

---

---

# IDEABRIDGE



The IdeaBridge White Paper Series:  
World's Leading  
Merger Success Strategies

---

---



## WORLD'S LEADING MERGER SUCCESS STRATEGIES

1

### Introduction

The following pages represent the leading thinking on successfully integrating either a merger partner or acquisition. There are many pitfalls and rarely do such transactions meet the intended objectives. One can dramatically increase their chances of a successful merger or acquisition by paying careful attention to the people-issues and by reviewing the following lessons learned from some of history's most notable business mergers.

### Critical Summary for CEOs and Corporate Leaders

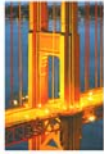
- These changes will affect employee attitudes, you just can't get around it, so don't waste your time trying to be the first CEO ever to pull-off a trouble-free merger.
- Plan on taking advantage of the opportunity the merger presents to get rid of marginal employees.
- Major organizational change is never trouble-free.
- The destabilization creates an entirely new set of problems, increasing job stress while adding to the workload.
- Employee productivity will get cut in half during the first several months of a transition period.
- Action works wonders to relieve feelings of fear, helplessness, anger and uncertainty.
- It's not at all unusual for an employee to be an all star in one culture, and fail miserably in another.
- Establish priorities that the Board will buy-off on, then focus on them intently.
- Always operate with the assumption that there will be turnover.
- There will typically be a downturn in effectiveness matched by an increase in problems shortly after a change effort gets underway.
- Managing major change is always a discovery process.
- Take action that turns heads. Your opening moves should leave no doubt that the old culture is incompatible with what's to come.
- Upper management catches a lot of criticism during time of transition and change.
- Don't even consider cultural change until you and your management are willing to hit hard, go fast, and follow through.
- Be ready and willing to sacrifice those people whose attitude and behavior could sabotage the culture change.
- An overly democratic process usually inhibits team reconstruction.



## WORLD'S LEADING MERGER SUCCESS STRATEGIES

2

- During times like these, people often feel vulnerable, helpless.
- All people, from senior officers to front-line employees need to be aligned and working in concert with one another.
- A direct by-product of the merger process is an increase in employee turnover. It's a fact of life.
- Don't waste your time trying to salvage people who won't respond. People that won't change must leave. Period.
- Mistakes are absolutely unavoidable when consolidating companies and dealing with the people issue.
- If nobody takes pains to measure results, employees won't take pains to produce results. It's really as simple as that.
- Part of your job is to hold people's feet to the fire so they adhere to a very tight integration time frame.
- Everybody will have their own private agenda...each employee will want a part of you.
- Create an environment where people can achieve, and you will create a climate of greater commitment.
- There will be a lot of impromptu management decisions that no amount of planning can see.
- Create a coalition of like-minded people so you have a base of power that enables you to carry out big changes.
- You cannot take on the old culture and win unless you surround yourself with a core group of strong supporters.
- Don't be a fool and think that your people are going to be more concerned about your company than they are about themselves.
- Deputize employees to be on the lookout for problems. Talk to them often.
- Problems seem to pop-up from everywhere; usually it's a total surprise and couldn't have happened at a worse time.
- Integrate one company...not two.
- Either get backing of all managers, or get rid of them.
- When weighing the alternatives in reaching your decision, always take the financial angle into consideration.
- The best merger managers are more flexible, more risk-tolerant, more aggressive than cautious, more decisive and more creative.



## WORLD'S LEADING MERGER SUCCESS STRATEGIES

3

- Mergers should be done in a six to nine month period. That alone will dramatically increase the chances of success.

### **What to expect in the Change Process**

- Keep everyone focused on achieving tangible results and performance gains. Plot and monitor those gains.
- Employees must know where they stand in all of this. They must know quickly.
- Some people will damage their career just to get even with the company.
- Change leaves people feeling exposed, vulnerable, and insecure.
- Be sure to tell everyone at the outset that they can expect some mid-course corrections as problems surface.
- Everybody ends up losing if people keep questioning the wisdom of the strategy and the speed of the changes.
- Some people resist change as a way of getting even or to “punish” the Company.
- The entire workforce needs to rally, close ranks and commit their heart to the process of change.
- Organizations which refuse to change, or change too slowly, won't survive in this age of instability.

### **Danger Signs to Watch Out For**

- Managing this kind of transition is very difficult and stressful. You will not be popular and must develop a thick skin.
- You cannot afford to go forward struggling to deal with overt opposition or subtle sabotage.
- Moves that cause change are sure to cause stiff opposition. Your popularity will go into a free-fall.
- Never rely on “yes men” who would not challenge your thinking.
- There is no doubt that you will have some false starts and probably make some big mistakes, that's the nature of leading rapid change in a merger environment.
- Taking charge doesn't mean you have all the answers, nor is it an excuse for cruelty or cockiness.
- People will question your motives, criticize your approach and condemn you personally.



**WORLD'S LEADING MERGER SUCCESS STRATEGIES**

4

**Ethics and Character Must Be Stressed**

- Sometimes the voice of your conscience gets drowned out by the crowd.
- Taking an ethical stand based on your principles takes nerve, guts and heart.
- Stay on the highroad in your ethical standards. Now, during the tough times is when you really define your character.
- When you make mistakes, admit to them quickly and get on with your business.
- When the heat is really on you, you show your true character. Everybody will now be watching to see if you really walk your talk.
- When considering your actions, if the threat of exposure to public scrutiny makes you squirm, then you can bet it's wrong.
- Any violation of honesty or integrity, however small, dilutes your ethical strength, leaving you weaker for the big challenges ahead.
- Don't count on ethics, values and your high principles to make you popular with everyone. In fact, you will become a big target.
- Teams in transition need a leader who stands tough and has the courage of his convictions.
- The Leader does what's right, even when it's hard. Your personal standards are revealed under stress.
- People won't show much faith in what you say or your claims of personal standards. Instead, they watch closely.
- High standards and principled leadership leaves absolutely no room for soft discipline or mushy morals.
- Candidly acknowledge errors and press on.
- High standards come to life through your basic values, your character, integrity, honesty and your principles.
- Showcase the people who fight for high standards. Spread the word about their example of high ethical standards.
- Ethics and character are grounded in action, what you do is more important than what you say.
- Not everyone will be on your side as you struggle to do what's right and ethical. Get used to it.
- Eventually, you will always have to "settle-up" and pay the price for ethical lapses or violations.



**WORLD'S LEADING MERGER SUCCESS STRATEGIES**

**5**

**Establishing Commitment from Your Team**

- The leader's intensity, focus, drive, ambition and dedication carries major influence with his team.
- Commitment and morale start to climb when things start to click. People feel better when they are winning.
- The more consuming the leader's commitment, the more he draws his people to him and their goals.
- Ask for job commitment. Commitment works a lot harder and gets more done than morale.
- Figure out how to give people a piece of the action. Some responsibility.
- Commitment grows when folks have a chance to contribute.
- Give people responsibility and their commitment goes up. Zero responsibilities may mean zero commitment.
- Commitment gives meaning to work and deepens one's sense of self-worth.
- Commitment climbs when people see passion in the person leading the team. They catch the feeling and energy.

**Leadership Principles to Observe**

- People will listen to what you say, but then they will watch you very carefully to see if you walk your talk.
- People will be watching you intently looking for a role model.
- Take charge and stay in charge. Progress stops when people stop believing in the boss.
- Your people need to have their own ideas, input and opinions, but you need to call the shots.
- Set high standards, and then defend them.
- You can't do too much without power. And if you can't do much, you have no business being in charge.
- Part of a leader's job is to help set, promote and enforce the ethics of excellence and honesty.
- The leader who looks and acts helpless won't be a leader for long.
- Provide employees quick, accurate feedback regarding shortfalls in their performance effectiveness.
- Quickly act to clarify roles and responsibilities for each employee and manager.
- You must move with authority, make decisions, take action and move quickly.



**WORLD'S LEADING MERGER SUCCESS STRATEGIES**

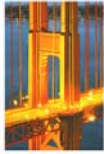
**6**

- Just don't confuse respect with popularity. Forget about popularity and the rumor mill. Focus on results and what needs to be done.
- You cannot make it work if people are pursuing their own private strategies of sabotage and undermining your strategy.
- People need to see you make some dramatic, high profile changes.
- You will be one of the architects of the corporate conscience. You help build the character of the company.
- The best fuel for team performance is the passion of the Leader. Your intensity and your drive.
- Team reconstruction begins when the person in charge, takes charge and makes the things happen that need to happen.
- You are paid to manage the problems, increase the bottom line, integrate the business units and grow the company.
- People always look to the leader when they want to take the pulse of the organization.
- Culture transformation requires a unique chemistry of determination, courage, audacity, thick skin, fierce spirit, and guts.
- You will be watched very carefully and will be the subject of the company's rumor mill.
- Aim for excellence in order to build pride, passion and cohesiveness.
- There's just no way that I can keep every employee happy...don't waste time trying to do that.
- Raise the performance standards, even though you may expect a decline in productivity during the first few months of a merger.
- Unless you have the guts to proceed with authority, you weaken the entire group.
- Your challenge is to quickly rev-up the group, mobilize it and redirect their activities to conform to your company's cultural values and business philosophy.

**Maintain Open Lines of Communication**

- How you share data with them heavily influences the trust level in the group. Don't be selfish and tight-lipped.
- If you don't regularly update your team, they'll fill in the blanks and rumors will feed the grapevine.
- You need a tremendous amount of high quality communication to sustain a culture change.





## WORLD'S LEADING MERGER SUCCESS STRATEGIES

7

- Pull no punches when explaining your integration strategy.
- Clearly explain what the new cultural realities will be.
- Give your people constant updates. Even no news is news.
- State your objectives regarding standards of performance.

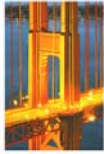
### **Putting the Plan Together and What to Expect**

- Even when an overall strategy is correct and right, we must be willing to live with some mistakes and foul-ups.
- Move immediately to make measurable progress in a matter of weeks, even just a few days.
- The strategy will only be completely known once some time has been spent in the trenches.
- Keep the plan pure and simple. Set short term goals that can be quickly accomplished.
- Many blanks will be filled-in as circumstances develop. The strategy evolves over time.
- Directions should be unequivocal, easily understood and drilled into everyone.
- The Plan should outline in crystal-clear detail, your goals and objectives, giving the team laser-like focus.
- Focus on things that go right to the bottom line. Go for improvements and gains that can be readily measured.
- There is no such thing as an error-free plan.
- If we waited until the changes were absolutely perfect in design and strategy, it would be too late.
- It's particularly important to produce some quick wins, some financial success right out of the gate.

### **The Necessity of Speed**

- Keep the pressure on for productivity. Set tight deadlines and stick to them.
- Push for quicker actions; Operate with a bias toward action.
- Step forward and quickly set an agenda for all to follow.
- Start out fast and keep trying to pick up speed. Leave skid marks.





## WORLD'S LEADING MERGER SUCCESS STRATEGIES

8

- One of the key predictors of a merger's success is the quickness of the transition. Obviously, faster is better and cheaper.
- Taking your time and moving slowly are highly inappropriate for transition management.
- A lengthy, slowly paced integration is a high-risk strategy.
- The slow methodical approach typically results in failure in a merger integration environment.
- Speed creates a sense of urgency, and is also a sign of commitment.
- The "best of both worlds" strategy brings traumatic destabilization to both organizations.
- Decisiveness will be a high virtue and caution becomes a curse.
- The average merger transition spans 24 months...twice what it should!
- Playing it safe is often the biggest risk of all. Prudence beyond a point becomes imprudence.
- Your effectiveness depends largely on your credibility, and you undermine that credibility when you waffle and wimp-out.
- In a merger transition, slowing down is the most hazardous move you can make.
- Unwillingness to make mistakes is a fundamental and serious error that can paralyze the transition process.
- If you are tentative and weak, you're asking for trouble.
- You need to show fire, enthusiasm, a strong sense of urgency. People should warm by the heat of your passion.

### **Implementing Cultural Changes**

- Always remember that the existing culture is designed to protect itself, not to bring its own demise.
- Your style, technique, and overall strategy for culture change should be alien to the status quo.
- The embedded beliefs, values, behavior patterns and ideas about business carry tremendous power.
- Culture change moves at a slow crawl if the existing employees hang to their culture and call the shots.
- Success under these circumstances comes from cool-headed thinking, clear focus on the important goals and action.
- If you think that you can pull off a major change without a serious shake-up, you're kidding yourself.



## WORLD'S LEADING MERGER SUCCESS STRATEGIES

9

- You must hit with enough shock effect to immobilize the old culture, at least temporarily.
- Trying to keep everyone happy and appease all their concerns by taking it slow and easy, can be the cruelest move of all.
- A full 20% will buy-on immediately. 50% will be on the fence. The remaining 30% will be anti-change and won't change.
- Major culture change does not occur unless it's driven by deep conviction. It must be driven by burning passion.
- The anti-change crowd will roll their eyes and point to all kinds of trouble. Get ready.
- Push for a culture of personal responsibility.

### **What to Say to Your People in the Change or Merger Process**

- There really will not be much let-up in sight or for the foreseeable future.
- Make it perfectly clear that I will expect nothing less than high ethical standards from coworkers, managers or clients.
- Even if your job title remains the same, this situation calls for something new out of each one of you.
- It's very common to care deeply for others and still not be in a position to give them everything that they want or need.
- The level of performance that qualified you as a winner last year may make you a has-been next year.
- During times like these, the pace changes. Work moves at a faster tempo. Problems can hit in a hurry.
- Only those employees who constantly grow have a chance of staying employed in the years ahead, either at your company, or anywhere else.
- With everything changing so rapidly, the "news" may be dead on arrival. It's a moving target in a period of rapid change.
- Don't believe the gossip you are bound to hear. Most of the stories you hear will never come to pass.
- We don't need Monday morning quarterbacks, we need team players.
- The only thing you can count on to go away is, "the way things used to be done."
- Employees will soon find that they are working a lot harder, longer hours and not having as much fun as they use to.



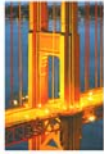
**WORLD'S LEADING MERGER SUCCESS STRATEGIES**

10

- Often what looks like a mistake to many, may be exactly the right move when taken into the context of the big picture.
- You don't have to like the changes or believe that they were a good idea. But you must support them.
- What we are experiencing are reactions to changes in the outside world.
- You have to do more, with less, and do it better than ever before.

**Creating a Vision**

- Vision gets the entire team moving in the same direction.
- Vision should not be some dry financial objective, but a movement, a cause a rallying cry.
- The vision must be like a beacon, a clear beam of light that defines where the culture is headed.
- Look beyond the bleakness of the moment and paint a picture of a brighter tomorrow.
- Keep reviewing the goals, objectives and the vision until everyone sees the picture and memorizes it.
- You need to come up with dynamic reforms. Make changes that focus people's attention on the vision.
- You cannot get enough support through a pep rally or propaganda blitz; employees don't buy that bull.
- They must be able to clearly see the vision, the picture...they must get passionate about it.
- Vision must stir the soul and capture the heart.
- Keep the vision alive. Promote it, sell the dream. Help your group see the invisible.
- People have to see that you are dead serious about this endeavor and determined to see it through.
- Concentrate on making the vision a cause.
- Provide employees a grand purpose, a mission with a larger meaning, a cause that transcends the dullness of their everyday duties.
- People don't care about working for a company; they want to work for a movement, a cause.
- Give people a "cause" and they will rise to greatness. Folks fired up by causes are energized and put their hearts into their work.
- Promote the vision constantly.



**WORLD'S LEADING MERGER SUCCESS STRATEGIES**

11

- A vision can engage the heart, fire the commitment and glue the group together toward a common cause.
- The vision draws a team together and pulls them forward.
- Some dry, sterile, commercial goal will not fire up commitment. Instead, build your cause around a concept, a principle, and a vision.
- Keep the vision clear, unequivocal and communicate it constantly.

**Employee Morale and Other Needs**

- People will not follow a boss they don't believe in or one which they don't believe has any power.
- People are not going to worry about your company until they are assured about their own survival within the company; do they have a job? That's what's constantly on their mind until you or someone else tells them otherwise.
- Employees need answers. They want closure.
- When organizations fail to provide a proper orientation, employees feel like merger victims.
- During this period, employees need clarity, limits, direction and consistency.
- People will respond well when you show earnest respect, empathy and genuine appreciation for their efforts.
- Make it absolutely clear that you cannot tolerate resistance to change.
- Give them assignments that stir their passions and their hearts, and they'll work harder because they love what they do.
- Give them opportunities to help. Let them help shape their future.