

CUSTOMER CASE STUDIES

Orchestrating M&A success for KKR's Marelli

Calsonic Kansei was set to merge with components manufacturer Magneti Marelli – a major move requiring significant operational and financial adjustments.

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In May, 2019, Calsonic Kansei, a leading Japanese automotive company owned by KKR, acquired Magneti Marelli, a high-tech components manufacturer from Fiat Chrysler for 5.8 billion euros. The combined business has EUR 14.6 billion and is the world's 7th largest global independent automotive supplier.

"This combination with Calsonic Kansei has emerged as an ideal opportunity to accelerate Magneti Marelli's future growth," Mike Manley, Fiat Chrysler CEO said.

The integration of two global businesses, with Calsonic Kansei based in Japan and Magneti Marelli in Italy, led to the need to orchestrate over \$1bn of cost improvements (including over 5000 headcount from SG&A) and \$900m of sustainable cash savings.

Orchestrated many types of programs using Conductor, including:

- Plant closures/line transfers
- R&D/engineering moves to lower-cost countries
- ESG projects
- HR transformation
- Rollout of Finance Transformation, including new EPM platform
- Transition from a top-tier management consulting firm to a large internal transformation team to a team of three powered by Conductor

The transformation has been a great success, and Marelli continues to orchestrate ongoing programs in Conductor. [Mike Mills](#), a Senior Advisor to KKR's Capstone consulting group and former Partner and Asia Pacific Head of Value Creation for KPMG, led the program as Senior Vice President - Office of Value Creation and Change for Marelli.

"Conductor has been revolutionary for us at Marelli in managing over 50 different restructuring and value-creation initiatives. Conductor is highly value-adding, and I can run all this as one person rather than having streams of external consulting firms. I can't imagine doing any future VCPs without this — the only negative in my eyes is that I didn't come up with the concept myself." **Mike Mills, Senior Advisor, KKR**

Frequently asked questions

How do you integrate two companies headquartered in different countries?

By running the integration as one governed program regardless of geography. Calsonic Kansei in Japan and Magneti Marelli in Italy combined into a EUR 14.6 billion supplier, and the integration orchestrated over \$1 billion of cost improvements and \$900 million of sustainable cash savings on Conductor, with plant closures, engineering moves, and finance transformation all tracked in the same system across both organizations.

What kinds of programs run inside a post-merger integration?

More than cost cutting. Marelli's integration included plant closures and line transfers, R&D and engineering moves to lower-cost countries, HR transformation, ESG projects, and a finance transformation with a new EPM platform, more than 5,000 SG&A headcount changes among them. Each was a distinct program with its own owners and targets, orchestrated together on one platform.

How large does an internal transformation team need to be after consultants leave?

Smaller than most companies assume, if the platform carries the governance. Marelli moved from a top-tier management consulting firm to a large internal transformation team to a team of three powered by Conductor, and continued running ongoing programs at that size. The platform absorbed the tracking, reporting, and governance work the larger teams had been doing by hand.

How do PE-owned companies keep transformation going after the initial program ends?

By treating the integration platform as permanent infrastructure rather than a project tool. Marelli, owned by KKR, continued to orchestrate new programs on Conductor after the merger integration succeeded, under the leadership of Mike Mills, a Senior Advisor to KKR's Capstone group who ran the Office of Value Creation and Change.

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