

The Decision Nobody Made

Your acquisition can be on schedule, within its integration budget, and still fail to deliver the return the board approved.

Between Two Decisions

The board approves the deal and its value drivers. The integration team is then tasked with combining systems, processes, and operations. Somewhere between those two decisions, a critical question goes unanswered:

THE UNASKED QUESTION

'Did anyone decide that this integration path, on this timeline, was actually the best way to realize the value we paid for?'

Full integration, the path with the lowest ongoing run cost, becomes the default because it is the only option with a plan behind it. The alternatives are never fully costed. Commercial opportunities that don't require merged systems wait anyway. The people who understand the acquired business are stretched between running it and dismantling parts of it. **The integration dashboard stays green.**

Four Paths. One Priced.

At close, four integration paths exist. In most transactions only one is ever considered. The others are not rejected; they are never priced.

Path	What it means	Capital implication
Standalone	Operate the acquired business independently. Synergies come through commercial collaboration, not systems.	Highest run cost but bounded and budget-able. No integration execution risk. Value levers available immediately.
Coexist	Integrate reporting and financial controls. Leave operating systems and processes separate.	Moderate run-cost premium. Scope, cost, and risk contained. Value levers largely unblocked.
Selective merge	Integrate only where overlap is genuine and process difference is low.	Cost and risk proportionate to scope. Requires deliberate design, not a fallback.
Full integration	Merge all systems, processes, and teams within the transition window.	Highest execution risk. No cost ceiling on overrun. Value levers gated behind program completion. The default.

The run-cost premium of standalone or coexist is bounded and transparent. The cost of an overrun on full integration has no ceiling, and it is almost never modeled before capital is committed.

Why the Dashboard Stays Green

In my experience, the problem isn't necessarily poor execution. It's a missing capital-governance decision. Three groups of competent people each do exactly what they were engaged to do, and the decision falls into the seam between them.

- **The board** approves the capital. Its mandate ends at approval, and execution accountability does not travel with the capital.
- **The advisors** build a value model designed to justify the transaction, not to govern its realization. The engagement ends at close, precisely where accountability begins.
- **The integration team** is measured on migration milestones and cost to complete, not on the value model. When the plan slips, it manages scope, and the capital consequence never reaches the dashboard.

That leaves the CFO holding a business case that no longer governs anything, and answering for it at month 24.

> **TRANSMISSION LOSS**
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> The deal thesis exists; everyone assumes it persists. It does not. In our experience, 70% of programs miss their original business case before any intervention, and drift takes an average of 2.5 years to become visible to leadership. The dashboard stays green the entire time.

Month 0 and Month 24

At month 0, the plan is a straight line. At month 24, reality arrives as an accumulation of adjustments, each individually defensible, collectively fatal to the original thesis:

- **Scope shrinkage:** work deferred to a Phase 2 with no approved plan or funding.
- **Parked systems:** platforms still running, with duplicate cost and growing technical debt.
- **Schedule slippage:** the 36-month program now projected at 48 or 54 months.
- **An accidental selective merge:** the program ends up partly integrated by constraint, not by design.
- **Value levers still idle:** commercial, pricing, customer, and data initiatives still waiting, their owners 24 months into a holding pattern.

Many of those levers never needed merged systems. They needed access, alignment, and commercial authority. **The cost of waiting is the monthly value of the gated levers multiplied by the months they wait,** and it appears on no dashboard. Left alone, the sequence ends in a redesign program seven years from close, with the thesis still undelivered.

The 10% Rule

Above roughly 10% of the buyer's size, a full integration inside a 36-month transition is unlikely to complete without paying a price somewhere. The constraint is knowledge, not skills. **Skills can be hired. The judgment that resolves exceptions cannot.** It lives in people who are still running the business while the integration runs on top of them, and even a 5% acquisition can add 30% to a tax, legal, treasury, or compliance team.

When capacity runs out, something gives: **risk** is absorbed silently, **cost** is incurred without approval, or **people** leave and take customer relationships with them. Every plan pays one of the three. The honest plan names which one before capital is committed. The seller won't fill the gap: a transition services agreement continues a service, not knowledge, and by months 6 to 12 the window to negotiate named experts and pre-priced extensions has closed.

The Cross-Examination

'Running two sets of systems costs more.' It does. That premium is bounded and budgetable. Integration overrun has no ceiling.

'Higher ongoing cost is bad.' Compared with what? No one priced the cost of waiting, the risk of disassembling a working system, the extensions, or the people who left.

'The deal was priced on integration synergies.' Then re-phase them. A synergy assumed at year one that arrives at year four is not the synergy that was bought.

THE DECISION RULE

A more separate path is the better capital decision when its run-cost premium is less than (a) the value pulled forward by unlocking commercial levers earlier, plus (b) the risk avoided by not disassembling a working system under time pressure, plus (c) the extension and overrun costs avoided. Honestly modeled, full integration is not the winner as often as it is chosen.

Six Tests Before Capital Is Committed

The central question is simple: **when did anyone decide that the integration plan was the right route to the return the board approved, and what would it cost if they were wrong?** It deserves an answer before integration capital is committed, not 24 months into the program. Six tests produce that answer as a decision of record, signed by the value owners.

1. **Thesis.** Does each value driver have a named owner, an activation date, and an explicit dependency on the integration path?
2. **Size.** Where does the deal sit against 5%, 10%, and 25%, overall and in the thinnest function?
3. **Overlap.** How much is genuinely shared, and which process differences must be preserved?
4. **Absorption.** Who holds the knowledge, how long will they stay, and who on the buyer's side has time to receive it?
5. **Clock.** Does the plan finish before the transition agreement ends, with a buffer and a pre-priced extension?
6. **Something gives.** Which of risk, cost, or people absorbs the gap, decided explicitly by the right people?

Gate reviews at months 6, 12, and 18 keep the answer honest. Each gives the board a capital balance sheet, not a status report: capital approved vs. committed, value activated vs. pending, risk absorbed vs. mitigated.

Five Questions for Your Next Integration Review

Drawn from the 30-point analysis. If the answers aren't on the table, the decision probably wasn't made.

1. **Which value levers could activate now, without merged systems, and why are they waiting?**
2. **What is the monthly value of the levers gated behind this program?**
3. **At what point does the cost of overrun exceed the present value of the synergies it unlocks?**
4. **Who are the ten people whose departure would compromise this program, and what secures them?**
5. **Where is the decision of record: the paths considered, the cost of each, and who chose?**

Already 24 Months In?

The decision can still be made, late, if necessary, but deliberately: trace scope back to the business case, price the remaining paths, and name what is giving. In our engagements, programs restructured this way have moved from 30% of value delivered to 80% of approved scope within 3.5 months.

THE CONVERSATION

If you are not certain the integration decision at your organization was made consciously, that is the conversation Plateau Strategy exists to have, one on one or in a working session where CFOs from several firms run the six tests against their own deals.

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