advisory or training and certification, contact sales@intista.com