

M & A Integration Advisor

Strategy Partners

Structure & Staffing Decisions

The number one fear of senior executives is the loss of their job due to a merger or acquisition. Very few organizations understand how to apply processes effectively in order to make staffing decisions during integration.

The following staffing practices don't work:

- The acquirer makes all staffing decisions unilaterally
- The organization takes a wait and see attitude
- The acquirer cleans house.

In the first instance, many capable people are over looked

because they are "unknown commodities". A newly merged company that is staffed primarily with managers from the acquirer is not able to capitalize on the best practices of

the acquired company. In the second instance, quick integration decisions are delayed because managers don't want to spend the time to do the research nor make the hard decisions that come with integration staffing. Over time, staff changes will inevitably become obvious and a second wave of internal disruption will result as the staffing changes are finally made. The final

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instance is not practical because today's tight market for leadership talent is too costly in terms of severance and the loss of best practice knowledge.

Integration staffing decisions will always be difficult and politically and emotionally challenging but the following guidelines can help:

1. Start the planning before closing, during the due diligence phase

A formal process should be used to compare organizational structures, talent, management processes and individual styles. Begin the process with a due-diligence audit of human capital and the organization in general. Then create various scenarios for consolidating departments and personnel with the associated implementation costs, timetable, and synergy savings.

2. Base decisions on the strategic business plan

Begin with the new company's overall strategy and business plan. When the key reasons for the deal are clearly defined, and when the subsequent on-going operational strategies are

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A Successful Integration Plan Requires (in ranked order):

- Retention of Key Talent
- Honest Communication
- Integration of Cultures
- Management of Resistance

Upcoming In Future Issues:

- Integration Coaching Points
- Integration Monitoring Systems
- Key Questions for Process Re-design
- Key Integration Components: Essentials for Effective Integration

About Strategy Partners

Strategy Partners is a merger and acquisition consulting firm specializing in integration planning and implementation. Successful integration planning needs to begin as early as the Due Diligence phase. Working with your management team, we develop detailed implementation action plans. Our involvement during the implementation phase is tailored to the client's needs. We con-

duct follow-up meetings with the implementation team to monitor progress and make mid-course corrections. We can also provide services as the "integration manager", executing a majority of the implementation action items. For more information, please contact us at 612-860-6984 or don@strategypartners.biz.

Merger & Acquisition Integration
Strategic Planning & Implementation





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clearly articulated, the key decisions about staffing become easier. As each unit in the organization solidifies the core competencies that are required to support the strategic plan, it can begin the process of designing the organization and its jobs and staffing with the best candidates.

3. Prepare Effectively

Be ready to go when the time comes. As the deal is developing and due-diligence is underway things are moving rapidly and unpredictably. Chaos will result unless the company has defined processes for strategic analysis and for making staffing decisions. User-friendly tools, process maps, templates (i.e., interviewing tools) and detailed policies are crucial. An executive from the senior staff should be assigned to manage this effort.

4. Take Prompt Action

Nothing much happens in a merger integration until the organization is set. So the sooner, the better. Staffing decisions should be implemented as quickly as possible after the deal closes. This will buffer the inevitable psychological letdown of those managers not staying with the company, and it helps the remaining employees who may be wondering when their time will come. When key staff are needed only for transitional assignments, they can be maintained with specific (stay) contracts.

5. Seek Multiple Opinions

In a merger integration it is folly to trust only one hiring manager's opinion. At a minimum, you should get input from a candidate's current organization, input from the acquiring company and the hiring manager, and data from an external assessment tool or an interview with an outside professional. With regard to input from the current organization, make sure that you interview a candidate's peers and subordinates. Don't just listen to the opinions of the

seller's management team. More than once, key executives have been denied roles because of relationship issues with the selling senior executives who were making a power play for themselves in the new organization.

6. Communicate Openly

Research has shown that employees want the truth and respond to it better than they do to delay and ambiguity. When the company has defined the steps it will take to make its staffing decisions, it should communicate the process widely throughout the organization. Timelines for making decisions should also be established and published.

7. Train Managers in Hiring Skills

Some companies provide classroom-based training programs with instructions on specific hiring tools and forms, a thorough discussion of legal issues, and skill building exercises on interviewing. Other companies may decide to provide tools and other resources and remind the managers periodically of the availability of the tools and resources.

8. Monitor the Decisions and Correct Mistakes

Even after doing all of the above, hiring decisions may be made in error or appear to the employee group that they were made with just "lip-service" to the strategic plan. It is critical that the company have a review process using impartial senior managers to assess the process and criteria used in making the hiring decision. Once the review is complete, the review board must communicate its findings to the company and reverse and correct any hiring decisions that were made in error.
