The Integration Risk No One Puts on the Checklist

Compliance and Ethics

Litigation and Dispute Resolution

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When RHI Magnesita acquired Resco Products in 2025, I found myself doing something that wasn't in my job description: running the integration. Not advising on it — running it, soup to nuts, across every work stream from ERP migration to payroll harmonization to culture adaptation. It was the largest acquisition in RHIM's North American history, and it required a level of operational involvement that most in-house counsel never quite sign up for when they take the job.

I suspect that experience is becoming more common. As GCs take on broader executive roles, we're increasingly the ones responsible not just for getting the deal closed but for making it actually work — and that means we're also the ones who encounter the risks that never made it into the due diligence file.

The risk I want to talk about here is institutional knowledge — specifically, the near-universal failure of integration teams to take seriously the possibility of losing it, and what happens when they don't.

The gap in every integration plan

Every integration has a checklist. Systems. Benefits. Reporting structures. Compliance. The lists are long and the work is genuinely hard — I know because I've lived it. But there is almost always a gap, and it tends to be the same one: the human infrastructure that makes a company actually function, as opposed to the organizational infrastructure that makes it look like it does on paper.

I’m talking about the people who know things that aren’t written down anywhere — the plant manager who carries every customer’s quirks in his head, the EHS lead who knows the permit history of every facility and has spent years building relationships with every relevant regulator, the production supervisor who can diagnose a problem with the pressing line in 10 minutes because she’s seen that particular failure a dozen times over three decades. These people don’t always show up as high performers on a talent matrix, and they’re not necessarily in anyone’s succession plan. But they are load-bearing pillars of one, holding up something far larger than their title would suggest. And in the disruption that follows any significant acquisition, they are exactly the people most at risk of quietly walking out, or being shown, the door.

We experienced this firsthand at RHIM. After the Resco integration got underway, we had some staff shifts in our environmental health and safety function — nothing dramatic, just the normal movement that happens when two organizations combine and people reassess their situations. But when we looked at what we had left, we realized we’d lost bench strength that we couldn’t easily replace. Our solution was to bring back a 40-year veteran of our EHS operation, part time, to bridge the gap, and we’re now executing a controlled knowledge transfer to make sure what he knows gets captured and passed on before it’s gone for good.

That’s a story with a reasonably good ending — but it came closer to going the other way than I’d like to admit. And it raised a question I’ve been thinking about ever since: why don’t integration teams plan for this more systematically?

Three questions most integration teams never ask

Based on my experience running the Resco integration and observing how M&A typically gets done, I’d suggest that any GC involved in integration — whether in an advisory role or a leadership one — should push their team to honestly answer three questions that almost never make it onto the standard checklist.

1. Who in the acquired organization knows things that aren’t written down anywhere?

This sounds simple, but it isn’t. Answering it requires a different kind of diligence than what deal teams typically do — not a review of contracts and compliance records, but a set of direct conversations with plant managers, department heads, and long-tenured employees built around a basic question: If you left tomorrow, what would we not know? It’s an uncomfortable thing to ask, and it’s even more uncomfortable to sit with the answers.

The work here isn't rote. It requires listening to employees about their knowledge but also paying attention to patterns. Is the same person mentioned by four or five people? There's your sign that person might be more critical than they look on paper. When you meet with plant personnel in a group — do they defer to the same person? Have a one-on-one with that knowledge source. Has someone held the same role or been in the same area for 30 years? Prioritize them — and be patient if it takes them a little time to open up.

The legal and compliance implications here are significant and often underappreciated. Permit histories, regulatory relationships, environmental records, customer indemnification arrangements — these things exist on paper, but understanding them in any meaningful way almost always requires the person who lived through them. When that person is gone, you have the document but not the context, and in a regulatory inquiry or a customer dispute, the context is frequently what matters most.

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2. What is the realistic cost if that person is gone in six months?

Integration teams tend to be quite good at quantifying synergies but much less good at quantifying the cost of knowledge loss — in part because it's genuinely harder to model, and in part because no one particularly wants to be the person who introduces a hidden liability into the deal narrative. But the cost is real, and it shows up in predictable places: regulatory exposure when a facility's EHS history isn't fully understood by the people now responsible for it, customer attrition when the relationship that held an account together walks out the door, operational disruption when the person who knew how to run a critical process is no longer there and everyone else is essentially learning on the job.

When legacy litigation matters are at issue, particularly regarding historical product lines, there is a substantial risk. Retention of individuals who can show the development and deployment of product lines has provided us the ability to end legacy cases that would otherwise have dragged on unnecessarily, saving tens of thousands of dollars in litigation and possible settlement cost.

My suggestion is to treat this as a straightforward risk assessment exercise. For each person identified in the first question, work through the realistic downside scenario: what regulatory, operational, commercial, or legal exposure does their departure create, and what would remediation actually cost? Once you've done that exercise honestly, the case for a meaningful retention investment tends to make itself.

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3. What does a knowledge retention plan look like as an operational discipline, not an HR talking point?

Most integration plans include something about retention — usually a reference to retention bonuses and stay agreements for key executives. That's not what I'm describing here. A knowledge retention plan is operational in a much more specific sense — it identifies particular individuals, particular knowledge domains, and particular transfer mechanisms, and it has a timeline, an owner, and a way to verify that the transfer has actually occurred. It belongs not as a line item in the HR work stream but as a risk-management program with the same rigor you'd apply to any other material integration risk.

Initially, this takes the form of mapping areas that are supported by a single contributor — a pillar of one. This must then be enhanced by a formal succession planning exercise. With the Resco acquisition, we have paired key knowledge holders with new additions to our reformulated teams to allow the new employees to learn the history as well as the position. This has the added benefit of creating continuity when longer-tenured employees decided to retire, a common occurrence in all transactions. When the long-tenured employee can continue their legacy with several employees carrying the torch, that has a retention effect that can be much stronger than a simple retention bonus alone.

The controlled handoff we're executing with our EHS veteran is one model worth considering. He is actively working alongside the people who will carry his knowledge forward, in real operational contexts rather than in a conference room doing knowledge-capture interviews. In other words, the transfer is happening through doing, not just through documentation — and that distinction matters, because tacit knowledge, the kind built through years of experience and pattern recognition, often can't be fully captured in a written record. It has to be passed on through proximity and practice.

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A note on timing

One of the clearer lessons from this experience is that the right time to think about institutional knowledge is before closing, not after. Post-close, the disruption has already begun — people are assessing their options, the organizational chart is shifting, and the window for a thoughtful, low-pressure knowledge transfer is narrowing by the day.

The three questions above are most useful as pre-close diligence, ideally in the period after signing when you have meaningful access to the target organization but before the combined entity has really begun to take shape. The conversations are easier then, the stakes feel lower to the people you're talking to, and the people you most need to retain haven't yet decided whether they want to stay.

There are constraints to these actions, however, that often must be overcome. The pre-closing actions must be done in close coordination with antitrust counsels to avoid issues. It also requires the seller's cooperation in accessing their company's employees, which some sellers want to avoid. But our experience suggests this exercise can calm an anxious organization to be acquired by giving employees a sense that the buyer is serious about retaining employees. It gives the future owners legitimacy ahead of time.

For in-house counsel who find themselves taking on integration leadership, institutional-knowledge risk is one of the areas where our legal training is genuinely and directly useful. We are trained to ask what could go wrong, to think through scenarios, and to plan for outcomes that the optimists in the room aren't accounting for. Applying that discipline to the human side of integration — beyond the contractual and compliance side — may be one of the most valuable contributions a GC can make to a deal that actually delivers what it promised.

The checklist will never be complete. But it should at least include the questions no one else is asking.

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