

How to survive mergers ?

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We have to differentiate between two different views: the view as an individual and as an organizational unit (OU)

- In the following considerations we have to differentiate between two views how to approach the question:

- A) the experience as an individual, this means out of a single view mainly driven by personal requirements
- B) as a group, team, generally speaking as organizational unit (OU)



The individual view results from the experience of a single person and – is of course – based on the single consideration

- The following view is based on single view and is not rated, not prioritized etc.

■ Never be the early one ! Never be the first one !

- If at the early beginning of a merger some opportunities to change to a position in the other organization arise, do not take them. You do not know the rules of the game, you do not have the network which holds you in case,
- Wait until the first phase of the merger is gone. Then you should know the rules and the key-player much better.

The rules of the game determine the game. If you do not know them, forget to play the game. Do not underestimate what a different culture means.

■ Do not play the „game“ if you do not know the rules of the game. Try to find out with which implicit, underlying rules the „game“ is played. And this means that you need time to elaborate.

■ like mentioned before: If you do not know the rules of the game you will never really play the game. This is more than true in a merger situation as well.

■ Rules of the game in mergers are:

■ know the key people

■ know the processes (the unofficial even more important)

■

■ Before you interpret a decision, reaction, ... think twice how to “understand” them in context of a different culture. Better “sleep” over the reaction than emotionally answer it directly.

■ we tend to weight each reaction immediately following our own culture. Wait and try to see the movement out of the eyes of a different culture.

Rumors are a companion in each merger. Some are using this to try to establish self-fulfilling prophecies.

■ Do not believe rumors but do not ignore them. Try to use your network whom you trust to find out what is behind and make your own conclusions.

■ Rumors have a certain function during mergers. One is for sure – those who build on rumors built on sand. The proposal is to not ignore rumors but to use the „old“ network of trust to verify rumors and take these „facts“ then as basis for your own conclusion.

■ Do not trust people who bluffs. They are bluffing to induce self-fulfilling- prophecies.

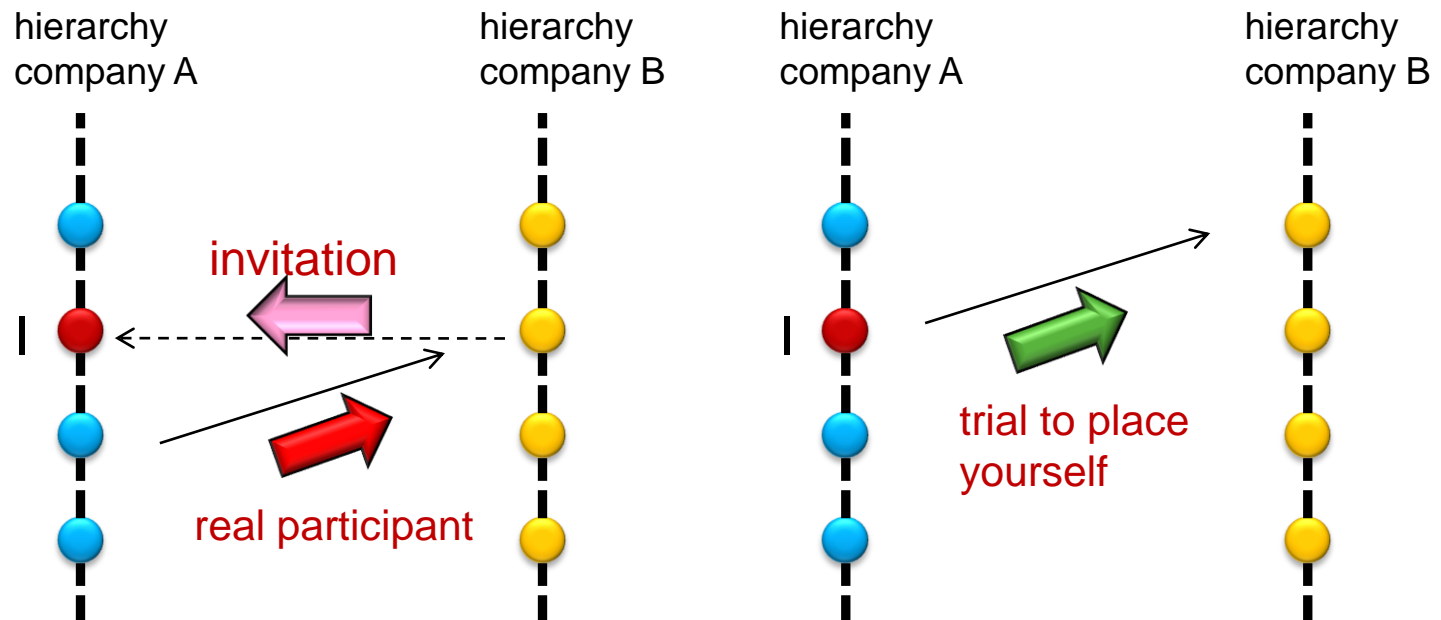
■ In mergers you can identify several characters. One of the is the *bluffer* who tries to spread rumors to secure his own position and tries to spread as much that at the end the rumors become true.

■ Especially these bluffs start with: „I have aligned this with Mr. X... “ or „Mr. X agreed on that “ Do not believe these statements. They could be correct but they need not to be.

Try to make yourself hierarchical higher than you are in reality

■ By cleverly assign your staff to meetings at the beginning you can try to make you hierarchical higher than you actually are.

- One of the first contacts with the „others“ are done via meetings.
- If you are invited do not contribute but send your staff.
- This could give the impression that you are hierarchical higher than it was assumed by the others.



Be very friendly – ever be more friendly than you would be usually. Keep a stiff upper lip even when you should comment something.

- Be very friendly, host the others. In situation you might have reacted differently do not lose your countenance. Be even more than friendly. Bit on a bullet rather than negatively comment something
 - In an emotional intense and stressed situation the friendliness is a method to reduce aggression as well uncertainty and instead increase trust.
 - Do whatever it is necessary to accelerate the trust. One of the pillars to succeed is the friendliness and the hospitality.
- After the first meeting, invite your counterparts to a social event.
 - Invite the counterparts to a social event using the local specialties (e.g. in Vienna the “Heurigen”). This is something different and shows the others that you are willing to cooperate on a “less-formal” way as well.
 - Be sure that not only you know that his event will be stark and stiff but make the best out of a bad job. It will be paid back.

Trust on officially made decisions and do not rely on decision which are communication on „rumor“ basis. But do not act bullheaded.

- During – but even more at the end of a merger you face the following problem:
 - there exists formal decisions e.g. by supervisory board
 - these decisions are binding unless the new supervisory board overrules them.
 - BUT – in parallel you „hear“ that there are new decisions made. At least you hear the rumors that this or that was decided.

■ Do not trust not officially communicated decisions. Stick to „old“ decisions as long as they are not overruled. But do not play this game bull headed.

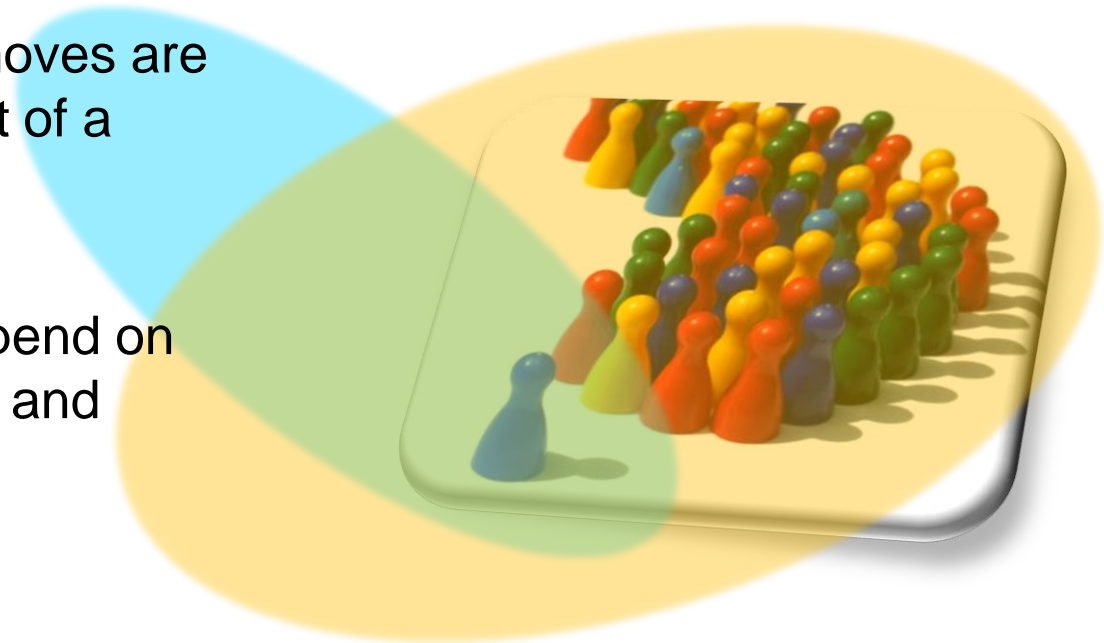
- it is better to stick to already made decisions as there are probably officially new ones than follow non-official communicated rumors.
- Tell everybody that – because of no new official ones – you have to follow the old ones.

Especially in the first phase(s) of a merger align each step with your (old) supervising managers as they are aligning with theirs.

- Maybe it sounds exaggerated – but especially in the first (uncertain) phases of a merger the situation is tense. All the involved are stressed out and this means that a small mistake could have an adverse effect on the process.
- Nobody would in a „normal“ environment align telephone calls, emails, etc. In the mentioned phase – even the smallest action should be aligned with the supervising managers or managers who are dedicated to process certain functions like HR, Controlling, ...
- Align each single step in the first phases of a merger with your supervising managers.
- Additionally: Install alignment meeting among the „old“ management team.

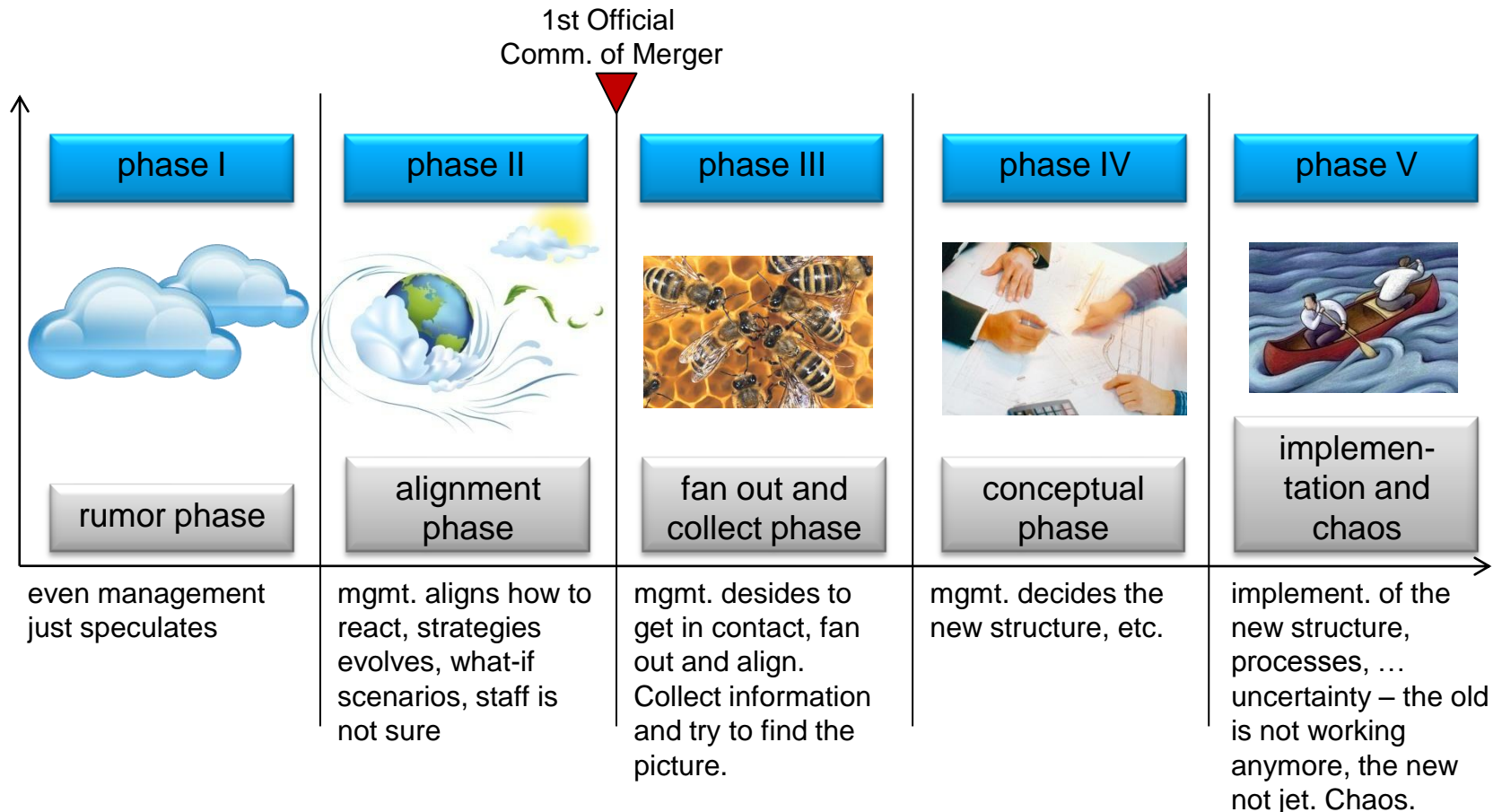
As an organizational unit you have to take different measures to survive a merger

- As an Organizational Unit (OU), as a company, as a department you have to take slightly different activities, measures to survive a merger.
- Whereas the individual moves are driven by the requirement of a single person
- the actions for an OU depend on the necessity of the team and less on a single person.



The unofficial phases of a merger – from rumor to chaos

- Regarding the experience and not following the rational descriptions (project plans) a merger has 5 phases.



Prepare yourself for the merger. Schedule closed meeting, create what-if strategies and consolidate the view of the management

- **Prepare yourself as soon as possible ! Why wasting time – it will not become better.**

- When the merger is more than likely then start preparing your management and yourself by
 - schedule closed meeting with your management
 - create „what-if“ strategies
 - consolidate your views and
 - align the next common steps.

- **Appoint SPOCs (Single Point of Contacts) for certain field of expertise that are**

- HR, Controlling, Process, Production and Architecture (e.g. in case of an IT company)
- with the task that all related information is handled by and via them
- this „bottleneck“ guaranties contradiction-free (low) information

Establish a positive climate and communicate as much as possible and guarantee as much as necessary.

- The „Grinch is out“ the „Positivist in in!“

- Establish nearly in any case a positive climate for the merger.

- It is – and this is true for nearly any cases – absolutely imperative to install a positive mood for the merger. Even if the management seems to recognize obstacles, hurdles, ... be as positive (and even more constructive) as possible.
- The rule of thumb is very easy – do you think that with a negative prevailing mood you will avoid the merger ?
- Isn't it better to focus the merger with optimism ?

- **Communicate, communicate, communicate !**

- Communicate as much as possible and as often as possible after the more-or-less official announcement of the merger
- It is not necessary to guarantee uncertain decision – on contrary – if your communicate and have to change afterwards too often, you loose the trust.

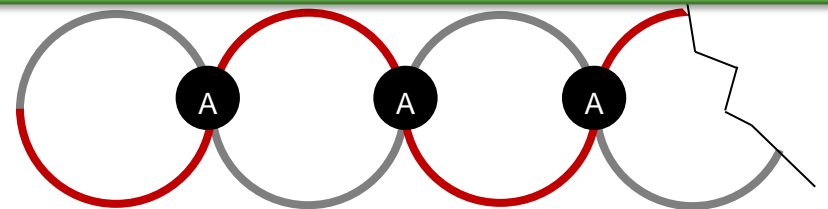
Align your management, fan out, come together and share your information. You have an indication when positions are assigned.

- Especially during the PHASE II it is necessary to align the management. This creates trust in management.
- Management has to speak with ONE VOICE.

- In the PHASE III it was proven that a simple „Japanese Tactic“ is probably unexpectedly successful:

- Fan out, collect information and come together to share them.

- This works as long as the management seems to pull on one side of the robe. It will lose its power when managers either get offered a new job or are in a double role between new and old job. When interest of management dramatically drops then it is obvious that a new job was offered.

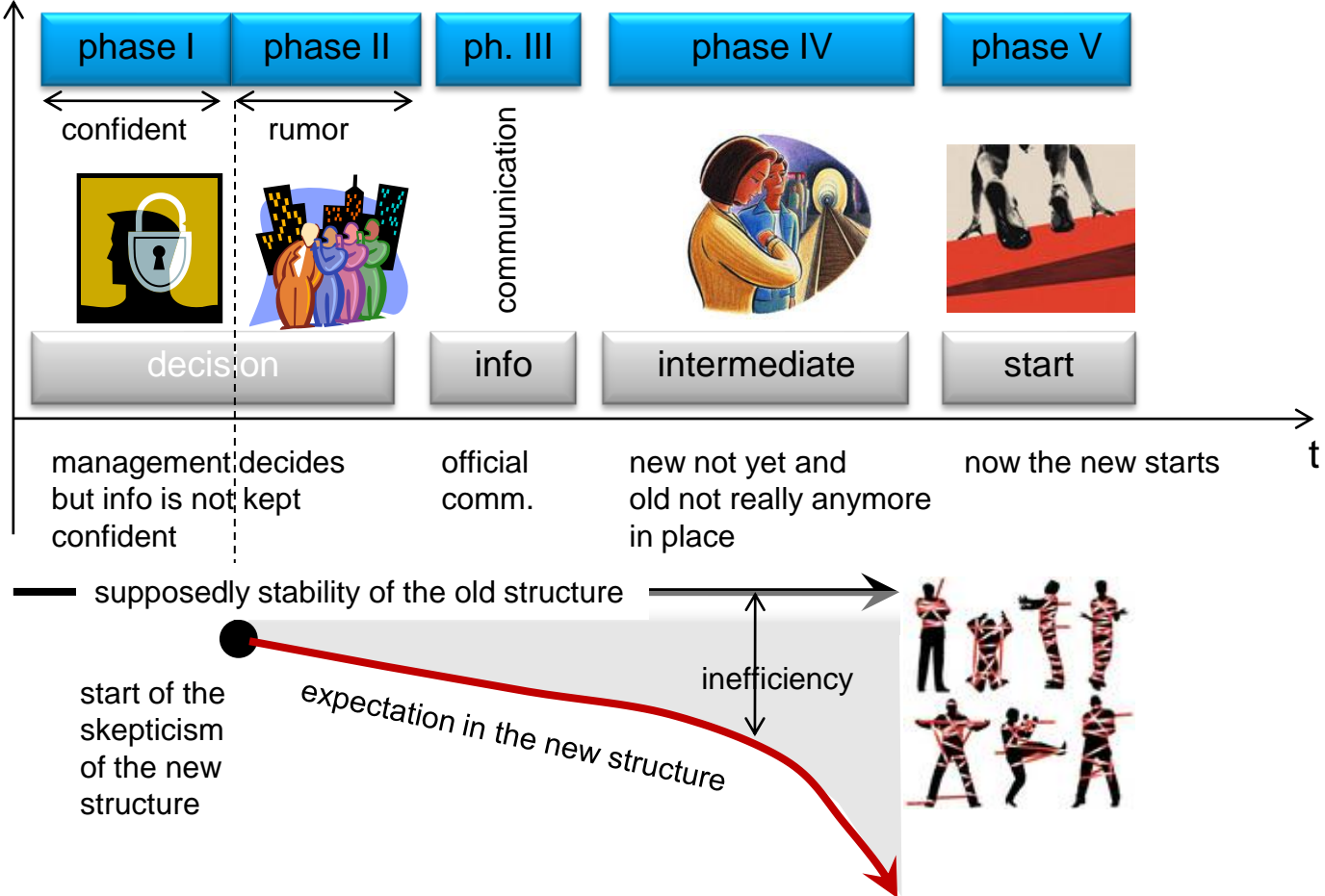


Implement the new structure as soon as possible – even if alarmist (and maybe you as well) see that this is not appropriate – do it!

- A merger always induces a new structure in the organization. The decision to be made is not IF just WHEN.
- You should always consider that the new structure will not be kept secret and therefore if you wait longer than necessary the situation gets ridiculous as the organization is working unofficially in the new whereas officially in the old.
- Arguments like processes need to be properly designed, implemented and trained are true but do you think they will be ever in that state that all potential „if’s“ are really clear ?
- **Implement the new structure ASAP – even if some processes are not 100% well designed etc. There will be anyhow a chaos in the following period. Sooner you leave the chaos, better you are shaped.**

Difference between supposed stability of old structure and communicated new structure produces inefficiency over the time.

- It is evident that longer you wait even more people face the new one but have to work in the old structure. This discrepancy creates inefficiency.



Communicate, communicate, communicate and accept that the words of the acquiring company counts more.

- It is imperative that management has to communicate as much as possible. You can never communicate too much, just too less.
- Last but not least a rule of thumb which proves to be right but not in every case:
 - If you are the acquirer:
 - Let you be invited by the those who you merged.
 - If you are the merged:
 - Invite as soon the top management of the acquirer. Although you obviously tell the same content, your staff will believe the acquirer more than you.
- Invite (or let be invited) the acquirer. Her words count more than yours. Staff trust the acquirer more than the old management.

Conclusion

- Although the presentation sometimes make you belief that there exists a set of rules, which to follow and to survive. Unfortunately:
- There are no rules with a guaranteed success factor.
- You have to evaluate your own set of guidelines.
- But you can take the experience of others to shape your rules.
- The presentation could help you in this task but cannot substitute the second statement.