



*Interbake Foods*

# Integrating Two Acquisitions While Driving Bottom-Line Results

## SCORECARD

- Revenue spiked by 30% within two years after the acquisitions
- Costs dropped significantly in manufacturing, distribution, and administration
- EBIT improved by 2.5% from the pre-acquisition level
- Different sales operations were molded into a "united front"
- No customers were lost during a complex transition

**CLIENT:** Interbake Foods is the largest producer of baked components—cookies and cones—for ice cream novelty manufacturers in North America and a major supplier of Girl Scout cookies.

**CHALLENGE:** "Producing Girl Scout cookies and ice cream cones may sound simple. Try doing it and integrating two acquisitions simultaneously—one in bankruptcy, the other headed there—while driving up bottom-line results," says Ray Baxter, CEO and President of Interbake Foods. Under Ray's leadership, the company has experienced more than a 300 percent increase in sales. But in a tough, dog-eat-dog market where profit margins can crumble quickly, low prices and good service are the norm, and there's just no margin for error.

Two acquisitions added new challenges to the Interbake mix: three separate ways of doing business, very different cultures, three different sales forces, inefficient distribution, and manufacturing facilities in less than ideal locations.

Says Ray, "Our challenge was to move the two acquisitions off their commodity orientation, and bring them into line with Interbake's established positioning as a company offering complete systems solutions." In other words: Complete integration.

**SOLUTION:** The teams that were responsible for integrating the acquisitions and realizing their full potential used Kepner-Tregoe (KT) Problem Solving & Decision Making. "We assembled teams from three cultures and different functions and management levels that had never worked together before," comments Ray. "We started by training all newcomers in KT processes. They were then able to pull together as a team almost instantaneously. The KT processes provided a common approach and helped them sift through tons of data, ask penetrating questions, and take the emotion out of decision making."

**RESULTS:** Here's the real lesson: Ray Baxter and his colleagues didn't outsource the critical thinking needed to achieve results. They used KT processes, which were already an integral part of Interbake's culture, to achieve impressive business results ranging from a 30% increase in revenues within two years of the acquisitions and significantly decreased manufacturing, distribution, and administration costs.