

TARKENTON

IDEAS AT WORK

Leading Through Mergers

Takeaways

- Establish a regular cadence of communication and choose the right people
- Share accomplishments to build bonds between teams
- Invest in people who are on board with the merger and can influence the team

One of the unique times in my life was being part of the first season for the Minnesota Vikings as an expansion team. Everyone – from star veterans like Hugh McElhenny to rookies like me and Tommy Mason – was part of creating an entirely new team.

We had the responsibility to come together and create the foundation for an entire franchise. Some of us were coming to the NFL for the first time, others were coming from all different teams and backgrounds. Together, we became the Minnesota Vikings.

Fundamentally, a business is a team. It's a lot of people working together toward common goals. Companies that are going through a merger have the responsibility of taking people from different companies and different backgrounds and coming together as one new team. This article gives a great perspective on how to lead a team going through this experience to have a successful transition.



Jim Tarkenton

Leading Through Mergers



The ink's dry on the contracts, and everyone's signed off on due diligence and finance. Two companies are set to become one—and you're at the helm of one of them.

Your strategy during mergers and acquisitions plays a huge role in defining the future combined entity. As you navigate the bumpy road and the unknowns ahead, you must keep pointing your team toward the desired end state and the rewards they can look forward to by following you.

It's time to create a communications “roadmap” for the journey.

Transparency and Trust

Your abilities to speak, listen, empathize, perceive, and persuade are essential for successful mergers, but the pressure is about to kick up a notch. Mergers challenge you to continue running your existing business, while shepherding a new, combined entity into reality. As you focus on the future, you must also ensure the present is secure.

The two most important principles to keep in mind as you guide your team through this journey are transparency and trust. Change causes stress and uncertainty, even in the best cases; by sharing what you know—and don't know—you can help set expectations and build your team's confidence in the future.

As you walk through the process, establish a regular cadence of communication. Whatever pace you set—weekly, bi-weekly, monthly or quarterly—a predictable series of updates helps your team feel less anxious about the unknown.

Oftentimes, the reaction to news depends more on who communicates the changes, rather than the changes themselves. Employees and customers are more likely to feel comfortable with organizational changes when they receive the news from people they already know and trust. Many need time to process change or a forum to give feedback and ask questions. Communicating with a familiar, trusted messenger can enable this.

For example, a junior employee is likelier to engage with changes they learn about from their first-line supervisor, whom they work with on a daily basis, versus from a senior executive they barely know. Don't expect people to cooperate enthusiastically if you send an impersonal or unfamiliar messenger to announce, “Hello! Your world is changing! You don't know me ... but you can trust me.”

People of Influence

Successful communication during a merger or acquisition is a two-way street. That means not only how you communicate with your team, but how they communicate with you. Tap the key influencers within your company (individuals with passion for people, process, and culture). These people might hold positions of authority, or they might simply be influential among their peers ... but they have a finger on the pulse when it comes to how decisions will affect the company, how they're likely to be perceived, and (critically) how to "divide and conquer" to move their portion of a merger forward. Engage these influencers to reinforce your messaging and to bring you any and all feedback they pick up.

Also, as you communicate openly and frequently, be sure to provide your team with a mechanism to give feedback you might miss during forums or face-to-face meetings. Anonymous electronic forms can help, because they give people opportunities to share thoughts or ask questions they might feel uncomfortable bringing up publicly.

Great Expectations

As you communicate through a merger, it's crucial to clarify—to both employees and clients—how they'll directly benefit from the process. Some of this might seem obvious: it's exciting to inform a client of new capabilities, and how the merger will enhance the experience of doing business with your company. Employees might be more wary, wondering about new co-workers and changes to procedure.



Remember, the preeminent question both of these groups ask is, "How will this affect me?" The more you take time to acknowledge and empathize with how change will affect people, the more opportunities you'll get to remind them of the rewards at the finish line. For example, merging leads to new levels of skill and competence. When one company merges with another, it's an expression of confidence in the other company's skill and proficiency. This is a good time to remind your team of the value they create through the work they do.

The Total Is Greater Than the Sum of Its Parts

If you lead a firm that's acquiring another company, your team members might be tempted to think, "They're becoming part of us." But if the shared vision is, "We become something new together," that's an important distinction for your team to understand. Be prepared for as many of these details as you can with a detailed (and frequently updated) list of FAQs.

There's nothing like a slew of early achievements (with plenty of praise and recognition) to forge new bonds between merging teams. Mergers gather steam and momentum with a broad, coordinated effort from several team members who design, implement, and "own" individual transition pieces. When your team members begin to get excited because they "own it" and see it taking place ... you're doing it right.

A famous example comes to mind, when President John F. Kennedy visited NASA headquarters in the buildup to the 1969 moon landing. While touring the facilities, Kennedy encountered a janitor mopping a floor. The president asked him, "What are you doing?" And the man answered, "I'm helping to put a man on the moon."

Don't Pretend It Isn't Weird

Even as you highlight the pros, mergers will expose the cons—everything you have yet to think through. The process will call your bluff if you try to treat it as "just another day at the office." Take time to recognize and express gratitude to your team members for being patient, enduring uncertainty and disruption, and staying with you through thick and thin.

Mergers sometimes help other people solidify whether they belong in a certain role, or if they should even remain with the organization. In a process already fraught with bumps and potential setbacks, don't waste energy trying to persuade naysayers. Invest rather in people who are on board with the merger and positioned to positively affect others. And by all means, if your merger somehow leads to redundancy for a top performer, do your utmost to help them find a new position within the company.



Have Your People Call My People

Naturally, mergers take two teams and forge them into a single unit. One of the best things you can do, as the leader, is to facilitate their introductions and integration on the most human footing—casual conversations over food and drink, giving people the chance to break the ice and establish rapport.

This is also a good time to give people permission to openly discuss their roles, procedures, and culture, without any obligation to change anything (just yet). Inevitably, mergers bring to the surface people's gut reactions to change: "But we've always done it this way!" It's better to deal with assumptions and expose ambiguities up front.

Before you have an all-hands meeting, consider bringing influencers together to talk about these issues ahead of time, in the abstract. We recommend, even for companies separated by geography, that you take advantage of the exponential benefits of gathering all of your influencers together in the same physical space. Even if they will do the rest of their collaboration remotely ... they'll start to blend together much better with real-life face time.

Who Needs to Know What, and When

Make no mistake—privacy and confidentiality have the potential to upend the most transparent and well-organized mergers. Mergers are the products of thousands of decisions, many of which have yet to be made until later stages. Nobody wants to communicate a decision they'll have to retract later. Depending on how large your organization is, and how it's structured (closely held vs. publicly traded), you may have legal and ethical obligations that limit how "open" you can be.

Most mergers unfold through phases, regardless of how openly you communicate internally. Some are quite simple, while others can be painstaking and take as long as 12 months. At the finish line, everyone will know it's happened. But as a general rule, we advise you to share the news with your entire team at some point, before you announce to the public. It's better for the new, merged team to work through some of the initial awkwardness and uncertainty before the general public learns of the merger.

There's more to mergers and acquisitions than most leaders see coming. If you're walking through a merger, Tarkenton excels at guiding leaders through the process. Schedule a complimentary consultation with a member of our business development team to learn more.



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