M & A strategies for human capital

Mergers and acquisitions are a powerful business tool for creating competitive advantage. But what happens to your people during an integration? David Wee, Managing Director, Lee Hecht Harrison, offers this advice

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Mergers and acquisitions (M&A) are common occurrences in any economic environment and every professional should expect to be involved in a merger or acquisition at some point in time. Despite the potential downsides and general uncertainty, well-executed transactions can give companies a distinct advantage over their rivals.

The following recommendations will help you better prepare for an M&A:

Create standby plans

Regardless of whether your company is the acquirer or the acquired, there is a standard set of steps necessary to complete a deal and begin the integration.

Address all constituents. In almost every case one company is typically dominant and the other subordinate. Both companies need to prepare communications plans for the announcement day through to the pre-close period. Among the core audiences to address are all employees, customers, shareholders and suppliers. Begin by drawing up a list of spokespeople and list communications channels. Then, create a calendar of activities continuing approximately 90 days.

Staff communication is key. Increase the frequency of communications on all issues. Provide small but meaningful reassurances to employees at each level. Designing an "inside-out" approach to communications, one that starts with employees, will begin to temper some of the uneasiness. At the same time, such a campaign will provide employees with key messages to extend to external audiences.

Identify key assets.

Preserve your top performers. Identify valuable individuals across the entire organisation. Clearly establish what assets need "protection" during the process. Create formal action plans to secure critical employees and customer relationships. Establish formal and informal channels to collect feedback. And finally, aggressively work to maintain productivity at all levels.

Focus on the integration

The big picture is key, but don't lose sight of critical business tasks. The integration effort diverts attention from day-to-day activities which must continue seamlessly. In addition to regular duties, employees are tasked with new projects and other activities.

Aligning corporate cultures. Put your knowledge of your own company to productive use. From the first interactions, take notes on the substantive differences in the two companies. Resist wherever possible simply adopting the processes of the dominant company.

Communicate (relentlessly)

Those most at risk following a merger include employees working in duplicated roles and those whose value isn't immediately apparent.

Energise and motivate your new staff. In advance of announcements, utilise key managers to assess morale. Prepare answers to the tough questions so employees understand how the management team arrived at its conclusions. In the event job cuts are necessary, make them swift. Following the announcement, schedule presentations by senior management to all remaining employees.

Proactive management is your best tool. Aside from the operational aspects of combining the assets of two companies, there are significant human capital issues to address – beginning with the initial announcement, all the way through the integration. HRM

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