

Mergers and Acquisitions Integration

Edgewater Technology Supports Complex Integration Following \$840 Million Acquisition

The Challenge:

J.M. Smucker Company (Smucker's) was a \$1 billion Consumer Package Goods organization with well-recognized brands including Smucker's jams and jellies, Jif® peanut butter, Crisco® oils, and Pillsbury® baking products. Smucker's has recently experienced enormous growth through targeted acquisitions (e.g., Jif and Crisco from Procter & Gamble). However, Smucker's faced their largest acquisition with the \$840 million purchase of International Multifoods (IMC). The IMC integration involved production, distribution and co-packer facilities in both the United States (US) and Canada.

Leveraging the significant integration experience from previous mergers was identified early as a key success factor. Rapid knowledge transfer to the Canadian teams would be essential to meeting tight timelines. The well-documented Merger & Acquisition (M&A) integration methodology that Edgewater Technology and Smucker's had jointly developed from previous successful mergers made it easy for the former IMC employees on the Canadian teams to conform to standard processes and leverage field-tested tools from the outset.

The Approach:

For the IMC acquisition, Edgewater worked with the Smucker's Process Improvement Team (PIT) to define the overall strategy and structure for integration of both business processes and systems. This effort included building planning templates and issue identification, and escalation procedures that were used by eleven project teams working concurrently on the acquisition. The PIT brought together process owners across Smucker's enterprise into an executive-level forum for identifying, reviewing and planning issue resolution.

Objectives:

- Build a Canadian business unit combining IMC assets with an existing Smucker's production plant in Canada;
- Migrate IMC assets (plants and contract manufacturers) in the US onto the Smucker's US systems and business processes;
- Integrate the supply chain with a well-defined, cross-border strategy in order to achieve synergies within the US and Canadian businesses;
- Define, and then iteratively challenge and refine, key assumptions involving process and data integration as early as possible in the integration effort;
- Deploy proven program management methods that leverage experience from previous acquisitions and provide added support to key, at-risk project teams, as needed; and
- Enable business process owners to be effective change agents, facilitating critical decision making at the lowest possible level throughout the integration process.

Edgewater extended the reach of the PIT to the Canadian business unit by supporting the Canadian counterparts throughout the IMC integration. Edgewater also built the integration project plans for Canada and trained local directors in the successful implementation approach that was utilized in the US.

Additionally, Edgewater delivered project and change management expertise in a variety of areas throughout the IMC integration:

- Managed action plans for the implementation of a new distribution network in the US and for the integration of the Canadian supply chain;
- Developed a change management approach that implemented an order-to-cash process in Canada, consistent with a similar organization in the US business;
- Defined and documented business processes for the Canadian subsidiary in the areas of order management, accounts receivable and warehouse operations that are consistent with, and leverage, business practices in the US;
- Enhanced cross-border communication and issued escalation by serving on the US and Canadian process improvement teams; and
- Provided expertise in issue identification and resolution using a common tool set across numerous project teams through audit and review of issue logs and personal coaching with team leaders.

The Results:

The IMC integration was enormously successful and almost doubled Smucker's revenue. Canadian project teams hit all key milestones and adopted US project management models that are still in use today.

Success Factors:

- Decisions were made quickly at the lowest possible level;
- Critical assumptions were defined up front and refined as the project proceeded;
- System and process changes were prioritized so those most critical were implemented more quickly;
- Sequence of change and the overall timeline were driven by strategic priorities;
- Leveraged experience from previous mergers, providing added support from external resources as required to hit timeline;
- A common program management framework was applied across the entire project with a single, integrated milestone plan for both the US and Canada; and
- Regularly conducted cross-functional reviews of all key assumptions, critical milestones and key issues.