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The IdeaBridge White Paper Series:
Proven Merger Integration Strategies

Summary

This document outlines the proven success strategies that will help managers improve their chances of a successful merger. While these strategies have been field-tested in the real world, care should be taken to reflect upon the corporate cultural realities of your unique situation; not all strategies will work in all situations.

Advice for Managers in the Merger Process

1. Cultural differences are bound to appear. This is the time to address concerns and meet the tough issues head-on. Openly work to resolve the conflicts…the hotter the issue, the greater the need to quickly handle it. Granted, harmony is nice, but not at the expense of effectiveness.

2. The best managers in times like these are more flexible, more risk-tolerant, more aggressive than cautious, more decisive and more creative. Unwillingness to make mistakes is a fundamental and serious error than can paralyze the transition process.

3. There will be a lot of impromptu decisions that no amount of planning could have possibly foreseen. Major organizational change is never trouble-free. There's no doubt that we'll have false starts and likely make some big mistakes, that's the nature of rapid integration.

4. Deputize employees to be on the lookout for problems or for people with negative attitudes; talk to them often.

5. The more consuming the leader's passion and commitment, the more he will draw his people to him and the company's goals. Set high standards and aim for excellence in order to build commitment, pride, esprit de corps and cohesiveness.

6. Your effectiveness depends largely on your credibility, and you undermine that credibility when you waffle and wimp-out when it comes time to making the really tough decisions. Team reconstruction begins when the person in charge, takes charge and makes the things happen that need to happen. But remember, taking charge doesn't mean that you have all the answers, nor is it an excuse for cruelty or cockiness.

7. If you withhold your support, playing the role of critic or doubter, you undermine not only executive management, but also yourself. Employees watch you intently. They are alert to the smallest clue that you are not committed. All you have to do is sit on the fence, second-guess the changes, or give only lukewarm support; seeing this from you, employees lose heart.

8. It's very common to care deeply for people and still not be in a position to give them everything that they want or need.

9. Your attitude and actions must serve as a constant point of reference for employees struggling to make all these changes. Go about your duties in a manner that leaves no doubt about your acceptance and endorsement of the cultural shift.

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Work With A Bias Toward Action And Speed

1. One of the key predictors of a merger's success is the speed of the transition. Operate with a bias toward action. Action works wonders to relieve the feelings of fear, helplessness, anger and uncertainty. Taking your time and moving slowly are highly inappropriate for transition management.

2. The major challenge is to quickly rev-up the group, mobilize and energize it and redirect their activities to conform to the new cultural realities. You simply don't have the luxury to take your time. Some people aren't comfortable with that. Your job is to help these people adapt…Quickly!

3. Many people will try to adjust at their own pace; the simple fact is that failure to keep up the with company's rate of change is resistance to change.

4. Momentum heals attitudinal problems. Start immediately to change the cadence and create a sense of urgency in your team. Get them moving at a faster pace. Push for daily progress.

5. Mergers most often fail because management won't quickly and decisively deal with problems as they occur…they try to please everyone and take the middle ground. It's a terrible mistake because problems start to swarm around you, then one ends up trying to put-out fires instead of building the business.

Watch Out…Problems Will Hit In A Hurry!

1. Mistakes are absolutely unavoidable when consolidating companies and dealing with the people issues. Problems will seem to pop-up from everywhere, usually it's a total surprise and couldn't have happened at a worse time.

2. There is no such thing as an error-free plan when it involves a rapid, decisive cultural shift. Even when an overall strategy is correct and right, we must be willing to live with some less-than-perfect results, some mistakes and outright foul-ups. If you think that you can pull off a major change without a serious shake-up, you're kidding yourself.

3. A merger always rocks the status quo. Problems and upheavals are unavoidable when one considers the underlying challenges: Resistance to change, divided loyalties, blurred roles and responsibilities, unclear reporting relationships, lack of communication, power shifts, turf battles, job insecurity, employee turnover, policy/procedural changes, etc…

4. When errors are made, candidly own-up to the mistake and quickly press-on. Mid-course corrections are a fundamental part of working through all of this change.

The New Cultural Realities

1. It's not at all unusual for an employee to be an all-star in one culture, and fail miserably in another.

2. Integrate one company…not two. The "best of both worlds" strategy is often the cruelest move of all and can bring traumatic destabilization to both organizations. An overly democratic process usually inhibits team reconstruction.

3. Send very clear signals regarding how you expect people to behave. Then, don't settle for anything less. They may feel that they are entitled to raises, promotions, appreciation, etc., but now is the time to destroy the entitlement mind-set of those employees. Put rewards out of reach of those people who don't contribute to the new culture.

4. You must seize control of the energy (by directing it) and turn it to your advantage so that it can't be used to fortify and perpetuate the old culture.

5. Culture change should be guided by where the new, combined organization needs to go, not where it's been.

6. Everybody ends up losing if people keep questioning the wisdom of the strategy and the speed of the changes. Everyone needs to be aligned and working in concert with one another.

7. You shape the culture by how you behave and your response to opportunities and problems. Everything you do serves as one more building block in the habit patterns that make up the personality ("the culture") of the company. And remember, like it or not, you are on stage, everyone is watching you to see how you respond and how you work with the others. If you don't work together, why should the rest of the team?

8. In today's world of rapid change and industry consolidation, you simply cannot promise job security. In fact, you can't even protect your employees from anxiety and job stress. However, those companies with the greatest chance of survival are the ones whose employees are adaptable, nimble and flexible, have great attitudes and go out of their way to delight their customers.

Change and Resistance to Change

1. When you push to implement changes, the organization will start pushing back. Don't expect the existing culture to be on your side. Often, the established culture actually gets in the way. Remember, you can't keep every employee happy, and don't get distracted trying to protect a portion of the culture that may not even have a viable future.

2. There is a great danger in being chained to outdated methods and traditions. Loyalty to the past and resistance to change cripples the organizations' ability to adapt and should be considered treasonous; deal with resistance immediately.

3. It's easy to point fingers and cast blame when people are involved in rapid change. But the culture needs encouragers instead of complainers, blamers and whiners. Complaining and blaming are defensive tactics used to divert attention from those resisting the change and who desperately want to hang onto the slower-paced past.

4. People will waste far more emotional energy desperately hanging onto old habits and beliefs than it would take for them to embrace the changes; most of the time they are fighting a lost cause. Make it absolutely clear that the organization cannot tolerate resistance to change. Old behaviors that conflict with the new cultural objectives have got to be eliminated.

5. Attempts at incremental change, or "tweaking" the culture, is a misguided course of action. It's much too slow and it's too vague. Further, it confuses the employees.
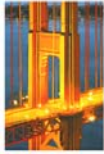
6. The company cannot afford to go forward struggling to deal with overt opposition or subtle sabotage. Be ready and willing to sacrifice those people whose attitude and behavior are sabotaging the change effort.

The Importance of Communication

1. A tremendous amount of high quality communication is needed to sustain a culture change. If you don't regularly update your team, they'll fill in the blanks and rumors will feed the grapevine. In times like these, even no news is news.

2. Any communication gaps are going to cause you trouble. So don't leave an information vacuum. Bad news, rumors, and gossip will fill the communication void. If you get lazy or careless about communication, employees will lose their bearings and the team will start to drift.

3. Clearly and emphatically state your objectives regarding standards of performance. Pull no punches when explaining what the new cultural reality must be.

4. Quickly act to clarify roles and responsibilities for each employee and manager.

5. Employees can't perform effectively until they know exactly what's expected on them. Don't leave people to figure out things on their own. Get rid of ambiguity…nail down every person's responsibilities with clarity and precision. So spell it out, every bit of it. Check to make sure each person understands their role, responsibilities and the team's purpose.

6. Don't be vague and fuzzy in laying down the rules, or wishy-washy in telling people what you want or how they are doing. Don't be inconsistent in enforcing orders. During team reconstruction employees need consistency, clarity, and limits.