



Weekly Brief

May 07, 2025

A Better Way to Do Post-Merger Integrations (PMIs)

I understand if the subject line of this email surprises you. BCG's M&A Sentiment Index hit a new low in April—and here I am still talking about M&A. That's because I remain optimistic that deal activity will resume.

A downturn is a prime time to prepare for dealmaking. Preparation means more than researching targets and running financial analyses. It should be a searing examination of how M&A can prepare your company for a [new economic and geopolitical era](#)—and a prelude to what we call [full-potential post-merger integration](#) (PMI).

A good-enough PMI is exactly as it sounds—adequate, standard, and comfortable. It rationalizes costs, creates the organizational setup for the future, and retains key talent.

A full-potential PMI goes deeper. It is a catalyst for innovation, growth, strategic transformation, and the introduction of AI and digital capabilities—objectives that go far beyond cost synergies. A full-potential PMI essentially combines traditional post-merger practices with elements of a transformation.

Conventional wisdom holds that a newly combined entity can only absorb so much change. I disagree.

From 2017 to 2022, deals that simultaneously pursued integration and transformation outperformed other deals by 8 percentage

points of total shareholder return in the two subsequent years. Additionally, full-potential PMIs often accelerate the transition. A faster, more intense transformation is better than a prolonged, slow-burn integration.

You may be wondering how to accomplish two tasks simultaneously that are each challenging independently. The following four actions are a good start.

Focus on growth as well as cost. Historically, many companies closing a merger or an acquisition have given lip service to growth. Instead, they should provide the same level of detail in their plans for growth as they do for savings. And then deliver on them. Over my 27 years at BCG, I've supported a dozen large-scale PMIs. The most successful integrations were growth-oriented.

Design the operating model for transformation. Good-enough PMIs seek to minimize disruption. Alternatively, leaders must be prepared to make difficult choices, such as restructuring business lines and rethinking governance. They should also develop a sequenced and rigorous plan that balances value creation and risk and manages resources and interdependencies.

Integrate cultures not just companies. A full-potential PMI gives leaders a window to reset and reorient the new organization around a new purpose and narrative. If employees believe the new company is poised to succeed, they will give their discretionary effort to the cause. Culture is often considered “fluffy.” But it is actually very specific. It can be measured and managed—and in full-potential PMIs, it is.

Invest sufficiently. A full-potential PMI is built on many workstreams and initiatives. The only way to execute so many projects and programs with speed and accountability is through a dedicated, properly resourced integration management office with authority. CEO involvement and oversight can also ensure proper governance, stakeholder alignment, and rapid decision making.

* * *

I cannot predict when deal activity will return, only that it will. When it happens, don't settle for good enough. Full-potential PMIs will enable your company to reach new heights.

Until next time,



Christoph Schweizer
Chief Executive Officer

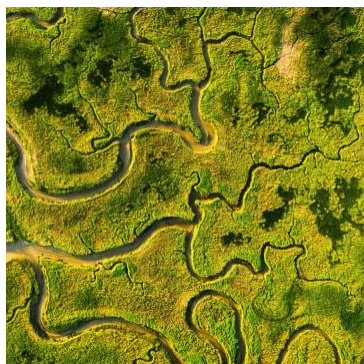
Further Insights



CEOs Can't Settle for Anything Less Than Full-Potential PMI

Combining post-merger integration with transformation allows companies to achieve operational synergies while embedding the capabilities needed for future growth.

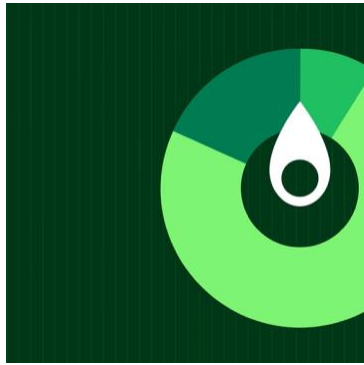
CATALYZE GROWTH



Tariffs Are Changing the Dealmaking Landscape. CEOs Need to Prepare.

While conditions are less than ideal for initiating deal discussions, companies need to be ready to move when the business environment finds its new footing.

BE READY TO ACT



BCG's M&A Sentiment Index

The index provides a monthly update on dealmakers' willingness to engage in mergers, acquisitions, and divestitures over roughly the next six months.

GET YOUR M&A UPDATE