

Waste Management and Stericycle: Designing the Integration

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Case for classroom discussion. Information cutoff: June 3, 2024, the date the companies announced and signed their merger agreement.

A signed deal, an unfinished operating design

On June 3, 2024, Waste Management, Inc. (WM) and Stericycle announced a definitive agreement under which WM would acquire Stericycle for \$62 per share in cash. Both boards had unanimously approved the transaction. The announced enterprise value was approximately \$7.2 billion, including about \$1.4 billion of Stericycle net debt. WM described the price as a 24% premium to Stericycle's 60-day volume-weighted average share price through May 23, before press reports of a possible sale. The transaction still required shareholder and regulatory approvals and other customary closing conditions. [1]

WM forecast more than \$125 million in annual run-rate synergies from logistics, technology-enabled operating and SG&A optimization, and access to WM disposal assets. It also expected the acquisition to add to earnings and cash flow within a year after closing. These were management estimates. The announcement did not publish a workstream-by-workstream bridge, a gross-versus-net definition, implementation costs, an integration timetable, or customer retention and overlap data. [1]

Stericycle had already begun its own cost program. In April, it said it had completed a previously announced workforce reduction and remained on track for an estimated \$40-\$45 million in cost savings during 2024. WM's forecast and Stericycle's estimate describe different programs and periods. The public information provides no reconciliation between them; treating the figures as additive could double count savings. [2]

Assume that WM's integration leader has asked your team, immediately after signing, to recommend an integration charter and scorecard for planning the period after closing. This is a hypothetical classroom assignment, not a disclosed internal request. The acquisition has been signed; the task is to design how to pursue the announced value while protecting the specialist capabilities and customer commitments that give Stericycle its business.

Two businesses with different operating demands

WM collects residential, commercial and industrial waste, moves it through transfer stations, and sends it to recycling, renewable-energy or disposal operations. Its 2023 revenue was \$20.426 billion, up 3.7%. WM attributed growth mainly to higher Collection and Disposal yield, acquisitions net of divestitures and volume; lower recycling commodity prices and energy surcharge revenue offset part of the increase. WM's "average yield" includes rate changes, fees, mix, new and lost customers, and concessions to retain customers. It is broader than a pure price measure. [3]

Stericycle reported \$2.659 billion in 2023 revenue across two service lines. Regulated Waste and Compliance Services (RWCS) generated \$1.776 billion; Secure Information Destruction (SID) generated \$883.5 million. RWCS reported revenue declined 1.2%, although its issuer-defined organic revenue measure grew 4.2%. SID reported revenue declined 2.5%, and organic revenue declined 1.7%. Divestitures and foreign exchange affected reported comparisons; lower recycled-paper prices and volumes also affected SID in some markets. Neither segment is simply a smaller version of WM's municipal and commercial collection business. [4]

Stericycle's services include collection and treatment of regulated medical, pharmaceutical and other waste, compliance products and training, and secure destruction of documents and media. Customers may rely on trained personnel, permits, controlled processes, chain of custody and information security. Stericycle's 2023 filing identified operating, safety, regulatory, customer-retention and data-security risks. [4]

The companies also began from different financial positions. Stericycle reported 2023 operating income of \$77.3 million and net interest expense of \$73.9 million; its results included divestiture losses and other items, so they do not establish a normalized earnings base. WM said the transaction would initially bring pro forma net debt to approximately 3.4 times EBITDA. It planned to pause share repurchases temporarily and expected leverage to return to its 2.75-3.0 times target, with repurchases returning to normal levels, around 18 months after closing. [1, 4]

What could WM combine?

WM's announcement pointed to several potential sources of value: using its logistics capabilities, technology to optimize operating and support functions, and disposal assets. A broader service offer could also allow WM to serve customers with both ordinary waste and regulated or secure services. Such mechanisms are plausible, but no public customer map or route, facility and treatment-capacity analysis showed where the networks actually overlap or fit together. [1]

Integration could also disrupt service or weaken capabilities. Stericycle's customers operate under service and compliance requirements that differ from ordinary solid-waste collection. Consolidating dispatch, customer support, technology or management may create scale, but moving specialist workflows too quickly could affect service continuity, employee knowledge, compliance controls or customer trust. WM had not disclosed employee-retention targets, customer churn baselines, or thresholds for pausing an integration workstream.

Stericycle had a disclosed compliance history relevant to the integration plan. In 2022 it agreed to a coordinated resolution exceeding \$84 million across the U.S. Department of Justice (DOJ), the Securities and Exchange Commission (SEC), and Brazilian authorities. The DOJ criminal penalty was \$52.5 million; the SEC and Brazilian proceedings were separate parts of the resolution. Under a three-year deferred prosecution agreement, Stericycle agreed to an

independent compliance monitor for two years, followed by self-reporting for the rest of the term. The disclosed matter establishes specific control and oversight obligations; it does not establish a further violation. [5]

Evidence at the signing date

Exhibit 1. Scale and service mix before the deal

2023	WM	Stericycle
Revenue	\$20.426bn	\$2.659bn
Main reported business lines	Collection, Disposal, Recycling Processing and Sales, WM Renewable Energy	RWCS: \$1.776bn; SID: \$883.5m
Revenue growth context	+3.7%; mainly Collection and Disposal yield, acquisitions net of divestitures and volume	RWCS: –1.2% reported / +4.2% organic; SID: –2.5% reported / –1.7% organic
2023 operating income	-	\$77.3m
2023 net interest expense	-	\$73.9m

Sources: WM 2023 Form 10-K, Part II, Item 7, “Results of Operations-Revenues,” and Item 8 segment note; Stericycle 2023 Form 10-K, Item 7, revenue tables by service and segment, and Item 8 consolidated statements. Stericycle’s results include divestiture losses and other items. “Organic revenue” is Stericycle’s measure and is not same-customer volume. WM’s average yield includes more than price. Figures are reported company amounts; the companies’ segment definitions are not comparable. [3, 4]

Exhibit 2. Announced value claims and known limits

Public statement before or at signing	What is known	What is not disclosed
Stericycle cost program	\$40-\$45m estimated in-year 2024 savings from Stericycle's pre-existing workforce-reduction program; reported April 25.	Workstream details, implementation cost, and the extent to which actions would recur in later years.
WM synergy forecast	More than \$125m in annual run-rate synergies from logistics, technology-enabled operating and SG&A optimization, and disposal assets.	Detailed bridge, owners, milestones, one-time costs, gross/net basis, and reconciliation to Stericycle's program.
Accretion expectation	WM expected earnings and cash flow accretion within one year of closing.	Underlying combined forecast, financing assumptions and a bridge from gross initiatives to after-cost cash flow.
Customer proposition	WM described a complementary platform and a broader single-provider service offer.	Customer overlap, cross-sell pipeline, willingness to bundle, retention baseline and contribution after service costs.
Network opportunities	WM cited logistics and disposal assets.	Facility compatibility, regulated-treatment capacity, route density and geographic overlap by service and customer.

Sources: WM June 3, 2024 announcement; Stericycle Q1 2024 Form 10-Q, Part I, Item 2, Overview / Key business highlights. Estimates are management statements, not realized results. The two cost figures should not be summed without a workstream reconciliation. [1, 2]

Exhibit 3. A compliance obligation with a defined schedule

Item	Disclosed by June 3, 2024
Coordinated resolution	More than \$84m across DOJ, SEC and Brazilian authorities
DOJ criminal penalty	\$52.5m, separate from SEC and Brazilian proceedings
Deferred prosecution agreement	Three years
Independent monitor	Two years
Remaining DPA term	Self-reporting after the monitor period

Source: DOJ release, April 20, 2022, paragraphs describing the coordinated resolution and DPA obligations. The total coordinated amount is not the DOJ penalty. This exhibit describes a disclosed matter and does not imply new misconduct. [5]

Three integration approaches

WM must turn broad synergy categories into work that can be staffed, measured and stopped or adjusted. Three approaches are available for the planning exercise:

1. **Broad, early consolidation.** Move quickly to combine overlapping support functions, technology, logistics planning and selected operating activities. This could accelerate cost removal and make WM's network available sooner. It would require clear rules for regulated treatment, customer data, chain of custody and specialist decision rights. The public record does not show how much overlap exists or what transition costs would be.
2. **Federated specialist model.** Keep RWCS and SID operating units, customer-facing teams and key compliance processes largely separate, while sharing only clearly compatible corporate services or commercial interfaces. This could protect service continuity, expertise and customer trust. It could also leave opportunities unrealized or duplicate functions. The record does not quantify the cost of maintaining separation.
3. **Staged integration with evidence gates.** Begin with workstreams whose overlap and controls can be verified, such as selected support systems or joint customer planning. Preserve specialist operating authority in sensitive processes while measuring service, retention, costs and customer adoption. Expand only when agreed thresholds are met. This provides a way to learn, but can delay savings and requires disciplined baselines and governance.

These are planning choices, not management's disclosed internal alternatives. The case does not assume any one approach is correct.

Assignment

Recommend an integration charter and scorecard for the planning period after signing:

1. Which functions or activities should WM combine, preserve, or test in stages? Explain the logic for RWCS and SID separately where it matters.
2. Who should own integration decisions and escalation for cost, customer, employee, service, safety and compliance matters?
3. Choose four to six measures for a scorecard. Define the baseline, reporting cadence, and an action threshold for each. Include both value capture and capability protection.
4. How should WM validate the more-than-\$125 million synergy forecast? Specify how to handle Stericycle's \$40-\$45 million in-year savings estimate, one-time integration costs, overlap, and possible double counting.
5. What evidence would you request before expanding network, technology or customer-facing integration? Identify what would trigger a pause or redesign.

Support the recommendation with the information available on June 3, 2024. Distinguish disclosed facts, company estimates and your own assumptions. Do not assume the transaction has closed, that synergies have been achieved, or that the two cost programs are additive.

Selected sources

1. WM, Form 8-K and exhibits, June 3, 2024: merger agreement, §2.1 (consideration); Exhibit 99.1, opening deal terms, "Compelling Strategic and Financial Benefits," and "Financing." [SEC filing](#)

2. Stericycle, Q1 2024 Form 10-Q, filed April 25, 2024: Part I, Item 2, Overview / Key business highlights, lines 776-795 in SEC text. [SEC filing](#)
3. WM, 2023 Form 10-K, filed February 13, 2024: Part II, Item 7, “Results of Operations-Revenues”; Item 8, segment data and accounting policies. [SEC filing](#)
4. Stericycle, 2023 Form 10-K, filed February 28, 2024: Part I, Items 1 and 1A; Part II, Item 7, revenue by service and geography; Item 8, consolidated statements and revenue disaggregation note. [SEC filing](#)
5. U.S. Department of Justice, “Stericycle Agrees to Pay Over \$84 Million in Coordinated Foreign Bribery Resolution,” April 20, 2022, paragraphs 49-51 and 59-62. [DOJ release](#)