

Allegion: what should the incoming International president prioritize?

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A strategy case for MBA students and working professionals

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A new leader, a mixed operating picture

On September 8, 2026, Allegion disclosed a leadership transition for its International segment. Serge Zappone, then vice president and general manager for Allegion APAC, would become President, International and Senior Vice President on January 1, 2027. He would report to Allegion President and CEO John Stone. Timothy Eckersley planned to retire at year-end. The public announcement did not specify a first-year mandate or transition plan. [S4]

For this exercise, assume you are advising Zappone as he prepares for the role. Recommend a first-year operating agenda for Allegion International. Should the agenda lead with coordinated cross-selling of the expanded product portfolio, first emphasize execution and cost discipline while preserving local operating routines, or test selected coordination initiatives and scale only when evidence supports it? You may combine these approaches. Allegion has not publicly ranked them.

The question follows a busy acquisition period. Allegion completed multiple acquisitions in 2025, several reported in International, and acquired Door Components, Inc. (DCI) in March 2026 for about \$69.9 million net of cash acquired. DCI, a U.S. maker of custom hollow-metal doors and frames, is reported in Allegion Americas. The acquisitions span different products and geographies; public filings do not describe a single integration program covering all businesses. [S1; S3]

Growth did not tell the whole story

In Q2 2026, International reported revenue of \$232.9 million, up 16.2% from \$200.5 million a year earlier. The company's bridge attributed 14.3 percentage points to acquisitions and divestitures and 3.1 points to currency; price added 0.8 points while volume reduced growth by 2.0 points. Allegion reported that softer volume partly offset acquisition, currency and price contributions. These are reported growth components, not evidence that cross-selling or integration caused the volume trend. [S1]

Segment operating income was \$14.8 million, down \$0.9 million from the prior-year quarter. International's operating margin declined from 7.8% to 6.4%. Allegion's Q2 bridge showed negative effects from inflation and investment spending exceeding pricing and productivity, lower volume/product mix, and acquisition/integration/restructuring expense. Acquisitions and currency partly offset those pressures. The filing does not quantify how much of the pressure came from each acquisition or identify the margin of any acquired business. [S1]

The Americas segment provided a different comparison: Q2 revenue was \$918.6 million, up 11.8%, with segment operating income of \$266.8 million and a 29.0% margin. Allegion's second-quarter consolidated revenue was \$1.15 billion. It raised its 2026 outlook for reported revenue growth to 7.5%-8.5% and organic growth to 3.5%-4.5%. Management said North American nonresidential demand remained strong, while some European markets were weaker; it described International's focus as execution and cost discipline. That statement identifies management's public emphasis, not a quantified turnaround plan. [S1; S2]

A broad product range, local channels

Allegion sells mechanical and electronic security products, access-control systems, credentials, software and services into institutional, commercial and residential markets. Its International segment serves Europe, Asia and Oceania and includes brands such as AXA, CISA, ELATEC, Gainsborough, Interflex and SimonsVoss. The 2025 annual report describes the global security-products market as fragmented, with local requirements and varied customer needs. Allegion names ASSA ABLOY and dormakaba as principal global competitors and says competitive success depends on product breadth, innovation, platform integration, quality, price, service and channel strength. [S1; S3]

Those disclosures make coordination plausible, but they do not show that acquired products share customers, systems or buying processes. They also do not show whether a common sales approach would improve conversion or reduce local responsiveness. A wider portfolio can create cross-selling opportunities while increasing the challenge of product fit, training, support and channel incentives.

A decision without a disclosed budget

Allegion reported that operating cash flow, unused revolver capacity and capital-market access support growth and shareholder returns. It described low leverage and low capital intensity, expected resources to meet financing needs for at least twelve months, and no anticipated covenant challenges over that period. The company has not disclosed a binding resource constraint that forces International to choose between integration and another specific investment. [S1]

The public data also leave important questions open. Allegion did not report revenue, operating income, cross-sell rates, customer retention, sales-cycle time or integration costs by International acquisition cohort. Its Q2 filing said acquisition pro forma information was not material to consolidated results. The filing attributed segment pressures to several factors but did not quantify each one's independent effect. [S1]

Exhibit 1. Q2 2026 operating snapshot

Measure	Allegion Americas	Allegion International	Basis
Q2 net revenue	\$918.6m	\$232.9m	GAAP segment reporting
Q2 revenue change vs. Q2 2025	+11.8%	+16.2%	Reported; International included acquisition/FX effects
International revenue bridge	-	Price +0.8%; volume –2.0%; acquisitions/divestitures +14.3%; currency +3.1%	Management-reported percentage-point bridge
Segment operating income	\$266.8m	\$14.8m	GAAP segment measure
Segment operating margin	29.0%	6.4%	GAAP segment measure; International was 7.8% in Q2 2025

Sources: Q2 2026 Form 10-Q [S1, printed pp.21-24, lines 1088-1108, 1184-1224]; Q2 release [S2, lines 292-301]. International bridge is management's reported attribution; the table does not establish acquisition-level economics.

Your assignment

Prepare a concise first-year agenda for the incoming International president. Your recommendation should:

1. Choose what to prioritize first and explain what should proceed in parallel.
2. Identify two or three measurable tests or review gates before expanding a cross-selling or coordination effort.
3. State what data the team would need to separate organic demand, acquired revenue, currency, mix and integration effects.
4. Name conditions that would lead you to adjust the agenda while recognizing that the public record does not disclose target-level economics or a formal resource constraint.

Use the case cutoff. Treat all proposed gates as your own recommendations, not Allegion policy. Do not assume acquisition synergies, target margins, cross-selling rates or specific customer overlap that the public record does not disclose.

Selected sources

- [S1] Allegion 2026 Q2 Form 10-Q, filed July 23, 2026.
- [S2] Allegion Q2 2026 results release, July 23, 2026.
- [S3] Allegion 2025 Form 10-K, filed February 18, 2026.
- [S4] Allegion September 8, 2026 Form 8-K and leadership announcement.