

Against the Odds

Steve Schlesinger, CEO of Schlesinger Group, discusses his experiences navigating acquisitions in the international marketing research services arena.



Mr. Schlesinger, according to Harvard Business Review, 70 to 90 percent of all mergers and acquisitions fail. At Schlesinger Group, acquisitions form a major part of your strategic plan and appear to be operating highly effectively. To what do you attribute your success?

Schlesinger: I believe that those high figures must represent acquisitions and mergers of key competitors and companies for whom the key strategy is a “get” – to knock out or absorb competition or to enter a completely unknown market. Our acquisition strategy is deeply seated, not in what we can “get” from a company, but in what we can “give” it as a group. When reviewing a company, we look for opportunities to add competitive value for future growth and return on investment. There are, of course, many success and failure criteria but for Schlesinger, this is a key element of a successful acquisition. The other key criteria for us are a thorough investigation into the culture of the company and how that will integrate within our culture.

What are your main reasons for deciding to acquire a company? Do you target particular price ranges?

Schlesinger: With a total of eight acquisitions – six in Europe and two in the US, purchase prices have ranged from 400 thousand dollar to 13 million dollar. We look at the revenue at the time of acquisition and forecast what it could become once we introduce our knowledge, resources, technology and client base. Of course, we always wish to grow our business and any acquisition has to be profitable in the medium to long-term but growth is just one of our goals. In the US, growing our expertise has been a factor. In Europe, the bigger picture of providing a one-stop solution for our client research needs in key markets has been the main driver. Some of our companies are more profitable than others and this can vary year on year but the constant is that “the whole is great than the sum of its parts”.

You are experts in data collection services, setting up and running research facilities, recruitment teams and managing platforms, so why not just create a blueprint and set up your own facility and team in your acquisition market?

Schlesinger: There are some really great companies out there which are open to the idea of taking their business to the next level but simply do not have the resources to do so. What they do have is invaluable local knowledge of the economic, cultural and research landscape along with loyal clients and deep relationships. We believe in seeking out the best companies – not always the biggest – with shared core values and passions, we are better off than doing it from the ground up. Importantly, we will have already partnered with such companies through our Global Services team and have tested their performance which helps mitigate the risk.

It is one thing for an owner of a business deciding to sell – it is a whole other experience getting the buy-in of their employees. How do you achieve this?

Schlesinger: It is important to recognize the strong stereotype of a big US Company acquiring in Europe and imposing its US culture and business formulas. When we seek to acquire a company, after taking a look at the accounts, our next interest is the incumbent team, in particular the future leaders of the company. A strong team for us is critical. The very first communications we make with our new teams is that their talent is valued and was a critical part of the decision process. We share our culture code and know that establishing genuine trust is paramount. We do a lot of listening and can learn a great deal from even the smallest of companies. And indeed, our acquisition companies often influence procedures and methods across our group. Our new teams soon see the new opportunities that they can seize to learn and grow.

Why have you kept local brand names? – You have quite a collection, how do your clients keep track?

Schlesinger: Adopting a single brand name is sometimes tempting and our Head of Marketing might certainly thank me for not having to create and manage multiple brands. But, she would also be the first to agree that we have acquired brands with their own equity that their clients recognize, trust and even have affection for. We respect the intrinsic value of each brand and believe keeping it reflects our

entire approach to the acquisition. Yet clients are aware of our group name and benefit from the one common purpose: to deliver outstanding marketing research services and holistic data collection solutions. As required, our brand leaders come together as one Schlesinger team to create exceptional results and a unique Schlesinger brand experience.

Do you encounter integration challenges?

Schlesinger: Naturally, each acquisition is always a learning experience and there are bumps in the road but we have become experienced over the years. From the outset, our success has been based on effective integration. There is a view that consistent systems, process and technology deliver the most efficient and effective outcomes. While I agree, this view is over simplified and can have great complexity and challenging ramifications. We have developed a keen sense of when to push for brand and operational synergy and when to support local tacit information for the benefit of the team and the clients. Thus, we avoid making fast or sweeping changes across the board until each process and technology is reviewed individually to assess local compatibility – legally, practically and culturally – to achieve desired results.

With your companies speaking different languages, how do you communicate effectively?

Schlesinger: Keeping employees engaged is fundamental, so we apply the same care and attention to our internal communications strategy as we do to our external communications strategy. Discipli-

ned cascading of company messages is key. We are fortunate that the companies we have acquired already employ numerous multi-lingual people who accommodate their US clients but it is still important to internationalize our communications to reach all our teams in their local languages if needed. Cultural localization is just as important as language localization. It is important to understand what behaviours are cultural verses personal and what is just different versus right or wrong.

What learnings can you share with us?

Schlesinger: Don't "fall in love" too quickly – do your due diligence. Don't assume EU laws, employee rights and norms are the same across European countries – be open to the need to be flexible by country. Budget beyond the purchase price, factor in taxation implications, auditors and lawyers – one particular acquisition cost us almost as much in legal fees as the value of the business!, factor in opportunity costs of acquisition and integration – can you afford to be distracted from your existing business? Understand currency risks – changes can occur during the negotiation and acquisition process and also in the longer term. A company may perform well locally but how will that translate in your local currency? Be prepared to walk away – sometimes either party needs to do this to really understand whether they truly want the acquisition to happen. And when things get complicated, remember we have far more in common with each other than things that divide us.

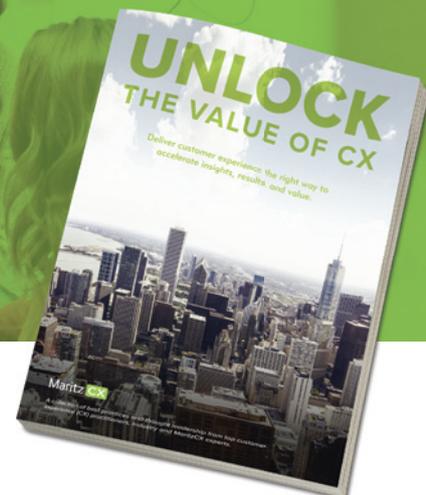
www.schlesingerassociates.com

Advertisement

Unlock the Value of CX

www.maritzcx.co.uk

Deliver customer experience the right way to accelerate insights, results, and value.



Read the book, *Unlock the Value of CX* to learn from experts and partners of MaritzCX, a global Customer Experience technology and market research services company. Do you know what the value is of great customer experience? And what's the value spread across an entire organisation and every customer? Well, you're not alone. We're seeing the amazing results of a modern customer experience programme approach and would like to share our insights with you.

Download a complimentary eBook at www.maritzcx.co.uk/lp/unlock-the-value-of-cx

Download your complimentary copy
www.maritzcx.co.uk/lp/unlock-the-value-of-cx

Maritz 