AVION CONSULTING
EXECUTIVE PERSPECTIVE

M&A Still Fails on the Same Problem It Always Has

Deal volume is rebounding and the failure rate has not moved. The reason has almost nothing to do with which company gets acquired.

70 to 90%

Of M&A deals fail to achieve their intended financial goals, a rate that has held for decades

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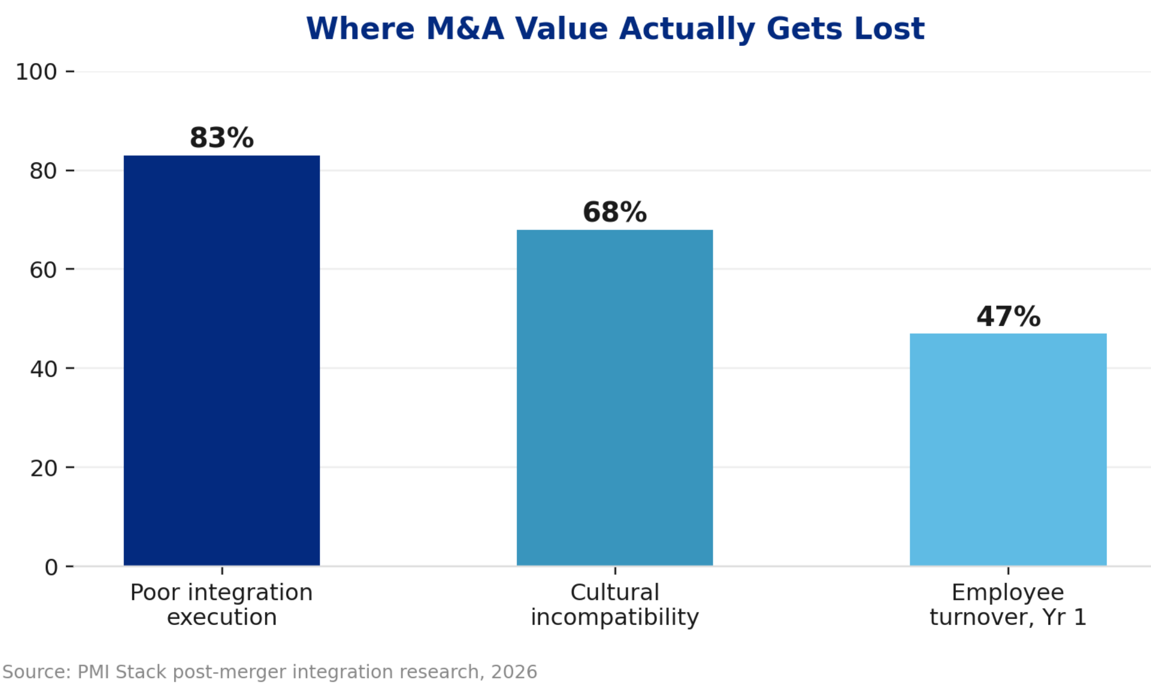
The Deals Themselves Are Rarely the Problem

There is a reasonable argument that a rebound year is exactly when this data matters most. Deal appetite returns faster than integration discipline does, and boards approving transactions today are often relying on playbooks and teams that have been dormant since the last cycle. The failure modes below are not new. What is new is the number of organizations about to relearn them in real time.

Global M&A activity rebounded sharply in 2025, with deal values reaching 4.9 trillion dollars, up roughly 40 to 49 percent year over year, and megadeals above 5 billion dollars surging 76 percent. Every one of those transactions was underwritten by a strategic thesis someone believed in enough to sign. Yet the failure rate has not moved. Between 70 and 90 percent of deals still fail to create the shareholder value the acquirer expected, a statistic that has held up across decades of research reviewed by Harvard Business Review.

When deals fail, boards and executives tend to point to strategic misfit or unfavorable market timing. The data says otherwise. Eighty three percent of practitioners point to poor integration execution as the actual cause, not deal selection.



Where practitioners say M&A value actually gets destroyed.

Culture Is Not a Soft Issue on This Balance Sheet

Sixty eight percent of practitioners cite culture as the single biggest integration challenge, and KPMG research attributes two thirds of failed transactions directly to mismanaging people and culture. The consequences are financial, not sentimental. Employee turnover hits 47 percent in year one after close. Acquisitions show an immediate 50 percent productivity dip that settles into a sustained 25 percent drop through the integration period, as employees update resumes and hedge their bets instead of doing the work the deal was priced on.

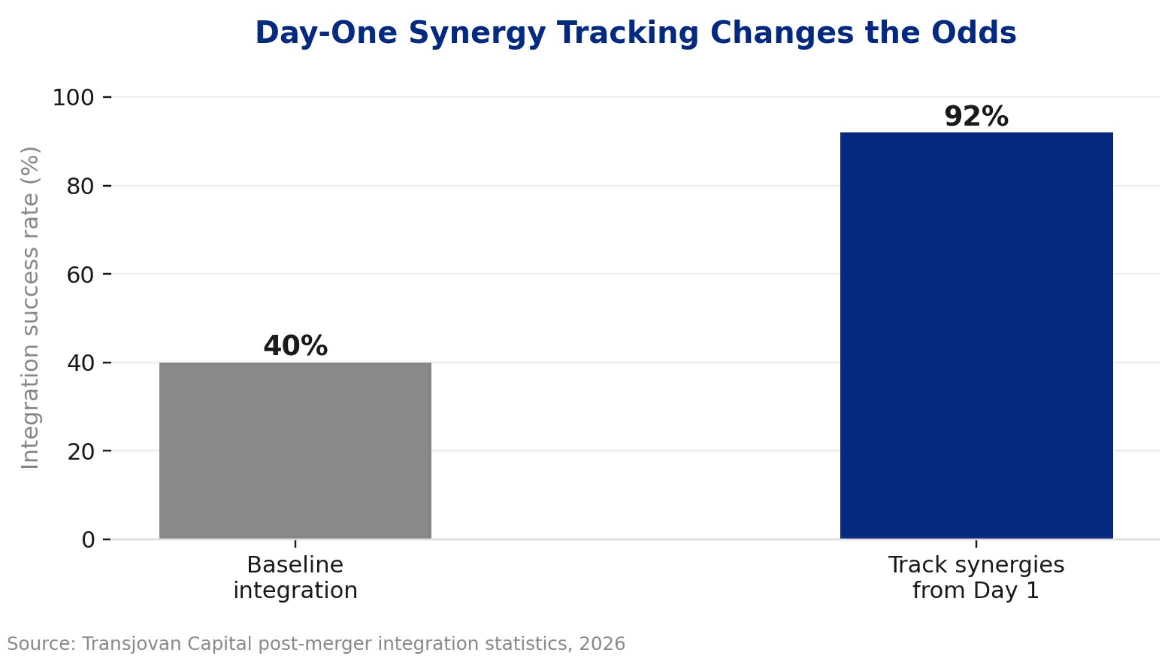
The Numbers at a Glance

Metric	Figure	Source
Deals that fail to create shareholder value	70% to 90%	Harvard Business Review research review
Failures attributed to poor integration execution	83%	PMI Stack, 2026
Failures attributed to cultural incompatibility	68%	PMI Stack, 2026

Metric	Figure	Source
Employee turnover in year one post-close	47%	Transjovan Capital, 2026
Integration success rate when synergies tracked from Day 1	92%	Transjovan Capital, 2026

What Separates the 30 Percent That Work

Structured process, not luck, explains the gap. Acquirers who track synergies starting on day one achieve a 92 percent integration success rate, compared with roughly 40 percent for those who treat integration as something to figure out after close. Successful acquirers also invest more, committing 6 percent or more of deal value specifically to integration, and they begin integration planning before the ink on the deal is dry rather than after.



Day-one synergy tracking is the clearest predictor of integration success.

50% more likely

Acquirers who manage culture proactively are 50 percent more likely to meet or exceed their synergy targets

Two Different Jobs to Do

For the CEO

The integration leader you assign matters as much as the deal team that sourced the transaction. Give that role real authority and a seat in the room from the letter of intent forward, not a mandate that starts the day the deal closes.

For the CHRO

Cultural due diligence needs to happen on the same timeline as financial due diligence, not after signing. By the time culture shows up as a workstream in the 100 day plan, the retention damage from uncertainty has usually already started.

The First Ninety Days Set the Trajectory

Most of the damage in a failed integration happens early, well before anyone is willing to call the deal a disappointment. Employees decide within the first few months whether the acquiring company's stated values match its actual behavior, and that judgment, once formed, is difficult to reverse. Serial acquirers who have completed ten or more deals succeed at more than double the rate of first-time acquirers, and the difference is almost entirely process discipline built through repetition, not superior deal picking.

Companies that walked away from at least one deal in the past five years, rather than getting caught up in deal fever, showed 2.3 times higher success rates on the deals they did complete. Discipline before signing and discipline after signing are the same muscle.

The Uncomfortable Takeaway

Due diligence teams spend months modeling synergies and stress testing the financing structure. Culture integration usually gets a slide in the 100 day plan and a town hall. The data suggests that ranking is backward. If culture is the variable most correlated with whether the deal actually pays off, it belongs on the financial model next to the synergy targets, not filed under HR as a soft consideration to be handled after the harder work is done.

References

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