FGV EBAPE
ESCOLA BRASILEIRA
DE ADMINISTRAÇÃO
PÚBLICA E DE
EMPRESAS

FUNDAÇÃO GETULIO VARGAS
ESCOLA BRASILEIRA DE ADMINISTRAÇÃO PÚBLICA E DE EMPRESAS
MESTRADO EXECUTIVO EM GESTÃO EMPRESARIAL

THE M&A INTEGRATION PHASE: AN EXPLORATORY STUDY OF THE POSITIVE AND NEGATIVE EFFECTS OF INTEGRATION PROCESS OF THE M&A ON EUROPEAN LOGISTIC SERVICE FIRMS

DISSERTAÇÃO APRESENTADA À ESCOLA BRASILEIRA DE ADMINISTRAÇÃO PÚBLICA E DE EMPRESAS PARA OBTENÇÃO DO GRAU DE MESTRE

Mateo Gonzalo Diaz Gomez
Rio de Janeiro - 2016

MATEO DIAZ

THE M&A INTEGRATION: WHY M&A IN THE LOGISTIC INDUSTRY FAIL TO ACHIEVE SUCCESS - AN EXPLORATORY STUDY OF THE EFFECTS OF THE INTEGRATION PHASE ON EUROPEAN LOGISTIC FIRMS.

Master's thesis presented to Corporate International Master's program, Escola Brasileira de Administração Pública, Fundação Getulio Vargas, as a requirement for obtaining the title of Master in Business Management.

Advisor: Dr. Carmen Migueles

Rio de Janeiro 2016

DEDICATION

To my mother: Linda Gomez

To my Dad: that is not in this physical world anymore

To LPJ, thank you for believing in me and for your unconditional love and support.

Ficha catalográfica elaborada pela Biblioteca Mario Henrique Simonsen/FGV

Diaz, Mateo
The M&A integration: why M&A in the logistic industry fail to achieve success : an exploratory study of the effect of the integration phase on European logistic firms / Mateo Diaz. – 2016.
59 f.

Dissertação (mestrado) - Escola Brasileira de Administração Pública e de Empresas, Centro de Formação Acadêmica e Pesquisa.
Orientador: Carmen Pires Migueles.
Inclui bibliografia.

1. Empresas - Fusão e incorporação. 2. Conglomerados (Empresas). 3. Logística empresarial. 4. Negociação (Administração de empresas). I. Migueles, Carmen Pires. II. Escola Brasileira de Administração Pública e de Empresas. Centro de Formação Acadêmica e Pesquisa. III. Título.

CDD – 658.16

MATEO GONZALO DIAZ GOMEZ

THE M&A INTEGRATION: WHY M&A IN THE LOGISTIC INDUSTRY FAIL TO ACHIEVE SUCCESS AN EXPLORATORY STUDY OF THE EFFECTS OF THE INTEGRATION PHASE ON EUROPEAN LOGISTIC FIRMS.

Dissertação apresentada ao Curso de Mestrado Profissional Executivo em Gestão Empresarial da Escola Brasileira de Administração Pública e de Empresas para obtenção do grau de Mestre em Administração.

Data da defesa: 11/11/2016.

ASSINATURA DOS MEMBROS DA BANCA EXAMINADORA

Carmen Pires Migueles
Orientador (a)

Roberto da Costa Pimenta

Sérgio Carlos de Sousa Pereira

AKNOWLEDGEMENTS

I would like to express my gratitude to Dr. Carmen Migueles for your time, invaluable advice and guidance during the last twelve months.

Thank you, Patrick Jobidon for all the support, advice, and for believing in me.

Thank you to all the interviewees in Belgium, Poland and the United Kingdom for taking the time of out of their busy agendas and scheduled a conversation with me; thank you for your honesty and your valuable insights.

Thank you to my reviewers, Sebastien Dube and Randy Larsen for your time and your friendship. Also, thank you Tim Josephson for encouragement to go back to school and friendship throughout the years.

ABSTRACT

DIAZ, Mateo. THE M&A INTEGRATION: WHY M&A IN THE LOGISTIC INDUSTRY FAIL TO ACHIEVE SUCCESS. The M&A phenomenon has been study for over three decades, yet over this period, there was been modest improvements in M&A success rate. Many scholars estimate that more than 50% of all M&A deals fail to achieve success and many had cited successful integration as key to avoiding the risk of failure. Why so many M&As fail? What are criteria behind achieving a successful integration? Answering those questions encouraged this investigation. The following is an exploratory study of the positive and negative effects of the integration phase on European logistic firms in Belgium, Poland, and The United Kingdom. The study reveals the importance of having a dedicated M&A integration team that can deal with the most common integration issues such as: effective communication, issues with IT platform and its processes, cultural differences, and dealing with the speed of the integration phase. Thesis (Master in Business Management) - Escola Brasileira de Administração Pública e de Empresas, Fundação Getúlio Vargas, Rio de Janeiro, 2016.

****

Keywords: Mergers and Acquisitions, Integration Phase, Europe, Logistic Industry, United Kingdom, Poland, Belgium, Motives for M&A, M&A Process, Integration, Reason for M&A Failure.

LIST OF FIGURES

LIST OF TABLES

TABLE OF CONTENT

CHAPTER 1 – INTRODUCTION

1.1 Overview

Regardless of the industry, at some point or another an organization is faced with two options: growing organically or growing through mergers and acquisitions (M&A). During the last decades, high competition, new financing opportunities, and decreasing entry barriers have contributed to the M&A phenomenon worldwide; either, internationally or domestically, M&A have become a preferred strategic option for many multinationals that are looking for long-term growth and future survival.

1.2 Objectives

There are many reasons why M&A deals fail or succeed; this study, however, will focus on the integration phase of the process. The aim of this study is to shed some light on the biggest challenges that European companies in the logistic industry encounter when merging, all of this done from an employee perspective.

It is during the post-merger integration where companies stumble and according to Rouse and Frame (2009), there are three primary post-merger integration broad areas: missed targets, loss of key people, and poor performance in the base business; all of these major causes of failure of the overall M&A.

Cartwright & Cooper (1993) often blame the lack of success of a merger or acquisition to achieve it's financial or strategic objectives on cultural differences and also on the difficulties of the integration phase. Rotting (2009), also argues that almost 80% of organizations that merge do not achieve the expected financial goals.

The company used for in this study is an American multinational in the logistic industry with many facilities and offices around the world and with fierce competitors such as FedEx, DHL and UPS. However, since they are part of a publicly traded group, they have chosen to remain anonymous for obvious reasons. To respect their anonymity

and facilitate this research, we will use a fictitious name; from now on, we will refer to it as "Express International Shipping" (EIS).

The last objective of the study is also to have a better understanding of Express International Shipping M&A integration process; since as per many scholars and practitioners, this is the most important and yet also the most problematic part of the M&A process.

1.3 Relevance

The M&A phenomenon has been studied for over three decades, yet over this period, there was a modest improvement in M&A success rate.

The study is relevant not only because the results of this study could be further explored in creating a framework that could help the company here examined in achieving success in future acquisitions, but also for other organizations in the same industry to help mitigate similar challenges when dealing with the integration phase of an M&A process.

According to Rouse and Frame (2009), "Successful integration is the key to avoiding the risks of a merger or acquisition and realizing its potential value is always a challenge. And this goal is complicated by the simple fact that no two deals should be integrated in the same way, with the same priorities, or under the same timetable".

Although there are many similarities between M&As, cross-border M&As have been proven more complicated than those within borders because the international scope adds additional complexity and challenges to the integration process. (Hofstede, 1980). Zaheer (1995) call it the "liability of foreignness." Having said that, the study is also relevant because of the parcel and logistic business nature of conducting business globally; therefore, adding the international scope of integrating different organizational and national cultures to the equation; making them more vulnerable to failure than any other industry.

Also, while researching the M&A subject, it was noticed that the M&A information found it is generalized in the "Transport and logistics sector" and little information was found on the "Parcel and fulfillment" industry subsector. One reason for that is simply that more people around the world have access to the internet and therefore, decide to purchase more goods and services from the convenience of their own home. According to Ecommerce Europe (Figure below), in Europe 296 million people were identified as e-shoppers in 2015 and in 2016 is forecasted the e-commerce to reach $510 billion Euros.

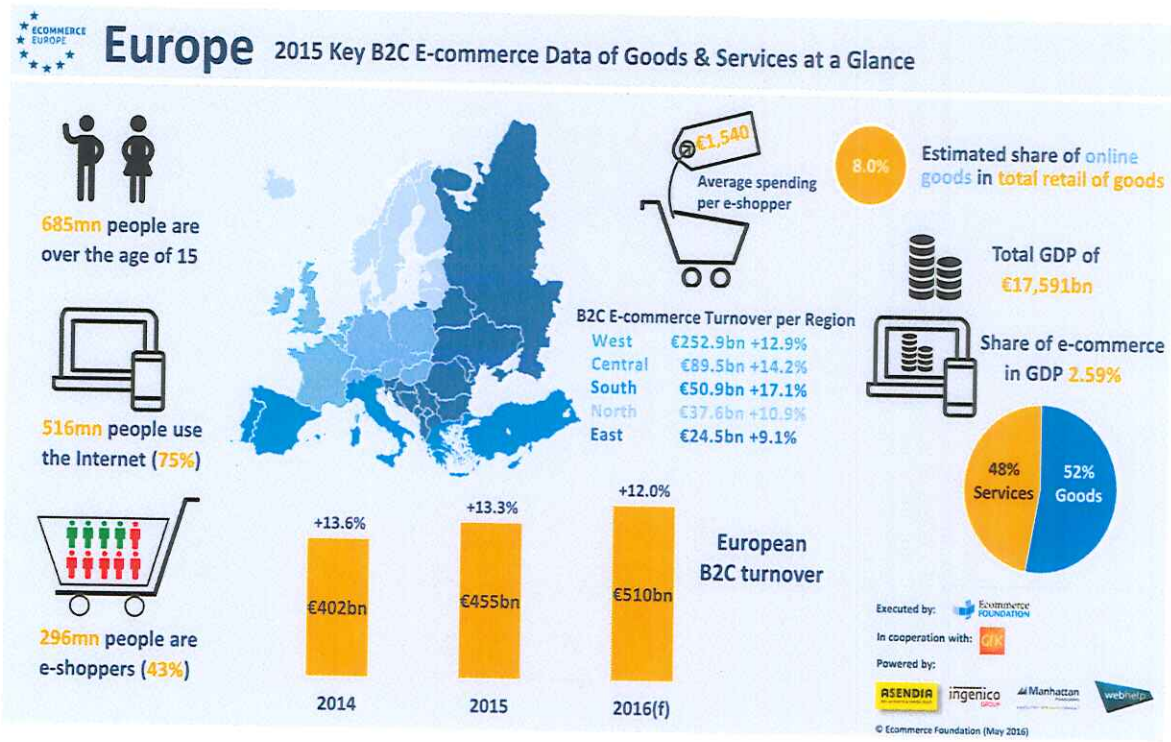

Figure 1. 2015 Key B2C E-commerce Data of Goods and Services at Glance

While online retailers and wholesalers get online orders, Express International Shipping is the back bone as they are in charge of the process of fulfilling the order from a distribution warehouse all the way to the consumers home; in many cases in less than 24hrs when express service is requested.

1.4 Problem Addressed

To survive in a competitive global environment and secure long-term sustainable growth and market share, many companies in different industries have considered growing through the strategy of merging or acquiring other companies. The logistic industry has not been the exception to the trend as it is currently witnessing a period of consolidation globally, causing many businesses in Europe to expand through an M&A strategy. A recent example that illustrates the current wave on consolidation in the industry is the recent acquisition of "UK Mail" by "Deutsche Post", better known as DHL in September 2016 for $242.7 million pounds ($315.5 million USD).

In efforts to better service its US based customers, Express International Shipping (EIS) had already acquired companies in several places around the world. However, Its future growth strategy includes acquiring medium size logistic companies in other strategic regions in the world where it has been forecasted an increase in e-commerce transactions. The illustration below reflects to latest European countries of acquisitions for Express International Shipping, which will also be the focus of the research.

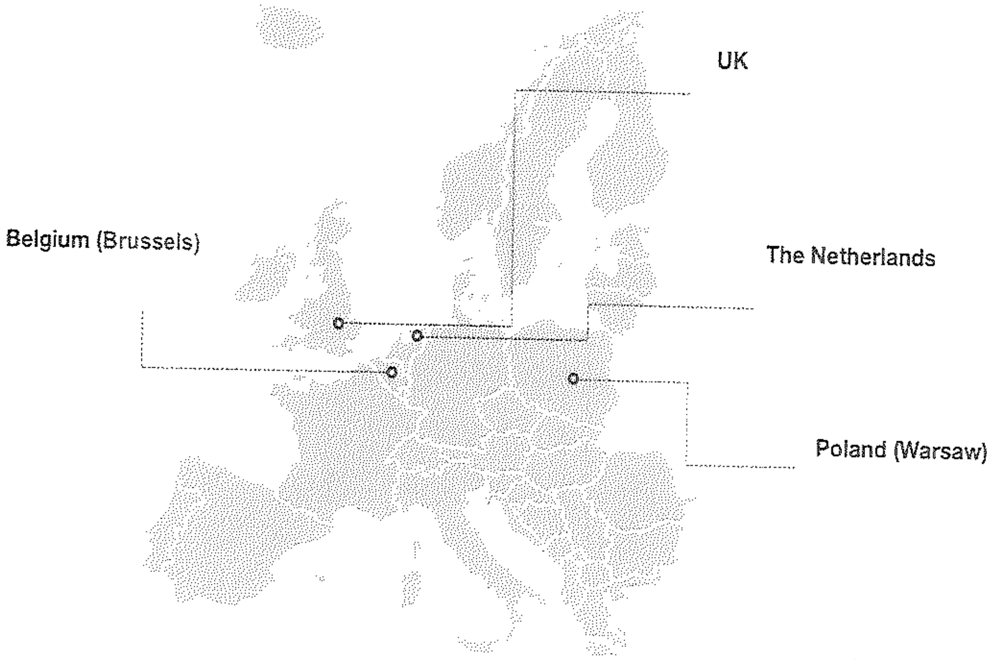

Figure 2. - European Snapshot of the Express International Shipping EIS (Prepared by the author)

Express International Courier has a benchmark judgment when it comes to searching and identifying the perfect profile of potential companies from a financial/profit perspective that would complement its growth strategy and its rapidly growing fulfillment and parcel business. However, integrating many of these newly acquired firms with its corporate culture of a "Lean American-style way of doing business" has been challenging, especially in Belgium, where strike threats and culture clashes have been reported when trying to implement new human resources restructuring strategies.

For example, the wave of cuts that EIS had executed in England and in Belgium had been one of the most difficult ones, leaving employees anxious and confused while working in a hostile environment. There were many instances of employees complaining regarding the speed of integration as many felt that they had very little or no time to

adjust and comply with the new changes. EIS executives, on the other hand, are under pressure to meet established financial indicators such as the EBITA, cost reduction indicators, productivity (orders fulfilled per employee) and synergies savings acquired from the integrations.

1.4 Structure

This study is organized as follows: the first section offers the reader a brief overview of the subject, followed by the objectives and relevance of the research. In the second part, the literature review introduces the reader to the significance of the M&A in today's market environment, followed by the motives that prompt companies to consider M&A in the context of their growth strategy, followed by the M&A process and concluding with the reasons why many mergers fail. In the third section, an explanation of the methodological choices is presented followed by details on how the research was conducted. In the fourth section, the results from the data of the employee interviews are analyzed and presented to the reader. Finally, the study concludes by offering final reflections and personal insights regarding the research topic.

CHAPTER 2 – LITERATURE REVIEW

2.1 Mergers and Acquisitions M&A

Despite a weak economic recovery outlook for 2016 in the US and Europe, uncertainty surrounding interest rates, and sluggish growth in emerging markets, many companies have chosen to include M&A as part of their future growth strategy.

Needless to say, 2015 was the biggest year ever for worldwide mergers and acquisitions with record-breaking signed deals that accounted for a staggering total of $4.7 trillion USD in 2015. This was a 42% increase from 2014 (the strongest period since the record began). Cross-Border M&A, on the other hand, registered a 27% increase and totaled US $1.6 trillion (Thomson Reuters 2015 M&A Report).

According to KPMG, US executives expect the number of M&A deals to accelerate and expect the overall size of the deals to increase in 2016. In spite of the bullish trend for M&A in 2016, anywhere from 40 to 80 percent of mergers fail to meet their targets (HBR, Dunbar 2014). McKinsey in a 2010 reported M&A failure rates between 66 and percent. A 2011 Harvard Business Review article stated the failure rate for mergers and acquisitions (M&A) between 70 and 90 percent (Christense, Clayton and Alton, 2011).

"While value creation might be the credo, value destruction is often the fact."

(Habeck, Kroger & Tram 2000)

2.2 Strategic Motives and Considerations for M&A

According to Weber, Tabar, Oberg (2012) "The primary reason to pursue an M&A strategy is to attempt to seize potential synergy from the process in which the value of the combined firm is greater than the sum of the values of each company. In this approach, managers are expected to maximize shareholders' interest and create value from a rational estimation of the real potential of the M&A to create such value."

Weber, Tabar and Oberd (2014) propose the following motives:

1. **Synergy:** The combination of the two companies can create more value for the shareholders than would be expected if these two businesses operate separately. It can create value by the combination of existing resources of both companies.
2. **Market power:** It allows the buyer to maintain or increase prices of services or products, thereby improving margins. Thus, the elimination of competitors and capacity from the market is the primary motive of the M&A.
3. **Diversification:** Takes place when a firm enters new markets or industries in which the buyer has little or no previous experience or is outside the buyer's core business.
4. **Financial and tax issues:** Tax savings, reduction in the cost of capital or transaction cost savings.
5. **Value Ratio:** The value ratio (market value/asset value) associated with imperfections in financial markets if a company is "undervalued" because its share price is low compared to the value of its assets, the buying company seizes the opportunity to buy it cheap, buys it and sells it later on for a profit.
6. **Agency Theory:** The objective of the managers is growth of the firm, rather than its profitability. Because the majority of companies involved in this type of activity are run by employed managers rather than its shareholders,

managers might, therefore, be more interested in raising the power, status, salaries, and job security through the growth of the firm.

McGrath (2011) provides the following motives for considering an M&A strategy:

1. **Maximizing shareholder value** – the value of the combined company is greater than that of the two individual companies, even after the costs of the transaction and possibly a premium to acquire the target firm.
2. **Protection of the firm by virtue of size** – the firm feels that by not increasing its size it may become vulnerable to market conditions or be taken over.
3. **Support growth**
4. **Acquire new markets, technologies or resources** - M&A may allow the firm to manage capital or cash flow better.
5. **Management may also see personal benefits such as the following:**

   - A larger company could improve their standing and remuneration.
   - They can deploy skills that are under-used.
   - It diversifies risk leading to job security.
   - It reduces the danger of being taken over and thus can also contribute to job security.

When KPMG asked 550 M&A executives regarding the rationale behind the M&As in 2016, executives responded that future M&As are mostly driven by four reasons (see illustration below).

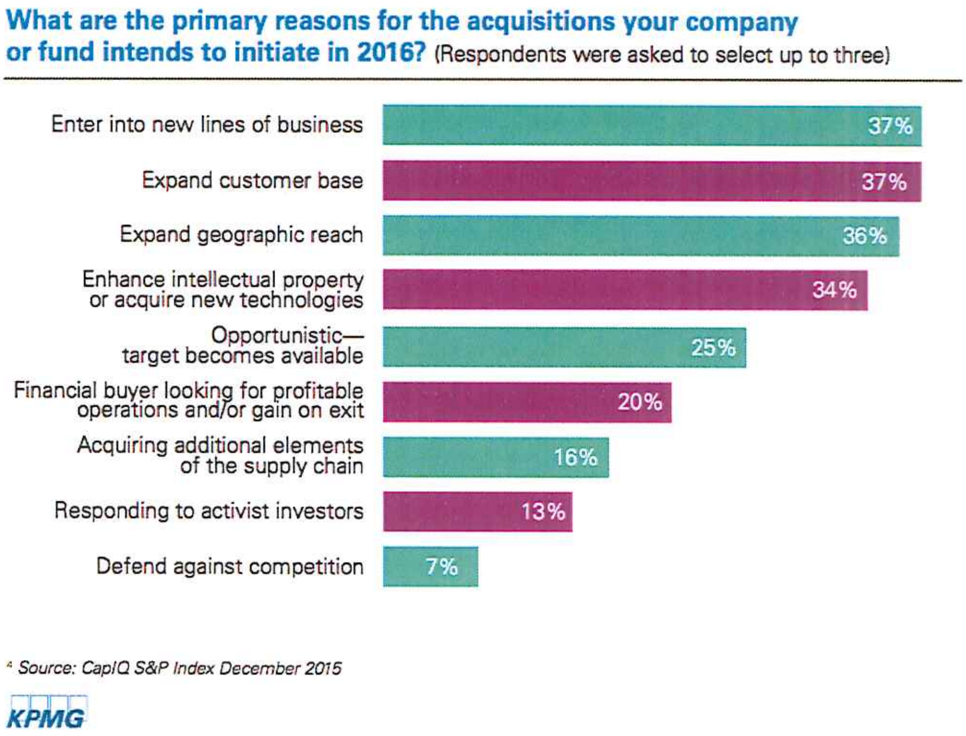

Figure 3. – (KPMG) what are the primary reasons for the acquisitions your company or fund intends to initiate in 2016

1. **Enter new line of business (37%):** new products
2. **Expand customer base (37%):** new customers
3. **Expand geographic reach (36%):** new geography
4. **Enhance intellectual property or acquire new technology (34%):** new copyright (IP) or patents

In contrast, Clemente and Greenspan authors of the book " *Winning at Mergers and Acquisitions: The Guide to Market Focus Planning and Integration*" (1998) believe that the strategic drivers for and M&A are the following:

1. **Effecting Organizational growth:** Increasing the company's size
2. **Increasing market share:** Gaining more presence and therefore, more sales and more market share of the total industry.
3. **Gaining entrée into new markets:** Entering and expanding into new markets and geographies.
4. **Obtaining products:** Acquiring new products
5. **Keeping pace with change:** Social, economic, and demographic shifts may be viewed as opportunities or threats.

However, in his most recent book, Withaker (2016) identifies four strategic motives for considering M&As:

1. **Access to natural resources:** for many companies, securing supply and resources is vital to their business
2. **Access to new markets and customers:** gaining new customers in new geographies
3. **Access to research and development (R&D):** accessing new advancements in research and development that otherwise would take years or decades to achieve
4. **Access to intellectual properties (IP):** gaining access to IPs to secure competitive advantage

Many theories explained and justified having M&A as the growth strategy of choice. Other authors have also cited and classified the motives in: financial, industry, organizational, and even individual (Top executive egos) reasons. There is a common denominator in all of them; the primary motivation for considering M&As is value creation. The authors and practitioners previously cited mostly agree that there are five common main reasons and motivations for considering an M&A strategy: 1.) **Access to new markets 2.) Synergies & efficiencies 3.) Acquiring new technologies 4.) New lines of business 5.) Gaining new customers.** It is important here to stress that according to the literature review here presented, the above motives are the most general causes why an M&A takes place. However, as previously mentioned one can also classified them in financial, industry, organizational and individual, but classifying it in those compartments could be subjective.

In the case of Express International Shipping (EIS) and according to top executives, the motives behind their most recent M&As have not always been financial. For examples, the facility in Poland was acquired because it was needed to gain access to the eastern European market; the M&A in the UK was primarily purchased to create synergies with an existing operation in the same country. Finally, the acquisition Belgium was done primary to implement the latest technology, make it more efficient, and to enable the creation of new product for its central and continental European based customers.

2.3 The M&A Cycle

There is extensive research and literature on mergers and acquisitions (M&A); however, when it comes to practice, most companies consider using the advice and services of a consultancy company that will guide them through the steps of the complicated M&A process. Some consultancy companies are hired only to sign the deal, leaving the responsibility of integration to executives of both companies (most of

the time with no experience). Other consultants offer hands-on advice and guidance through the whole process including the post-deal signing and take care of integration phase, charging their customers thousands if not millions of dollars on fees and billable hours.

While no individual deals should be treated the same, there are some common similarities on how the necessary steps in any merger should take place. The below is a review of some of the most known scholars and authors on the subject on how the approach a merger.

McGrath (2011) proposes the full cycle from the initial conception back to "Business as Usual".

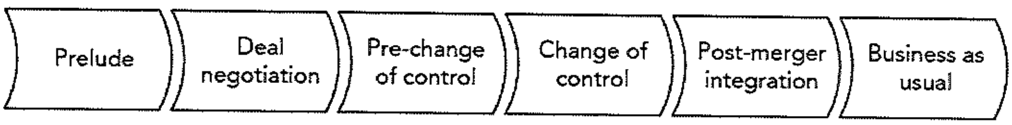

Figure 4. - A Step-by-Step Guide to Successful Strategy, Risk and Integration Management (McGrath 2011)

McGrath describes each activity below in more detail:

1. **Prelude** – This is concerned with the identification of the merger or acquisition target. Defining the type of organization on which to focus, identifying firms that meet these criteria and selecting the organization you want to acquire or merge with. Sometimes this is a very analytical process, at other times it is merely opportunistic; circumstances will dictate, as will the company's strategic preference.
2. **Deal negotiation** – Approaching the other company and agreeing to a deal, or in the case of a hostile takeover, taking majority control of the enterprise.

3. **Pre-change of control** – This period is concerned with many activities: completing due diligence to make sure the company is worth what it is thought to be worth; keeping the two organizations functioning efficiently; preparing for the change of control (seeking regulatory approval, for example); preparing the ground for post-merger activity.

4. **Change of control** – Legal transfer of ownership, plus making sure the organization can operate as a single entity.

5. **Post-merger integration** – The longer-term program of change to realize the benefits of the merger or acquisition.

6. **Business as usual** – The organization is no longer executing the merger or acquisition, but has transitioned to a normal mode of operation.

However, Davis (2012) proposes a similar but slightly different process.

1. **Search & Target:** Should another company be bought? Some companies know they want to buy and have pre-deal M&A teams that track target companies for months or years, waiting for the right time and price. Some spot a bargain and acquire. Others rely on banks to make suggestions.

2. **Due Diligence:** Investigate the target and try to understand it. Historically this has been about risk management. The risks might be that the company has a large black hole in its books, owes money or is just about to be sued, for example.

3. **Negotiations & Deal Structure:** This often involves the lawyers and can be a hectic period, which exhausts the whole team. Davis here recommends walking away if the price is too high.

4. **Integration:** This is the delivery of our 100-day plan. It's about mobilizing people into the required teams to deliver the changes needed to move the business forward.

Whitaker and Kessler (2016) put forward an end-to-end process with five phases and four milestones for cross border M&As:

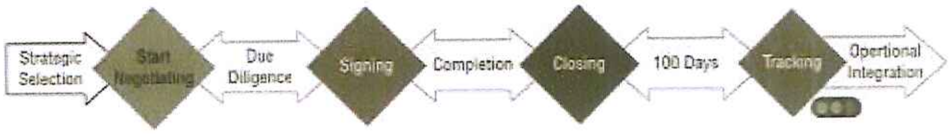

Figure 5. – M&A Cycle (Whitaker & Kessler 2016)

1. **Strategic Selection:** Identify suitable targets and approaching them.

If an actual interest, both parties should start negotiating.

2. **Due Diligence:** The buyer will gain detailed understanding about the solidity and commercial viability to engage in the final price and transaction negotiation.

The negotiation will lead to the signing.

3. **Completion phase:** Gaining approval from anti-trust organizations and other regulatory bodies that need to approve it, legal thresholds.

It will lead to closing

4. **100 Days:** The join both companies move forward executing the integration plan during the first 100 days.

Leading to tracking the integration milestones and achievement.

5. **Operational Integration:** Integration of Operations of both companies is in full swing.

While the M&A life cycle for a cross-border M&A and an M&A within borders vary little, many big corporate deals sometimes need to have approval from the government or other industry regulatory body to go ahead. There is a great deal of M&A life cycle literature on the ideal M&A cycle, especially from global consulting companies, but it was decided to present only three well-known authors to avoid

repetition and overlapping as many of them are intended to apply to a particular industry.

It is important to point out that after the closing the deal, in all cycles here presented, there was a period of 100 days set as a way to track the milestones and achievements of the integration process, such is of primary interest for our research study. The 100 days after are critical for planning the integration with the teams represented by both companies.

In the case of Express International Shipping (EIS) and according to the information gathered from the interviews with senior executives, the steps presented here were followed. A consulting company was hired by EIS to help with the due diligence and the closing of the deal, but the integration responsibility landed in the hands of the American team based in Europe.

2.4 Reasons for M&A Failure

What are the main factors why M&A fail to achieve the expected results? It is only logical that due to the high rate of failure, researchers and practitioners are compelled to provide an answer to that same question. In 2010, The Telegraph asked Paul J Siegenthaler, a 17 year senior M&A UK consultant, the same question; he responded with the following ten reasons:

1. **Ignorance:** While the parties to a merger or acquisition cannot exchange commercially sensitive information before being under joint ownership, there is enough vital and legally permissible preparation work to keep an integration team busy for several months before day one. Most chief executives don't know this, and they waste the time that could be put to good use while they await clearance from the regulatory authorities. Good preparation means the integration can kick off on day one. Speed matters.

2. **No common vision:** In the absence of a clear statement of what the merged company will stand for, how the organization will operate, what it will feel like, and what will be different compared to how things are today, there is no point of the convergence on the horizon and the organizations will never blend.

3. Nasty surprises resulting from poor due diligence: Sounds basic but this happens so often.

4. **Team resourcing:** Resource requirements are very often underestimated. It can take two or three months to release the best players from daily business to join the integration team(s), find a backfill for them, sign up contractors to fill the gaps and set up the team's infrastructure. Most companies start too late and are not ready once the deal is completed.

5. **Poor governance:** Lack of clarity as to who decides what, and no clear issue resolution process. Integrating organizations bring up a myriad of problems that need fast resolution or else the project comes to a stand-still. Again: speed matters, but must be accomplished with sound decision-making processes.

6. **Poor communication:** Messages too frequently lack relevance to their audience and often hover at the strategic level when what employees want to know is why the organization is merging, why a merger is the best course action it could take, in what way the company will be better after the merger, how it will "feel", how the merger will affect their work and what support they will receive if they are adversely impacted.

7. **Poor programmed management:** Insufficiently detailed implementation plans and failure to identify key interdependencies between the many work streams brings the project to a halt, or requires costly rework, extends the integration timeline and causes frustration.

8. **Lack of courage:** Delaying some of the tough decisions that are necessary to integrate two organizations can only result in a disappointing outcome. Making those decisions will not please everyone, but it has the advantage of

clarity and honesty and allows those who do not find the journey and destination appealing to step off before the train gathers too much speed.

9. **Weak leadership Integrating two organizations is like sailing through a storm:** you need a strong captain, someone whom everyone can trust to bring the ship to its destination, someone who projects energy, enthusiasm, clarity, and who communicates that energy to everyone. If senior managers do not walk the talk, if their behaviours and ways of working do not match the vision and values the company aspires to, all credibility is lost, and the merger's mission is reduced to meaningless words.

10. **Lost baby with bathwater:** Companies contemplating a merger or acquisition too often fail to pinpoint what particular attributes make the other party attractive, and to define how they will ensure those attributes will not get lost when the organization and the culture have changed. Culture cannot be bought – it needs to be embraced

(August 3, 2010 / The Telegraph UK)

When asked a finance professional why many M&A deals fail, Matthew Lester responded the following:

1. There is a **lack of knowledge** of what fundamentally makes the company valuable and whether this can survive a merger, e.g. an entrepreneurial culture. Due diligence is often legal and financial as opposed to commercial, strategic and cultural.

2. The acquisition is **defensive in nature**, i.e. it is an opportunity to cut costs but is presented to shareholders and investors as a growth deal. Expectations are not met and the deal is considered a failure.

3. **The integration is not properly planned. People are unclear about what should happen** – and can thus destroy the very thing they have bought, e.g. by dismissing the very management that made the business valuable in the first place, in favour of their 'own' staff."

Matthew Lester, CFO, ICAP (DD Consulting)

On an article of Harvard Business Review published in 2012 titled *"The New M&A Playbook,"* the authors blamed M&A failure also on the lack of knowledge and the wrong planning.

> "So many acquisitions fall short of expectations because executives incorrectly **match candidates to the strategic purpose of the deal, failing to distinguish between deals that might improve current operations and those that could dramatically transform the company's growth prospects.** As a result, companies too often pay the wrong price and integrate the acquisition in the wrong way."

Christensen, Alton, Rising, Waldeck (HBR 2011)

Why the M&A failure rate is high? Perhaps a more accurate source that could help answering this question, are the results of the yearly surveys of one of the worldwide consulting firms, Aon Hewitt.

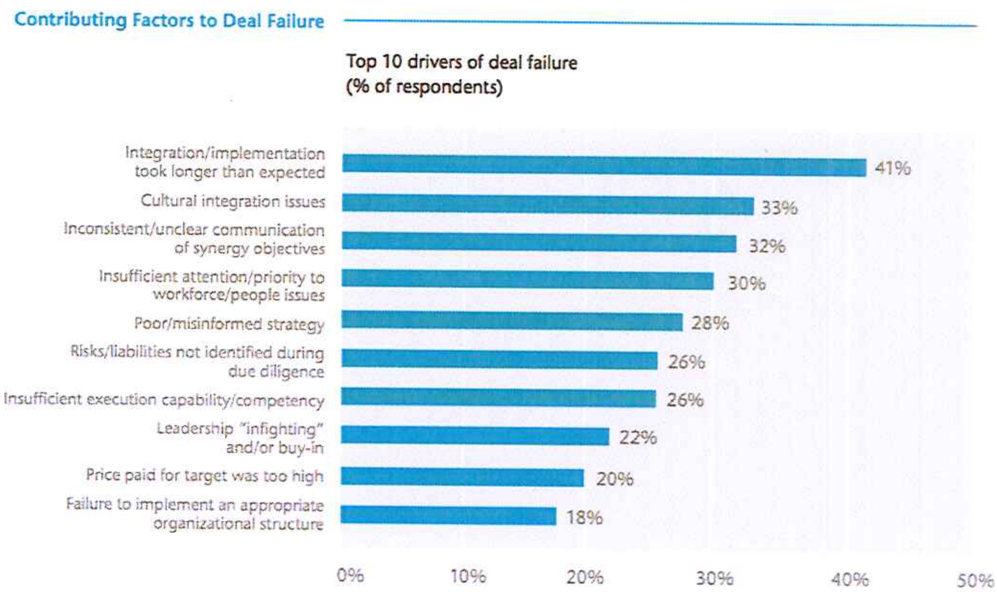

Figure 6. – Aon Hewitt 2011 Global Survey Findings on Culture Integration in M&A

According to 2011, global survey findings on culture integration in M&A in which Aon Hewitt asked executives of 123 organizations around the world about their M&A integration experience found that the most common factor for failure were: a delayed integration/implementation; followed by culture integration issues and unclear communication.

Here are the ten drivers of failure according to Aon Hewitt:

1. **Integration/Implementation took longer than expected (41%)**
2. **Cultural integration issues (33%)**
3. **Inconsistent/unclear communication of synergy objectives (32%)**
4. **Insufficient attention/priority to workforce/people issues (30%)**
5. **Poor misinformed strategy (28%)**
6. **Risk/liabilities not identify during due diligence (26%)**
7. **Insufficient execution capability/competency (26%)**
8. **Leadership "infighting" and /or buy-in (22%)**
9. **Price paid for target was too high (20%)**
10. **Failure to implement an appropriate organizational structure (18%)**

While researchers personal opinions could differ one from another, there is a common similarities in almost all their research; most of them come to the conclusion that is the lack of preparation when it comes to the integration process; the integration took longer than expected, or issues of corporate culture arose and all of them are to blame for the failure to achieve success.

The study of Express International Shipping (EIS) pretends to investigate what challenges occurred during the integration phase on its newly acquired companies in Europe; making this section of extreme relevance for this investigation.

2.5 M&A in the Logistic Industry

As we can see from the figure below, Asia & Oceania regions are leading the way in 2016 with 28 deals totaling USD $21,203 million followed by the UK & Europe and then North America with eight mega-deals totaling USD $4,331 million and USD $7,506 million respectively.

Figure 7. – Pwc– Transportation and Logistics deals by region

A positive outlook M&A in the logistic industry

According to a PWC report "Global Transportation and Logistic M&A Deals Insight Q2 2016" predicts a positive outlook for the Transportation and Logistic Industry in 2016. Here are some factors that will continue to spark M&A growth going forward:

- Strong **positive outlook for global M&A activity** across the board, continuing an upward five-year trend of consistent growth and steady recovery in the US

- The continued **drive by corporations to outsource logistics** as it becomes a more **specialized and technology-driven function**
- The continued **expansion of e-commerce** and the demand it creates for investment in the Logistics sector
- **Globalization and the expansion of world trade** will create the need for advances in technology and growth in the Transportation and Logistics sector.

CHAPTER 3 – RESEARCH METHODOLOGY

3.1 Research Question

The research question involves the past experiences from employees that went through an M&A during the last eighteen months. This will therefore shed some light on useful data that could help us corroborate the premise referenced here of why so many M&A deals fail. Also, it will provide us with information from a "lessons learned" perspective that will be helpful for future M&As opportunities for Express International Shipping.

"According to executives and employees, what have been the biggest challenges for the Express International Shipping (EIS) merger and what could this tell us about critical success factors for future M&As?"

3.2 Research Strategy

The primary question that drove and encouraged this study was, why so many M&A fail to achieve the expected results? Why is the rate of failure so big? The study uses an exploratory qualitative approach since the explanatory method aims at "finding out what is happening; to seek new insights; to ask questions and to assess phenomena in new light" (Saunders, 2006).

The exploratory method aims at "finding out what is happening; seeking new insights; to ask questions and to assess phenomena in new light" (Saunders, 2006); this is the main reason why the study selected an exploratory approach. Therefore it used interviews with open-ended questions to collect data from professionals currently working in a logistic firm that went through a merger or acquisition recently.

"The purpose of qualitative research is to gain an in-depth understanding of purposely selected participants from their perspective" (Patten, 2014). The qualitative approach provides the collection of information that cannot be quantified (Strauss & Corbin 1998). Therefore, the qualitative approach was considered appropriate and less problematic with regard to the relative ease of collecting available numeric and statistical data.

According to Patter (2014) "the use of purposely selected participants requires the researcher to have access to a particular type of members who were particularly likely to understand the phenomenon." This study aims to extract experiences from selected senior professionals in the European logistic industry that went through a merger within the last eighteen months. This investigation covers opinions and perspectives of different top executives in The United Kingdom, Poland, and Belgium.

By investigating the positive and adverse effects of going through the integration process, this study aims to shed some light on the "lessons learnt" not only to help future researchers advancing on the M&A subject, but also to help International Express Shipping with future mergers and acquisitions.

3.3 Scope and Approach

According to Polit (2001), explorative studies are undertaken when a new area is being investigated or when little is known about an area of interest. It is used to examine the full nature of the phenomenon and other factors related to it. Although there are many studies conducted on M&A, little research has been done emphasizing only the integration process. According to Weber, Tarbar, Oberg, (2013), "All value creation in the M&A hinges on the combined firm's ability to effectively integrate their operations to exploit their potential synergy." In other words, it is during the integration process where cultural clashes and challenges arise. Although the integration process is

known to be a pivotal part of the process; it is not always given the importance and the consideration it merits from negotiators during M&A decision-making process.

Holloway and Wheeler (2002) point out that the sample size does not influence the importance or quality of the study and note that there are no guidelines in determining sample size in qualitative research. Qualitative researchers do not typically know the number of people in the research beforehand; the sample may change in size and type during research. Sampling goes on until saturation has been achieved and until no new information is generated (Holloway 1997).

Saturation for this study was reached after 15 participants.

3.4 Interview Process

A list with potential participants was put together with the help of Express International Shipping's senior executive team. An email invitation was sent to the list requesting their time for the research; 23 responses, which were received, were followed up on in order to schedule an appropriate time for the meeting. All interviews were performed during the last week of the month of August, and all were conducted in open - but topic oriented – in-depth discussions with the participants. Saturation for this study was reached after 15 participants.

Burns and Grove (2003) define eligibility criteria as "a list of characteristics that are required for the membership in the target population."

The criteria for inclusion in this study was the following:

***Senior or mid-senior level employees**

***Experienced a merger in the last 18 months**

As previously mentioned, the interviewees come from three countries in Europe: Belgium, Poland, and The United Kingdom. Participants were current employees of Express International Shipping and had experienced an M&A integration process in the last 18 months.

Here is the breakdown of the participation by country:

Belgium	**6 interviews**
Poland	**4 interviews**
The United Kingdom	**5 interviews**
TOTAL	**15 interviews**

Saturation for this study was reached after 15 participants.

The data flow presented here follows the same structural order of the conversations that took place during the interview meetings.

1. The M&A integration experience
2. Lessons learned
3. Advice for future M&A

The interviews were held in person (face to face) or by video conferencing. Participation was voluntary, and the data was collected in sessions which lasted 25 to 40 minutes.

At the beginning of the interview, the purpose of the study, privacy, confidentiality, and ethical issues were discussed. All interviews were recorded, and notes were taken to be analyzed later on for recurring theme words or events. A

systemic coding method (serial numbers), which were not recognizable, were given to each participant to protect his or her privacy and confidentiality.

The following statement was read at the beginning of the meetings:

> *I am an MBA candidate conducting research to explore the positive and adverse effects mergers and acquisition.*
>
> *All participants' contributions and responses will remain anonymous and used only for academic research purposes. Please be honest; at no time will participant-level information will be communicated to or reported to managers or other employees. Recordings/transcripts of the interviews will be kept for three months if academic validations are needed and then they will be destroyed. Participation is voluntary and can be withdrawn at all time. If you feel uncomfortable by any question, please feel free to let me know and I will skip to the next one.*

3.5 Interview Questions

A set of open-ended questions about the M&A experience were carefully put together while taking into account the 30 min time constraint.

Introductory questions

How long have you been working for the company?
What is your current position?
In what country are you based?

M&A Questions

1. *What has been your overall experience of the International Express Shipping merger? Positive? Negative? Please elaborate on both.*
2. *What did the M&A team do well while the integration process was on-going during the merger?*
3. *Any advice for International Express Shipping on how to approach future M&A?*

CHAPTER 4 – DATA ANALYSIS

4.1 Findings

As previously stated, 40 to 80% of mergers fail to meet their targets (HBR, Dunbar 2014) and on the average, the acquired firm loses up 40% of its managers during the first 24 months after the merger (M&A VSC Growth 2011). These high numbers are the driving force behind this study. What are the main reasons of M&A failure? Why do M&A deals fail? To better understand the situation, it is important to analyze and understand real organizational experiences and learn from them in order to not repeat the same mistakes again on future M&A deals.

All International Express Shipping employees provided rich and vast information on their experience (positive and negative) with regard to the merger, and different recurring themes came out in various countries, which will be explained in more detail later on.

The question below attempts to determine what went wrong and what went well during the integration period.

4.2 What has been your experience of the Express International Shipping (EIS) merger? Positive? Negative? Please elaborate on both:

BELGIUM

As we can see from the quotes below, there were two main recurring themes on the positive effect in Belgium: employees stated the M&A: made the company more flexible and brought access to new products to their market. The second part of the question, in which the interviewees are asked to describe a negative experience, three

recurring themes came out in almost every interview: poor communication, issues regarding the speed of the integration, and cultural differences.

Below some of the most relevant answers:

Positive?

> "It was a breath of fresh air. In the past, we were stock; we were growing, but not creating new products. Now, our focus has shifted to e-commerce; products are implemented a lot quicker. We are a more flexible company". [Flexibility/New Products]

> "In the past, we were forced to work with a few partners and suppliers, now I able to go to the market, we have more freedom to pick the partner that will give us better pricing and the best service for our products." [Flexibility]

> "We learned each others' types of business and took the best things with us and created new ideas and products. We can now offer to our clients the innovate products in the market. Merging the two companies was a brilliant move because we were too focused in postal, and that would not help us in the future since the future in this business is e-commerce. " [New products]

Negative?

> "The way it was communicated [The Merger], it wasn't proper, they just shoved everyone in a room, and they told us in a very blunt way what was happening. After that, we were left in the dark" [Lack of communication]

> "It was not well structured, meaning the communication with the particular team was there, but not to the level that we all expected. Some information you have to keep to yourself, but what if people don't have a view of what the future is, what the plan is, and and an idea of its timelines? It's not that easy: two groups come together and have to

decide. Confusion can begin to hover over the employees. Prepare a little more in the future. "[Lack of communication]

"Also due to tight deadlines, a restructuring needed to be done fast. Some people were placed in the wrong roles and as a result, we lost about 20% of our individuals."
The people aspect was overlooked. People were afraid and anxious about losing their jobs. In the beginning, people were excited about the change and then when they saw how it badly it was managed, there was a drop in employee morale and productivity". [Speed of integration/employee morale and productivity]

"The US team is not used to our culture; I am sure our parent company in the US is asking themselves; Why aren't they doing their jobs? They underestimated the cultural issues. You can't just copy paste what already worked in the US and paste it here in Europe; that just doesn't work." [Cultural differences]

"American's style of management is completely different; in the US, people have important discussions, which can almost come close to fighting, and anyone can challenge anyone, even the CEO and later go for a beer altogether, and everyone is happy! In Europe, we are a little different; we are more political, we will never challenge or confront our CEO. When it comes to making decisions for something, we will try to get a consensus, so everyone is responsible so its everyone fault - even if it doesn't work" [Culture differences]

"In the US, decisions are made a lot more quickly than in Europe. Here it takes more time, here you will have to make a business case, you are looking almost a year for a new product to get launched. It seems that in the US, everyone gets involved, even stops what they are doing and can launch a product in 30 days, even if the product is not always viable, it will have some flaws, but they fix it along the way." [Culture differences]

POLAND

As we will see below, there were two recurring themes on the positives: all interviewees got promotions and they had a felt good feeling about the merger since now the company belonged to a larger multinational organization with several offices around the world. However, the positive was overshadowed by major issues with the integration of the IT systems which caused many headaches in their day to day operations.

Positive?

> "Positive because I got promoted and got a salary increase. The company saw talent in me and they gave me the responsibility of the entire group in my new job. I am now managing more people in different locations." [Promotions]

> "Now we belong to a global company, work with international clients and communicate with employees all over the world" [Multinational corporation]

Negative?

> "There was an issue with the IT systems; both companies were using different platforms [warehouse management systems]. It took a while to get proper training, but the challenge was integrating both systems; they still have to migrate from one platform to the new one, and so because of that right now we have only two clients that have transitioned to the new system. So, we have two systems." [Issues with IT platforms]

THE UNITED KINGDOM

In the United Kingdom, there were similar finding; employees also got promoted, and the merger brought new energy and a new vision for the business. Most of the interviewees got more responsibilities. On the negative side, interviewees also shared some of the same themes as Poland and Belgium; one of them was the lack of communication and not taking into consideration real cultural differences, which caused misunderstanding and in many times it delayed the integration. Also, the timing of the integration was an issue to many as they stated that it took longer than what was expected. And as we noticed previously, another recurring theme was the problem with the IT infrastructure.

Positive?

"M&A has enhanced my status in the company; I have been fast - tracked as a strong leader. It created opportunities, I got promoted, mentored. I am now involved in strategic decisions; there is also more openness. Previous to that, it was very close around here, almost a dictatorship. Has been a breath of fresh air. " [Promotions/more responsibilities]

"M&A brought to us new direction and made the company more dynamic. The new team is very sales - focused and driven. The momentum was increased, and decisions are now made a lot quicker. Layers were lifted, and now we are moving in the right direction." [New vision]

Negative?

"Initially, the lack of communication and direction. From the top down, regarding the direction where we wanted to go, there was uncertainty. For the top down communication was lacking regarding what the structural changes were and what type of business we were going to pursue should have been made evident a lot sooner. [No clear communication] Better and clear goals. The integration took too long, not as long as Belgium. Nervousness, uncertainty, anxiety: all were present during those two months and thought it should have been done a lot sooner." [Lack of communication]

"Communication was not adequate; there was some good discussion at the managerial level, but was not provided to the sales reps, which created the wrong impression and vision for them - and for us. We had some people that just left. We lost them, and they were good; they could have made an excellent contribution to the new business. Also, it created a bit of anxiety and fear for everyone; there was a lack of communication. " [Lack of communication]

"[American and European] Differences in how they communicate. Americans are more direct in communication style they are also more directive when leading a team. Europeans are a more of the consultative approach, less direct. The notion of money, when introducing an incentive scheme that rewards employees for good performance with money is good in the US; however, in Europe, money is a taboo subject. Europeans don't like to talk about money and for Americans, money is the best incentive at work, not here." [Cultural differences]

"We are an American - based company; very agile and entrepreneurial. People put in a lot of work hours in America and that shows that they are committed. In Europe, employees are engaged in a different way; they care more about the work/life balance aspect of life. For example, in Europe, employees have 4 to 6 weeks of vacation a year.

In North America employees only get three weeks per year; and that created frustration. We underestimated the time-line and culture." [Cultural differences]

"We now have two operating systems, and what that does is create a lot of inefficiencies all the way to finance, we have to create three different invoices per transaction. " [IT systems]

4.3. What did the M&A team do well while the integration process during the M&A?

The above question is trying to determine, according to employee's experiences, what the M&A team did well during the integration. For this question, employees appeared to have difficulty remembering, and coming forward with information, actions or events that the M&A team did well. In Poland, English courses were part of employee training and in the UK interviewees recognized that identifying the key people in the organization was a good thing. It is important to note here that it was at this phase of the interviewing process where the issues of not having an M&A team was brought to attention. Some of the respondents in Belgium replied: What M&A team? Later, in chapter five, the absence of an M&A integration team will be explained in more detail. Nevertheless, here are some of the most recurring themes:

BELGIUM

"Let's now be a bit sarcastic, ... which M&A team?
And when I say 'which M&A team?' I mean we have not been accompanied during this 'roller coaster' period." [Absence of M&A integration team]

POLAND

"The new company provided training for employees and also offered English courses for employees." [Employee training]

UNITED KINGDOM

"The US team learned very quickly. I would say they also did a good job at identifying the profile of employees that shared the same global vision and asked for their advice." [Identifying key people]

4.4 Any advice for Express International Shipping (EIS) on how to approach future M&A?

This last question was received with a little more enthusiasm by the interviewees in the three countries. It is important here to stress that through the process of interviewing, the absence of and M&A team integration team came up here again. According to the employees, a VP senior manager of the American team performed the integration; it is inevitable then, that the presence of an M&A team was the number one piece of advice that arose from the respondents in every country. Also, better communication and taking into consideration cultural differences were the other most recurring themes, followed by better planning, timing of the integration, and issues related to the IT systems. Here are some the most notable answers:

BELGIUM

"Create a global M&A team that will work with all regions in identifying opportunities." [M&A team]

"I'd say, dedicating one global manager from the VP level to do the integration for a period of 2-3 months during the acquisition. (The time the management structure is in place); this will ensure a presence, instill the new spirit, short-cut any gossip or negative trends, be present and be able to answer people's questions, or in other words, be the ambassador of the new company." [M&A integration team]

"Incorporate change management processes and procedures. Whenever you make people redundant, you need to communicate to the team what is happening as correctly. as possible." [Better communication]

"This M&A has been the most challenging for me. Here the M&A took a long time to happen. Not having clarity isn't good for employees. If you make changes to people's lives there is always uncertainty. So, I think shortening the integration process would be great and avoiding as much as possible - not having clarity. I mean, there are still changes that are happening, and we are not finished yet. You have to be open to your team if you don't know the answer, and say that you don't know." [Shortening the M&A period]

POLAND

"To have a more precise direction and information for the employee, that way stress can be avoided." [Better direction/vision]

"Better planning for IT systems, it's almost a year later, and we haven't been able to migrate to the new system." [Planning IT]

UNITED KINGDOM

"Be mindful of the cultural differences, Try to have someone that knows the market of every country on the M&A team like a country expert." [Culture differences]

"Communication is essential, make sure everyone is communicated to all levels and get to know as soon as possible who the leaders are. There is nothing better than a town hall meeting with a Q&A session." [Communication]

"Never assume that we can just impose the American culture in other countries overnight. It also takes time." [Culture differences]

"To engage all staff from top to bottom. A clearer vision of where we are going as a company from the beginning. Explaining what we are looking to achieve. " [Communication/vision]

4.5 Findings Summary

The figure below illustrates a summary of every question and its respective recurring themes.

Question	Belgium	Poland	United Kingdom
1. How has it been your experience of the merger? Please elaborate on both			
Positive?	More flexible company; more and better products offering	Employee promotions; more responsibilities; belong to a global company	Employee promotions; more responsibilities; new company vision
Negative?	Lack of communication; cultural differences; speed of the integration	Not taking in cosideration IT system	Lack of communication; cultural differences; IT systems issues
2. What did the M&A team do well while the integration process during the M&A?	Good mix of people from both companies	Offered English courses for Polish employees	US team learned and adapted quickly
3. Any advice for the company on how to approach future M&A?	Establishing and M&A integration team; provide better communication; shortening the integration period	Better communication; better planning for IT integration and migration	Better communication; Taking into consideration cultural differences; and better planning of IT integration and migration

Source: Summary of interviews recurring themes . Prepared by the author

Table 1. Summary of interview recurring themes

Lack of communication, cultural differences, issues with the speed of the integration, and not taking into consideration the IT platforms (highlighted in blue) were the most recurring themes that pop up when interviewees responded about their negative experiences or other events related to the mergers. Each theme is explained in more detailed below:

Lack of communication

Communication is quite possibly the most important aspect of any merger. The message here needs to be accurate and tailored to the audience without telling them too much or too little. Aon Hewitt classifies "Inconsistent and unclear communication of synergy objectives" as number three on their list of contributing factors to the failure of

M&A deals. Knilans (2009) emphasizes that if the message and themes that are expressed to all parties are not consistent, then confusion, fear, and a lack of faith in the integration process is likely to occur.

In the case of Express International Shipping, interviewees confirmed the lack of proper and frequent communication many times during the interviews. According to employees, they felt as though they were left in the dark and this created anxiety and fear, especially after almost 20% of the workforce had been previously fired. It was not clear to them if there was going to be another round of restructuring, and that in turn created internal gossip and speculation. Knilans (2009) confirms that most employees talk about worst-case scenarios, in terms of who will be retained, who will be released and how the everyday rules of the game will change once the dominant culture shifts into ascendency. The below was corroborated in Belgium and in the UK where employees received few updates regarding the process and started gossiping and would create the worst and best case possible scenarios regarding their future in the organization.

Cultural differences

What can go wrong regarding corporate culture when two companies try to integrate? Many researchers argue that people don't believe in the new organization, don't understand each other and end up looking for another job. Cultural difference was one of the themes that was brought to attention several times during the interviews. Knilands (2009) points out that the primary reason many mergers and acquisitions do not deliver longer-term value is because they lack a strong cultural integration plan. To many Express International Shipping employees it felt as if they [Senior executives] approached the process as being merely a "copy/paste" from the American company in Europe. The interviews also confirm that cultural differences were placed on the back burner and not a lot of thought was given when considering the integration planning; this created different sets of expectations within both teams, which lead to significant

delays, frustration, anger and ultimately, falling short of achieving pre - established financial goals.

Speed of the integration

According to the 2014 PwC M&A integration report, it is indicated that performing integration at a faster pace than a company's normal operations leads to greater success in achieving strategic, financial, and operational goals in their deals.

Express International Shipping employees in Belgium stated that the integration process took longer than expected and in some places several structural changes were still taking place, suggesting that the integration was not yet finished.

It is important here to let the reader know that the operations in Belgium are the largest in terms of assets and workforce; it is double the size of operations in England and triple of that in Poland; these being a contributing factors for having to take a lot longer with the integration. Another reason in explaining the tardiness of the implementation in Belgium was the presence of unions and the worker-protection laws in place regarding worker rights. Also, Belgium enjoys one of the most comprehensive and generous set of employee compensation and benefit packages in Europe; therefore making it extremely challenging and bureaucratic to make changes to the organizational structure.

IT platforms

Information technology (IT) integration is a major challenge and remains at the top of the list of integration issues. According to PwC, 45% of survey respondents reported IT as an area of post-close difficulty, 79% also reported that moderate to significant delays were experienced in achieving integration goals (2014 PwC M& Integration Report).

In the particular case of IES, the IT issue was brought up a few times in England and many times in Poland. According to Polish managers, there was very poor planning of the integration processes of the IT platforms and months after the acquisition of their company they were still experiencing the pain of migrating to one single platform. Having not yet achieved this goal resulted in keeping three different systems alive and created unnecessary redundancies and loss of productivity when attempting to complete a single task.

The IT issue in the UK is less severe than in Poland; they have to deal with two systems, which causes repetitive tasking here as well. For example, managers have to have to produce two different invoices to bill their customer and suppliers. Again, IT savings and synergies integration is an issue that should be discussed during the due diligence phase. Failure to do so will lead to having to support two IT structures and would hobble single tasks in many different departments across the organization.

As you can see from the overview of findings, the recurring themes are consistently corroborated, proven and are substantiated with regard to the literary review. The themes here presented will be analyzed once again in the next chapter, as they will be a great resource when answering our research question.

CHAPTER 5 - CONCLUSION

5.1 Conclusion

At some point or another, an organization will be faced with the dilemma of growing organically or through a merger and acquisition strategy (inorganically). Growing through mergers and acquisitions, M&A has been the preferred growth strategy for many multinational companies. The logistic industry has not been the exception to this trend, and future cross-border deals are expected to continue and increase in size and dollar amounts in 2017; therefore, it is no surprise then that companies are looking for ways to improve their M&A skills, especially when it comes to the ability to assess and integrate companies successfully. To address that issue, this exploratory study aimed to shed some light on the positive as well as adverse effects which occurred during the integration phase of the M&A process.

The study is significant not only because it contributes to the M&A subject, but it also helps by providing to the logistic industry cross-border M&A subject matter. Through interviews with senior managers, a great deal of rich and consistent information was gleaned from participants from three different countries: Belgium, Poland, and The United Kingdom. The findings of the study corroborate the reasons and drivers of M&A failure presented in the literature review. It was not a coincidence then, that the top four reasons of failure previously discussed in chapter two are also the same topical areas of concern for Express International Shipping.

Before a successful integration can begin, proper planning for its overall success needs to be in place. Unfortunately, many times the integration initiatives fail from the beginning because the integration is initiated before any thought is given to the planning for the course of the integration (Knilans 2009). In the case of International Express Shipping, after analyzing and reviewing the findings, we can conclude that not a

lot of thought was given to the planning of the integration during the due diligence process. Also, the integration was left in the hands of inexperienced managers that scrambled to learn along the way, or to simply implement ideas or practices that they had previously used to without regard to the impact it would have on the employees and on the cultural impact of the organization acquired or merged with.

Based on the exploratory interview program performed to support our qualitative research, this study makes the following a contribution to the M&A subject.

As previously stated, the opinions and experiences from employees gathered from the interviews support the different authors of the literature review. And with that information in mind, it is with certitude that we can proceed to answer our research question.

"According to senior executives and managers, what have been the biggest challenges for the IES merger and what could this tell us about critical success factors for future M&As?"

According to senior executives and managers, the main challenges during the merger have been the following:

1. **Lack of communication**
2. **Cultural differences**
3. **Speed of the integration**
4. **Issues with IT platforms**

For future M&A, Express International Shipping should consider the following:

1. **Better communication**
2. **Presence of an M&A integration team**
3. **Better planning of IT integration and migration**
4. **Taking into consideration cultural differences**
5. **Shortening the integration period**

It is important to highlight that the only difference on the list of themes of advice for future M&A (highlighted above), was the presence of a dedicated M&A team. This will be an essential resource for assuring the future success of the integration. It then, comes as no surprise that the absence of an M&A global team was brought up many times during the participant interviews. Having said that, the overall contribution to International Express Shipping that comes from this research is the discussion and the creation of a global M&A team, its creation it is currently taking place and is expected to be up and running early in 2017 based out of the United States head quarters.

It is almost impossible when talking about M&A integration, not to speak about the differences in "corporate culture"; and in the case of cross-border M&A, not bringing up the subject of "national culture" is a limitation. Therefore, it is recommended to include the corporate and national culture variables into consideration when investigating further into future research of this subject. Another possible consideration are the language barriers; while English is the official language in Britain, Belgium has two official languages, French and Flemish and Poland has only one, which is Polish making it also a limitation for the study. For example, the culture in Poland was not very forthcoming with information as they are an ex Soviet communist country where it is not well perceived to speak or complain against your boss or the company which made challenging to get information.

To conclude, although the study does not reveal any new discoveries for the reasons why M&A fail, it does corroborate and prove alignment with previous findings in the literature review which shows that the lack of communication, issues with IT platforms, cultural differences and the speed of the integration are the main reason of integration failure in logistic companies in Britain, Belgium and Poland. In the case of the company here in question such reasons will help to justify the creation and the allocation of 2017 budget for the existence of its first Global Strategy and M&A team.

REFERENCES

Aon Benfield United 2012. "Culture Integration in M&A." Culture Integration in M&A I Aon, 2012, http://www.aon.com/human-capital-consulting/thought-leadership/m-and-a/reports-pubs_culture_integration_m_a.jsp.

Barria, Carlos/ Reuters "MERGERS &Amp; ACQUISITIONS REVIEW." MERGERS & ACQUISITIONS REVIEW, 2015. http://dmi.thomsonreuters.com/content/files/4q2015_global_manda_legal_advisory_review.pdf. business success, Wiley, Hoboken, NJ, 2012..

Cartwright, S. Cooper, C. L.. "Organizational marriage: "Hard" versus "Soft" issues?". 1995, Personal Review, Vol. 24,

Cartwright, S. Cooper, C.L.. "Mergers and Acquisitions The Human factors." 1992, Oxford, Butterworth-Heineman

Chao, Loreta. "Logistics M&A Surged to Close a Busy 2015 for Deal-Making." Www/wsj.com. N.p., 9 Feb. 2016. Web. 29 Aug. 2016.

Chapman, Darach, Jonathan Kletzel, and Julia Smith. "Optimize Deals Global Transportation and Logistics Deals Insights Q2 2016 Update." Optimize Deals Global Transportation and Logistics Deals Insights Q2 2016 (n.d.): n. pag. Https://www.pwc.com/. 2016. Web. 29 Aug. 2016.

Christensen, Clayton M., Richard Alton, and Andrew Waldeck. "The Big Idea: The New M&A Playbook." Harvard Business Review. N.p., 01 Mar. 2011. Web. 25 Aug. 2016.

Clemente, Mark N, and David S. Greenspan. Winning at Mergers and Acquisitions: The Guide to Market-Focused Planning and Integration. New York: John Wiley, 1998. Print.

Davis, Danny, M&A integration--how to do it: planning and delivering M&A integration for DD Consulting. "M&A Overview, Chap 1. THE STRATEGIC DRIVERS." DD Consulting, http://ddavisconsulting.com/wp-content/uploads/2015/02/merger-acquisition-integration-danny-a-davis.pdf.

DD Consulting. "M&A Overview, Chap 1. THE STRATEGIC DRIVERS." DD Consulting, http://ddavisconsulting.com/wp-content/uploads/2015/02/merger-acquisition-integration-danny-a-davis.pdf.

Deloitte 2015, Integration Report. "Deloitte Integration Report 2015." 2015, doi: http://www2.deloitte.com/content/dam/Deloitte/no/Documents/mergers-acqisitions/integration-report2015.pdf

Deutsch, Clay, and Andy West . "Perspectives on Merger Integration." McKinsey &Amp; Company, June 2010, http://www.mckinsey.com/business-functions/organization/how-we-help-clients/merger-management.

Deutsch, Clay, and Andy West. "Perspectives on Merger Integration." McKinsey & Company. N.p., June 2010. Web. 14 Sept. 2016. <http://www.mckinsey.com/business-functions/organization/how-we-help-clients/merger-management>.

Dunbar, Keith. "The Leaders Who Make M&A Work." Harvard Business Review, 10 Oct. 2014, https://hbr.org/2014/09/the-leaders-who-make-ma-work.

Ecommerce Europe. "Ecommerce in Europe to Reach €509.9 Billion in 2016." Ecommerce News. N.p., 31 May 2016. Web. 06 Aug. 2016. https://ecommercenews.eu/ecommerce-europe-reach-e509-9-billion-2016/.

Galpin, Timothy J., 1961, Mark Herndon 1960, and School of Business Administration Book Endowment Fund. The complete guide to mergers and acquisitions: process tools to support M&A integration at every level, Wiley/Jossey-Bass, San Francisco, 2007.

Habeck, M. M., Kröger, F., & Tram, M. R. (2000). After the merger: seven strategies for successful post-merger integration. Harlow: Pearson Education Ltd.

Hofstede, G. (1980). Culture's Consequences. Sage, Beverly Hills, CA. Hofstede, G. (1997). Culture and Organisations: Software of the Mind: Intercultural Cooperation and its importance for Survival. McGraw-Hill.

Hofstede, G. (1980). Culture's Consequences. Sage, Beverly Hills, CA. Hofstede, G. (1997). Culture and Organisations: Software of the Mind: Intercultural Cooperation and its importance for Survival. McGraw-Hill.

Holloway I., Wheeler S. (2010). Qualitative research in nursing and healthcare. Oxford, UK: Blackwell.

Holloway, Immy. Basic Concepts for Qualitative Research. London: Blackwell Science, 1997. Print.

Knilans, Gerri. "Mergers and Acquisitions: Best Practices for Successful Integration." Employ. Relat. Today Employment Relations Today, vol. 35, no. 4, 2009, pp. 39–46.

KPMG 2016 Report "U.S. Executives on M&A: Full Speed Ahead in 2016." U.S. Executives on M&A: Full Speed Ahead in 2016 (n.d.): n. pag. The FORTUNE Knowledge Group (FKG), 15 June 2016. Web. 30 Aug. 2016.

Lewis, Alan, and Dan McKone. "So Many M&A Deals Fail Because Companies Overlook This Simple Strategy." Harvard Business Review. N.p., 10 May 2016. Web. 22 Sept. 2016. https://hbr.org/2016/05/so-many-ma-deals-fail-because-companies-overlook-this-simple-strategy

Lieb, Robert C. "Consolidation in the 3PL Industry: Why Is It Happening, and What Does It Mean?" – Logistics – CSCMP's Supply Chain Quarterly. N.p., 31 Aug. 2016. Web. 31 Aug. 2016.

McGrath, Chris. "ThoughtFarmer for M&A: Reduce Culture Clash in Mergers." Thought Farmer RSS. Web. 22 Aug. 2016. <https://www.thoughtfarmer.com/engage/ma-cultural-integration-whitepaper/>.

McGrath, Michael, Practical M&A execution and integration: a step by step guide to successful strategy, risk and integration management, vol. 6, Wiley, Hoboken, N.J, 2011.

Mirvis, P.H. and Marks, M.L. "Rebuilding after the merger: Dealing with survivor sickness," 1992, Organizational Dynamics, Vol. 21. No.2

Monaghan, Angela. "Deutsche Post Agrees to Buy UK Mail for £242.7m." The Guardian, Guardian News and Media, 28 Sept.2016 www.theguardian.com/business/2016/sep/28/deutsche-post-agrees-to-buy-uk-mail.

Patten, Mildred L. Proposing Empirical Research: a Guide to the Fundamentals. Los Angeles, CA, Pyrczak Pub., 2000.

Polit, D. (2001) Essentials of Nursing Research: Methods, Appraisal and Utilisation (5th ed). Philadelphia, PA: Lippincott.

Princhett, Price, 2015"Move with Urgency to Re-recruit Your Keepers." Merger Integration. N.p., 08 Oct. 2015. Web. 22 Aug. 2016. <https://www.mergerintegration.com/acquisitions/recruit-key-managers-employees-retention>.

Pritchett, Price. 2007 The Employee Guide to Mergers and Acquisitions. Dallas, TX: Pritchett, LP, 2007. Print.

Ritchie, Jane, and Jane Lewis. Qualitative Research Practice: A Guide for Social Science Students and Researchers. London: Sage Publications, 2003. Print.

Rottig, Daniel et al. "The Impact of Culture on Mergers and Acquisitions: A Third of a Century of Research." Advances in Mergers &Amp; Acquisitions Advances in Mergers and Acquisitions, 2009, pp. 135–172.

Rouse, Ted, and Tony Frame. "The 10 Steps to Successful M&A Integration." - Bain &Amp; Company, 4 Nov. 2009, http://www.bain.com/publications/articles/10-steps-to-successful-ma-integration.aspx.

Rouse, Ted, and Tory Frame. "The 10 Steps to Successful M&A Integration." - Bain & Company. N.p., 4 Nov. 2009. Web. 30 Aug. 2016.

Sarrazin, Hugo, and Andy West. "Understanding the Strategic Value of IT in M&A." McKinsey & Company. N.p., Jan. 2011. Web. 23 Aug. 2016. <http://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/understanding-the-strategic-value-of-it-in-m-and-38a>.

Saunders, Mark N. K., Philip Lewis, and Pitman Thornhill. Research Methods for Business

Students. Harlow: Pearson, 2007. Print.

Schwandt, Thomas A. Dictionary of Qualitative Inquiry. Thousand Oaks, CA: Sage Publications, 2001. Print.

Sherman, Andrew J.. Mergers and Acquisitions from A to Z (3). Saranac Lake, US: AMACOM, 2010. ProQuest ebrary. Web. 29 August 2016.

Siegenthaler, Paul J. "Ten Reasons Mergers and Acquisitions Fail." The Telegraph. Telegraph Media Group, 3 Aug. 2010. Web. 25 Aug. 2016.

Tepedino, Linda, and Muriel Watkins. Be a Master of Mergers and Acquisitions, vol. 55, Society for Human Resource Management, Alexandria, 2010.

Thompson, Debra. Human Resources: Proven Process for MERGERS & ACQUISITIONS When Dealing with the People, vol. 39, SouthComm Business Media LLC, Fort Pierce, 2016.

Voss, Bristol. Winning at Mergers and Acquisitions: The Guide to Market-Focused Planning and Integration, vol. 19, Emerald Group Publishing, Limited, Boston, 1998.

VSC Growth 2011 "Mergers and Acquisitions: Part 1, 2011 Research Project,"

Weber, Yaakov, and Israel Drori. "Integrating Organizational and Human Behavior Perspectives on Mergers and Acquisitions." International Studies of Management and Organization, vol. 41, no. 3, 2011.

Weber, Yaakov, Shlomo Y. Tarba, and Arie Reichel. "A Model of the Influence of Culture on Integration Approaches and International Mergers and Acquisitions Performance." International Studies of Management & Organization, vol. 41, no. 3, 2011.

Whitaker , Scott. Cross-Border Mergers and Acquisitions. Hoboken , NJ, Wiley &Amp; Sons, 2016.

Zaheer, S. (1995) Overcoming the liability of foreignness, Academy of Management journal, 38, p.p. 341-363