The WILD CARD in every deal

While all else may be thoroughly calculated, the human element is often overlooked, says Brunswick's **CHRISTOPHER HANNEGAN**

IN THE TYPICAL MERGER, BANKERS AND ADVISERS are first on the scene, putting together financing, filings and announcements. The deal goes public, spurring scrutiny by regulators, shareholders and other stakeholders. The deal closes. Bankers and advisers collect fees and move on, leaving two workforces to figure out how to act as one.

Mergers frequently fail to deliver promised value because executives rebel or defect, or corporate cultures clash, leaving employees confused and at odds with each other. Those troubles can affect customer service, alienating the stakeholders most needed to ensure success. This is all well known, yet companies and their advisers still fail to focus on the critical human element.

Internal relationships demand nuanced and sustained consideration, not a single action or survey, but a frame of mind embedded in deal planning from the outset.

FIVE KEYS TO GETTING STARTED

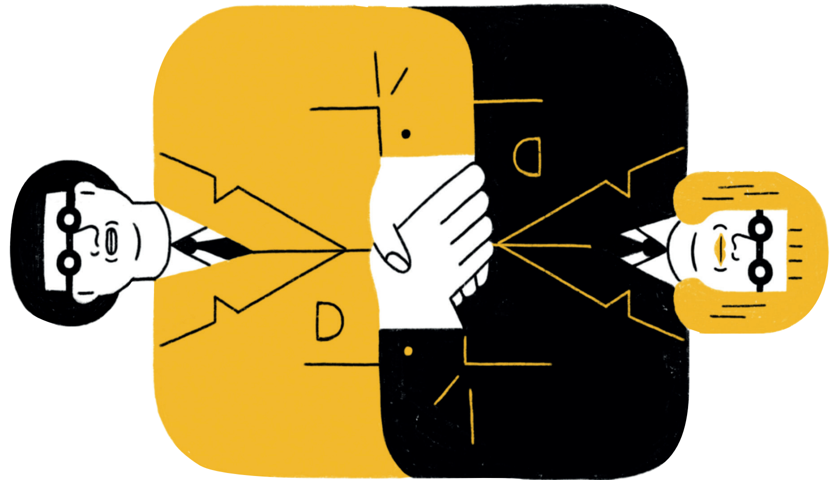
▶ **Understand the cultures.** How do the two proposed merger partners communicate, make decisions, reward success, punish failure, hire, promote, grow and lead? An early understanding of these critical cultural attributes will pay off in the long term, and it needs to start at the top.

When a global healthcare company recently planned to acquire another global company, it started with a third-party audit of both cultures to determine points of difference and similarity. Its head of HR then educated leaders on the cultures and had explicit conversations about how to get off on the right foot when they first reached out to their counterparts.

▶ **Focus engagement on a critical few**. Not all employees matter equally in merger-related communications strategies. While you want to ensure that all employees understand why the merger is happening, what it means to them and when things might be changing, you may want to shine special attention on customer-facing employees in call centers, customer care or retail outlets, and employees subject to the most severe impacts as integration gets under way.

▶ **Be explicit.** This is no time to mince words. Be direct. Don't sugarcoat difficult messages. Especially in today's environment where the divide between internal and external communications has all but vanished, employees will find out bad news one way or another. Better to deliver it yourself.

Answer questions about what will happen to the merged company's strategy, vision, values and cultural norms. Employees of the acquiring company will often assume – sometimes incorrectly – that their jobs will remain the same.



▶ **Don't wait until you have all the answers.** Bring both workforces along in the integration journey by openly sharing when key decisions need to be made, what's being considered and when more can be communicated. Some of the most effective communications about past integrations have included discussion of options considered before the final one was chosen. Employees will appreciate being included in the thought process and reassured that multiple scenarios are being considered.

▶ **Set metrics and stick to them.** Create a benchmark of important key performance indicators. You don't need to measure everything, but do look at metrics related to voluntary staff turnover, customer satisfaction statistics, employee referrals and overall indicators of employee engagement.

Put this scorecard in place for both companies and then determine the best ways to measure against your benchmark on a rolling basis. This will give you real-time insight into the human element of the transaction and allow you to adjust accordingly as the integration process plays out.

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