EXECUTIVE TRAVEL

Mergers and Acquisitions: Meetings Smooth the Bumps

By Jeanne O'Brien Coffey
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How to plan meetings that ease the transition when two companies merge.

A large financial services institution wanted to celebrate the acquisition of a new bank with a festive party. Organizers put together a fun carnival atmosphere, complete with a lavish barbecue, games and strolling musicians, but nobody was having a good time.

"You could see on people's faces their concerns about having a job," says independent meeting planner Loretta Lowe, who organized the party. "No event was going to allay those fears."

When it comes to mergers and acquisitions, there is no avoiding the elephant in the room: It will be stressful and awkward. The good news is that strategic meetings can go a long way toward improving the atmosphere and ensuring that the stakeholders gain the full value of the combined operations.

"Meetings are a fabulous and necessary element of making a merger work," says Fred Adair, principal at Adair Leadership Consulting in Chestnut Hill, Mass., who consults with CEOs and senior executives on leadership and strategy issues. "Most people get inert at the time of a merger. Face-to-face meetings let people be real."

Ensuring maximum value from those interactions requires advance planning—preferably before the merger is announced. Meetings should be a major part of an overall communication strategy, put in place while the details of the deal are being solidified, notes Tom O'Rourke, president and CEO of Connolly Clarke, a human capital consulting company based in Madison, Wis.

"You get high return on effective planning up front—knowing what you are going to say and when you are going to say it," O'Rourke says. "It starts to chip away at credibility and trust if you're not hearing the same message from all your leaders."

A strong communication plan can also keep executives from making big mistakes. O'Rourke recalls one merger situation where a top executive brought together department heads from both companies in a conference center auditorium to present his new organizational chart. The problem? The names of all the people assuming the new roles were listed in the chart's boxes—and none of the affected individuals had been informed.

"There was a gasp from the audience, and tears started flowing," O'Rourke says. "That was definitely not a best practice." The company brought Connolly Clarke in after the fact for damage control, as employee retention became an issue—and not just for those who were detrimentally affected by the reorganization.

"A lot of people [who were being promoted] were turned off by the experience—they felt like if this is the way the new acquiring company operates, we don't want to be a part of it."

Address Job Security

While what is going to happen with current employees is not usually as clear-cut as that, job security is always first and foremost in everyone's minds—and communicating information as best as you can as quickly as it becomes available is another important way to build trust.

"In real estate, they say three most important factors are location, location, location," says Adair, with Adair Leadership Consulting. "In a merger, it's 'What's going to happen to me, what's going to happen to me, what's going to happen to me?'"

If that information is available, it needs to be communicated in person, before the rumor mill starts grinding. If it is not available, let employees know what your timeline is—tell them whether there will be weekly updates, or if decisions on a certain department will be made next month, etc.

Conveying any available information about an overall timeline is critical in the early stages of a merger. Other important items to address include the rationale behind bringing the two companies together, who will be serving on the transition team and where employees should turn if they have questions.

While a town hall forum is an effective component of early communication efforts, try to avoid having the classic CEO up at the front saying how great the company is, Adair says.

“Emphasizing only happy thoughts and marginalizing others is a recipe for disaster…. The CEO can’t stand on top of the mountain and spout platitudes.”

While being positive is important, it is equally important to explain why the deal is a good idea—in very concrete language, Adair says. “It is appropriate and essential to convey excitement,” he explains, but including the new company in the equation is equally important. “You want to say, ‘We are excited, but think we will be even more excited once we hear from you.’”

In these early meetings, and in future interactions, draw people together by seeking similarities, says Aad Boot, Brussels-based founder and partner of HRS–Business Transformation Services, where he advises business leaders and managers at companies like Johnson & Johnson, HP and Microsoft.

“It is in our nature to see the differences more than the commonalities,” Boot says. “But if you only focus on the differences, you will find conflict.” It is much more constructive, he adds, to seek out the similarities. “This creates more of a platform for teamwork,” he explains.

From there, encourage participants to work on just understanding where the other company is coming from. “When you have 10 people in a room that don’t even want to be there, an action plan is not a realistic goal,” Boot says. More effective, he says, is to take the time to understand how people approach things differently—this will help identify potential obstructions or pitfalls that need to be addressed. “If you focus too quickly on the ‘how’ without focus on the ‘what,’ the integration process will not go as smoothly.”

Make It Interactive

From the largest town hall meeting to the smallest task forces, ensure all post-merger meetings are interactive. During a merger, employees feel powerless, but if you give them something to do, it will get them engaged, Adair says. The interaction could be as simple as three-person buzz groups at a large company-wide meeting—tell the audience to talk for 10 minutes to the people sitting near them about what was positive, what was negative and what questions were unanswered.

“All of a sudden, instead of listening to suits, you get to talk about your concerns,” Adair says. After that, bring the group back together and open the floor for questions.

Many executives shy away from taking questions, because they don’t have all the answers. “Don’t be afraid to say, ‘I don’t know,’” Adair advises. “It’s really very powerful.” In an M&A environment, meetings that don’t handle questions well or employ corporate doublespeak are bound to fail, he adds. “Make sure everyone is heard, but don’t make promises you can’t keep.”

“People will cling to every word you say, so what you say in March better be what you said in January,” O’Rourke adds. While the executives may not have all the answers, assuring workers that lines of communication are open and that they will know as soon as the leaders know is important, and can be done only through meetings, not emails, he says. “Meetings are absolutely critical. I can’t imagine a successful merger without meetings.”

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