

# Sales Integration

## *Integrating for revenue growth*

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### **At a glance**

Growth in market share and access to new markets are often top reasons for pursuing a merger or acquisition.

Sales integration goals include protecting existing revenue sources and opportunity pipelines, ensuring no disruption to customers, and planning for scale.

By implementing an effective Sales integration, newly combined companies can deliver revenue growth and help minimize risks.



# Introduction

Today's dealmakers are using M&A to both improve the bottom line and to stretch their business by adding new capabilities and expanding into new markets. Acquiring companies are increasingly looking at new markets, channels, brands, and products as a way to fuel much sought after scale and growth.

Go-to-market (GTM) deal objectives, such as growth in market share and access to new markets, distribution channels, brands, products, and technologies are consistently among the top reasons cited by executives and senior management for pursuing a merger or acquisition. Yet these GTM goals are getting tougher to reach and typically have low success rates.<sup>1</sup>

Immediately after deal announcement, companies often enter a time of high uncertainty. Customers delay purchasing decisions, opportunity pipelines become unreliable, channel partners look for reassurance, quota objectives suddenly look unreasonable, and critical sales force talent begins to explore other job opportunities.

Competitors will take advantage of the uncertainty to win customers and to recruit the best people from both companies. This presents challenges for the ensuing Sales integration, whose ultimate goal is to create shareholder value by executing on revenue driving deal objectives.

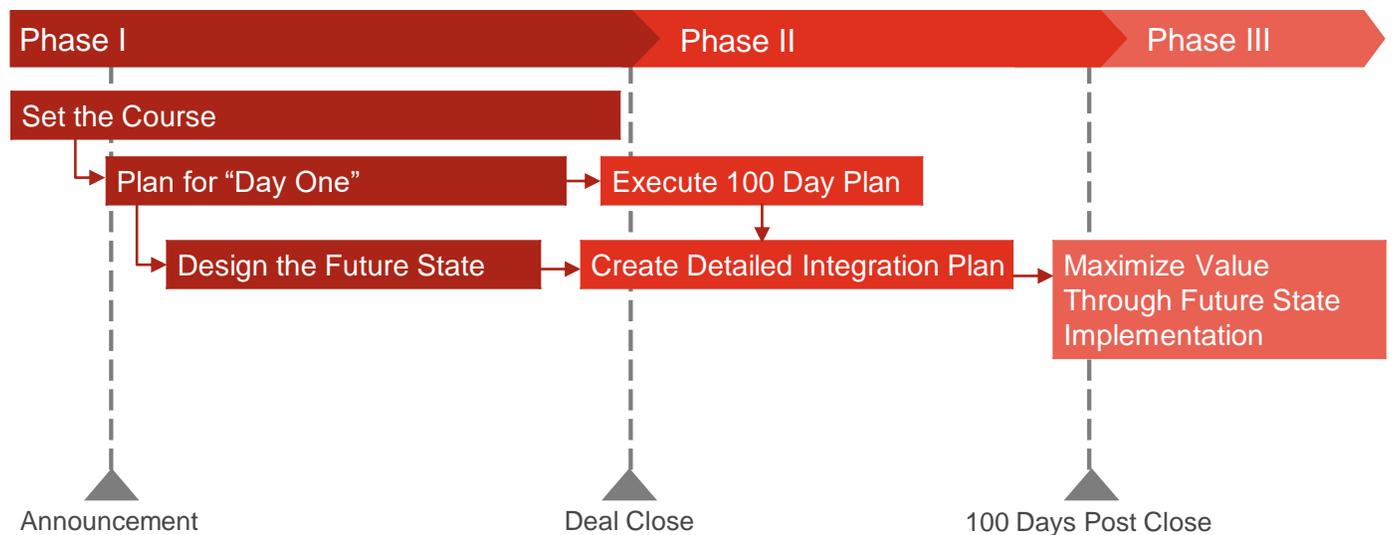
When integrating the Sales function of two companies, the First Commandment is: There shall be no disruption to customers. Fulfilling this goal is of paramount importance since achieving combined Sales revenue targets in the first quarter after deal close is critical. Sustaining the customer base and opportunity pipeline early on increases the probability for success in achieving long-term revenue growth anticipated by the deal.

While a consistent, top-down enterprise-wide integration process is a key success factor for any M&A integration, it is critically important for the Sales function.

<sup>1</sup>[PwC's 2017 M&A Integration Survey Report](#)

# The issues our clients face, the actions we help them take

An effective integration process emphasizes the importance of getting the fundamentals of integration in place as quickly as possible during a deal to help minimize disruptions and achieve synergies. Rapidly launching integration efforts to Set the Course, Plan for and Execute Day One, and Design and Maximize Future-State Operations is a critical success factor. Figure 1 illustrates the integration process.



**Figure 1.** The PwC integration process follows a sequence of coordinated steps to focus resources and capital on the right activities at the right times.

# Set the course

An acquisition, like other large scale corporate change, is an excellent opportunity to set a new course, both operationally and across the various support functions of the newly combined business. Setting the course involves defining clear objectives and establishing clear leadership and role clarity during the transition. This empowers members of the integration team—including Sales—to communicate effectively and take decisive action.

The Sales integration plan should align to the deal thesis and acquisition strategy to increase the likelihood of success for completing GTM milestones, achieving revenue synergy capture, and mitigating business continuity risks. Setting the course for Sales requires immediate attention to address critical objectives significant in the early stages of a merger or acquisition, and typically include the following areas.

**Understanding the business model** – Before the integration strategy is set, it's important to understand the different integration focus areas between Business to Business (B2B) and Business to Consumer (B2C) sales models. For B2B, the value drivers must take into consideration the sales force operating model, channel partner enablement initiatives, and field compensation. For B2C, the focus shifts to eCommerce platform integration options, brick & mortar retail planning, and integrated demand generation processes and tactics (both digital and traditional). While there are common focus areas for each business model, it's imperative to take these differences into consideration as you set the course and implement the integration.

**Protecting existing revenue sources and opportunity pipeline** – At deal announcement, many sales employees will be uneasy at a time when it is critical to stay focused on hitting sales targets. Quota-carrying sales personnel should continue working on their current books of business to hit next quarter objectives. Account managers and the sales force team should be educated on the rules of engagement for selling to common and new customers, and on how to position new products or services to avoid cannibalizing existing demand for legacy products or services.

**Communicating effectively to customer facing employees, customers, and channel partners** – Following deal announcement, the heightened uncertainty felt by both buyer and target company stakeholders drives the need for effective communication. A consistent and transparent internal and external communications campaign is a key requirement to keep opportunities flowing. To limit sales force and customer attrition, top performing sales representatives and channel partners should receive candid and open communications regarding their future roles. Executive management should have a detailed plan for communicating the deal rationale and value proposition of the future organization to all relevant stakeholders. The plan should include visits to strategic accounts of both companies to address customer concerns, mitigate customer confusion, and strengthen or build customer relationships. While anti-trust laws may limit the gathering and sharing of certain pricing and deal information, the value and benefits of the deal should be emphasized to both customers and employees.

**Establishing a foundation for the next wave of growth** – A sales strategy and operating model that align to the deal thesis and acquisition business case should be defined early in the deal process. A GTM assessment should also be completed early on to evaluate similarities and differences between the buyer and target companies, and include target customers, route to market, sales cycle complexity, revenue elements, rules of engagement, and sales support and enablement capabilities. Finally, a combined sales plan and roadmap to achieve revenue synergies should be developed.

To manage the myriad of Sales integration activities, it is important for company leadership to promptly identify a Sales integration leader, who should then establish a Sales integration team, governance structure, and program management office. The Sales integration leader should select a team with the institutional knowledge of the buyer organization (and the target company, if possible) in areas of focus for the integration strategy.

Often times a Sales integration team can and may be launched prior to deal announcement, focusing on areas such as commercial diligence, GTM capability assessment, and revenue synergy diligence. The Sales integration leader can then build upon the findings from the preannouncement team and expand activities to include detailed Sales operations and transaction processing areas, among others. Please see Figure 2 for key areas of Sales integration focus.

	Phase I – Planning & Day One	Phase II – Interim	Phase III – End State
Goals and compensation	Goals, compensation, and incentives design	Incentive compensation models for add-on and cross sales; distribute quotas aligned to sales objectives	Planning and monitoring activated to support sales objectives; quotas aligned
Channel sales	Communications and interim operating model planning	Channel architecture, routes to market, and ownership	Integrated channel operations, contracts, and partner programs
Direct sales	Customer communications, account mapping, and interim operating model development	Joint account management operating model	Integrated account and territory structure and coverage, and contracts
Sales operations	Sales capabilities assessment and Day One sales support planning	Interim sales operations processes for opportunity, configuration, pricing, quoting, and support	Integrated sales operations organization, processes, and tools
Training	Sales process training methodology identification and content development	Interim operating processes for new portfolio, sales process, and sales force training	Sales training programs integrated and sales teams trained on cross-selling initiatives
Reporting and analytics	Interim reporting requirements identified for Day One	Interim reporting and dashboard production and design process	Harmonized sales related enabling data and processes
	Announcement	Deal Close	100 Days Post Close

**Figure 2.** This chart outlines key areas of integration focus for Sales, along with their typical timing across the PwC integration process.

The Sales integration strategy should also align to cross-functional areas that are part of the enterprise-wide integration. Please see Figure 3 for key cross-functional areas that involve the Sales organization, and with their typical timing across the integration process for large-scale and middle market transactions.

	Phase I – Planning & Day One	Phase II – Interim	Phase III – End State
<b>Sales led cross-functional integration areas</b>			
Revenue value drivers and synergies	Initial revenue synergy analysis and revenue synergy capture plan	Validated value driver initiatives and revenue synergy capture plan	Revenue synergy tracking
Go-to-Market plan and roadmap	Initial support plan based on GTM roadmap and Day One support readiness plan	Alignment of interim support plan for sales being integrated into buyer portfolio	Sales mainstreamed and end-state offerings operationalized
Communications and customer experience	Customer and Sales stakeholder engagement and communication plan	Customer and Sales Day One communications delivery and 100 Day communications plan	Longer-term customer and Sales stakeholder engagement activities
Customer contracts and agreements	Day One impacted customer contracts	Contract negotiation	Common T's & C's aligned
<b>Cross-functional integration areas</b>			
Business process and systems integration	Sales systems, tools, and technology assessment, alignment, and roadmap	Interim CRM, reporting, and pipeline management systems solution	Integrated sales infrastructure systems, tools, technology, processes, and data
Organizational and workforce transition	Overlapping sales coverage, consolidation opportunities, and defined reporting relationships	Sales organization structure, role mapping, and responsibilities defined	Sales team optimized
B2C Routes to Market Integration	eCommerce and brick and mortar retail current state assessment and Day One route to market readiness	Digital migration and eCommerce integration planning; retail consolidation plan	Integrated eCommerce platform, consolidated brick and mortar retail outlets
	Announcement	Deal Close	100 Days Post Close

**Figure 3.** This chart outlines key cross-functional areas of integration focus for Sales, along with their typical timing across the PwC integration process.

# Plan for and execute Day One

Even if the best decisions are made as you Set the Course, much can go wrong at deal close without proper planning and execution. While Day One is a milestone for celebration, it is also the time for smooth transition of essential operations.

The Sales integration team should define what is in and what is out for Day One, along with an interim and go-forward vision for the combined Sales organization. The primary goals for Day One are to have no disruptions in customer-facing processes and to establish revenue continuity.

The level of Day One planning and integration activity for the Sales organization is highly dependent on the short-term outlook. Even if the two companies are not direct competitors, Day One planning raises questions regarding roles, responsibilities, and processes that should be addressed as soon as possible to mitigate adverse behavior. This is particularly important when consolidation is expected across account managers, partners, distributors, and customers. Decisions must be made on how to handle product and account responsibilities, commission structure, lead generation, cross-sale opportunities, revenue credit, and sales awards. Also critical, and commonly overlooked, is the need to set up the CRM of the acquiring company to enable an accurate data model in support of an effective cross-selling campaign. Designing an easy to use and systematic method to identify cross-selling is an important operational activity to enable future revenue synergy tracking and success.

## Focus areas for Day One integration

Goals and compensation	Develop incentive compensation models for the combined sales team, by role. Consider retention and performance milestone packages to keep key selling talent; including 'double comp' and quota relief for sales representatives to encourage the right behaviors. Quota disbursement should align with the acquisition business case, and should be informed by historical trends, forecast, and qualitative data gathered through interviews. Sales Performance Incentive Fund's (SPIFs) should be considered to draw attention and align incentives for the acquired products and services.
Channel sales	Create a channel partner communication strategy and plan for Day One. Ensure messaging is aligned with the strategy of the combined company and that partners understand the value proposition, and how to order acquired products.
Direct sales	Create a customer communication strategy while planning for Day One. Ensure messaging is aligned with the strategy of the combined company and that customers understand the value proposition. Leverage qualitative and quantitative data while planning to ensure experiences are aligned to each customer and value capture scenarios. Enable targeted outreach to key accounts that are customer retention risks. Create a rules of engagement plan to ensure account teams from the buyer and target are aligned on how to approach common accounts.
Sales operations	Develop interim operating processes for sales operations and sales finance support, including lead routing, opportunity management, quoting, configuration, pricing, training, deal desk, reporting, and forecast visibility. Minimize sales force distractions and ensure field efforts are focused on selling and maintaining the pipeline.
Training	Focus on training early on in the integration process to mitigate Day One risks and improve revenue synergy capture. Training plans should be targeted and aligned to revenue synergy and sales play scenarios, such as cross-selling and teaming.
Reporting and analytics	Develop executive dashboards with common sales KPIs to manage during the interim state. Align on common sales reporting methodology and tools to enable selling efforts and ensure effective coordination, development, and support of essential sales and account management enablers. Critical reports for Day One sales include (but are not limited to) total bookings, sales bookings, deal desk, order backlog, and forecast visibility.

Achieving a smooth transition for Day One is critically important, and often a key indicator to company management for how the integration is going. However, executing the go forward operating model is mission critical for realizing long-term synergies and related transaction objectives. These results serve as the key measure for integration success (or failure) for external analysts and stakeholders.

To realize efficient and effective future-state Sales operations, the Sales function will work closely with the Human Resources, Legal, Customer Service, Marketing, Product Management, Research and Development, Information Technology, and Finance functions to plan and prioritize overlapping areas related to Sales capabilities and the Sales organization.

## Sales led cross-functional focus areas for future state operations

<p>Revenue value drivers and synergies</p>	<p>Leverage the synergy analysis and financial models developed during the diligence process and work with across functional teams to include the most current information from Day One planning in developing Sales value driver business cases. Sales plays the lead role in determining deal revenue synergies and facilitating revenue synergy capture initiatives, while Finance will often be responsible for tracking the overall deal synergies.</p>
<p>Go-to-Market plan and roadmap</p>	<p>The Sales organization defines the GTM plan and needs to align with Marketing and Customer Support integration teams to quickly adapt to changes that may develop in the plan. If the acquired product or service continues to be sold, Sales will work with Legal teams to establish support offerings and execute contract renewals, ultimately transitioning legacy support terms off of target paper to a set of standard terms. A clear end-of-life plan for support should be defined for applicable product retirement and Sales should promote consistent communication of alternative customer offerings.</p>
<p>Communications and customer experience</p>	<p>Manage the transition through communications tailored to each category of Sales employee groups and to customers, partners, distributors, and the market. Communications should be delivered in a consistent manner throughout the integration. Customer Support, Marketing and Sales should be closely aligned to deliver one message to all relevant stakeholders. Finally, this cross-functional area should deliver a robust Sales training program to ensure Sales employees adopt the integrated policies, processes, and systems as changes occur.</p>
<p>Customer contracts and agreements</p>	<p>Identify and inventory customer and channel partner contracts associated with both entities and conduct an analysis of contract disposition and reconciliation. Identify and highlight the urgent contracts that are large, important, or have an early trigger date prior to deal close. Coordinate with Legal to create a plan, roadmap, and reporting cadence around actions related to contacts. Determine potential delays in unifying contracts, negotiating customer and channel partner transitions, and obtaining closure on all new contracts.</p>

## Cross-functional focus areas for future state operations

<p><b>Business process and systems integration (BPSI)</b></p>	<p>Manage and coordinate BPSI related dependencies across functions and geographies. Sales systems are critical to enable CRM, pipeline management, configuration, pricing, quoting, proposal management, sales reporting, dashboard production, support execution, and customer contract management. The overall BPSI effort is driven by IT as a part of the enterprise wide systems roadmap and migration efforts. Sales plays a critical role in defining requirements, identifying systems, migrating data, and updating business processes to meet the capabilities required to run the combined business.</p>
<p><b>Organizational and workforce transition</b></p>	<p>Define new combined Sales and Sales operations management with reporting lines. The Sales function works closely with HR to transition the Sales organization to an interim state while designing the end state Sales organization and operating model. Interim transition requires an assessment of work, people selection, and staffing process. An integrated roadmap detailing the timing of all organizational movements, including workforce transitions, should be developed to manage the magnitude and pace of change so as not to disrupt the business and to ensure capabilities are in place when needed. Transition to the end state Sales operating model by integrating process and aligning with changes in the overall enterprise wide integration strategy. Manage rewards and performance throughout the transition and integration.</p>
<p><b>B2C Routes to Market Integration</b></p>	<p>Identify the eCommerce platform(s) and brick and mortar retail consolidation strategy necessary to support a combined B2C organization. The overall eCommerce implementation effort is usually led by either IT or digital marketing, with input from sales, product management, supply chain, and engineering. The overall retail outlet consolidation is usually driven by Real Estate and Facilities, but relies on inputs from sales, product management, engineering, and brand marketing. The integrated solution should ensure a positive customer experience and generate increased demand for the integrated set of products and services.</p>

# Design and maximize future state operations

After the deal closes, Sales works to take ownership of relationships, launch growth plans, and achieve process improvements that realize the strategic goals of the combined company. This requires structured and continuous coordination with other integration teams and meticulous capability comparisons of the many options available. A crucial first step in designing the future state is to leverage the synergy analysis developed during due-diligence. This will help reinforce the integration strategy, areas of focus, and resource allocation. A robust synergy analysis outlines synergy sources, highlights upfront synergy-capture risks, sets the speed, degree, and timing of synergy realization, and demarcates between short-term and long-term value drivers to achieve the acquisition business case. Unlike cost synergies, revenue synergies vary greatly in timing and are unique to each industry.

## Key success factors in value driver execution

Source	Lever	Example opportunities	Critical success factors
Product offering	Cross-selling	<ul style="list-style-type: none"> <li>Identifying accounts that are high performing and high potential on a historic basis as well as projections based in the new portfolio</li> <li>Promoting new products in accounts saturated by current offering</li> </ul>	<ul style="list-style-type: none"> <li>Invest in sales force training and sales plays across new product portfolio</li> <li>Identify appropriate target customer segments Implement incentive compensation structure that aligns behaviors to desired results</li> </ul>
	Product bundling	<ul style="list-style-type: none"> <li>Bundling or cross-promoting products using complementary and supplementary sales plays</li> </ul>	<ul style="list-style-type: none"> <li>Establish the role of each product within the bundle</li> <li>Consider best alignment of brand with the new product bundle in order to avoid confusion</li> </ul>
	Pricing	<ul style="list-style-type: none"> <li>Conducting margin to value assessments and understand elasticity in pricing</li> <li>Driving down price for overlapping products to capture volume, where appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Understand customer segment buying behaviors</li> <li>Use analytics to model out impact of price point adjustments and timing to each customer segment</li> </ul>
Sales	Customer segmentation	<ul style="list-style-type: none"> <li>Kindling relationships acquired in underserved segments, territories, economic buyers, demographics, customer types, sizes</li> </ul>	<ul style="list-style-type: none"> <li>Develop segment-specific value propositions</li> </ul>
	Account coverage	<ul style="list-style-type: none"> <li>Redefining territory coverage strategies and penetrating regions and segments not previously targeted</li> </ul>	<ul style="list-style-type: none"> <li>Train reps on new products available</li> <li>Identify underserved accounts due to capacity constraints or lack of coverage</li> </ul>
Channel	Channel choreography	<ul style="list-style-type: none"> <li>Rationalizing existing distributors and resellers, or selecting and recruiting other strategic partners</li> </ul>	<ul style="list-style-type: none"> <li>Train and incent new partners on products</li> <li>Perform quantitative analysis to select key partners</li> </ul>
	Channel programs	<ul style="list-style-type: none"> <li>Grandfathering common partners to higher level sales programs</li> </ul>	<ul style="list-style-type: none"> <li>Focus market development funds on the most effective segments/territories</li> </ul>
Marketing	Demand generation	<ul style="list-style-type: none"> <li>Increasing traditional campaign effectiveness and delivering digital campaign expertise to feed opportunity pipeline</li> <li>Evaluating overlapping marketing costs</li> </ul>	<ul style="list-style-type: none"> <li>Use best practice tools and processes to approach demand and lead management execution</li> <li>Realize cost synergies for overlapping vendors and marketing activities</li> </ul>
	Branding	<ul style="list-style-type: none"> <li>Driving sales by developing a brand strategy and dedicating resources to improve the Target's brand awareness, recognition, and loyalty</li> </ul>	<ul style="list-style-type: none"> <li>Raise the profile of the combined company across all media</li> </ul>

# Conclusion

Sales plays a critical role in driving shareholder value through GTM business activities, such as growth in market share and access to new markets, distribution channels, brands, products, and technologies. Addressing Sales integration by focusing on customer retention, sustaining the customer base and opportunity pipeline, and implementing a robust customer communication strategy increases the probability for success in achieving long term synergies and revenue growth from the deal.

Following the approach to Sales integration articulated in this paper can guide companies along the path to a successful integration, achieve early wins, build momentum, and position the company to accomplish revenue growth objectives while instilling confidence among their stakeholders.

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