

## MERGER & ACQUISITION INTEGRATION

*Making **mergers work** - **delivering on the bottom line***

Despite the increase in mergers and acquisitions (M&As) as a preferred growth strategy across Australia, many companies with an apparently good M&A strategy still do not meet their objectives. A lack of recognition of the “cultural” issues arising from the merging of two or more organisations is a big inhibitor of success in the post-merger phase. In M&As that have been poorly planned and managed some of the symptoms will be: staff still refer to “them” and “us”, staff groups have different identities, different productivities, ways of using systems, processes, reward arrangements and so on. It can cost the merged organisation in terms of decreased productivity, poor performance and poor customer service, low morale, and expected organisational synergies often being blocked or inadequately realised.

It is fair to say that M&As are regularly high pressure, critical times in the life of any organisation. They have a huge impact on culture because every M&A challenges ‘how things are now done around here’ – the essence of culture.

More tangibly, M&As often challenge which rules of decision-making and engagement are used, how staff treat the boss, customers, each other, how information is used and managed, how processes should operate, the IT that is used, the structure that’s needed and so on. So they are rarely easy, no matter how diligently they are approached.

### **What do Gatria and Designed Interventions do?**

Gatria and Designed Interventions have an alliance around M&A integration. Our combined expertise supports you to build in people and culture issues to your M&A planning and transition management. Specifically, our expert consultants address the following:

- A culture audit at the due diligence stage, prior to the merger or acquisition decision. This analysis gives significant insights into whether, or how quickly, the M&A will deliver the expected benefits, and allows planning that will optimise those benefits.
- Planning for the transition and integration *prior* to the announcement of the M&A, taking account of people, logistics, work locations, communication, financial systems, processes, and the capital and assets of the organisations. Coordinating these factors requires a team approach – a Transitional Advisory Team – fully representative of leaders and staff.
- Formal acknowledgement of the past and building towards the future. A simple and powerful example of honouring the past in one merger was a ceremony to acknowledge the passing of the previous organisations.
- Aligning the new Board and leadership teams. These teams invariably need to be guided, supported and developed individually and collectively in their behaviours, their goal setting, and the communication of strategic change leadership.

Our approach is strategic and results-oriented, integrating the unique experience of the employees involved and the desired new organisational culture.

### **We work on M&A transition and integration during the following situations:**

- Organisational mergers and acquisitions
- Divisional mergers
- Organisation partnerships
- Cross-functional silo busting

## What distinguishes Gatria's and Designed Intervention's approach?

Gatria and Designed Interventions work in partnership with you and your Transitional Advisory Team to ensure control of your M&A integration is in your hands, not in the hands of external advisors.

Therefore, our consultants are specialists in the facilitation and implementation of change - advising and guiding change processes, and involving your people in planning, driving, integrating and celebrating their own milestones. We also focus on transferring capability in-house, using a collaborative coaching approach for leaders and staff.

Helping your people to get involved with the M&A, and to work collaboratively to deliver the hoped for business outcomes - not just plan them - is a cornerstone of building a Culture of Achievement™. Not all aspects of an M&A have to be collaboratively implemented. However, the greater the degree of collaboration, the more knowledge is gained and shared by your staff, and the greater the likelihood of commitment and follow through.

Gatria and Designed Interventions consultants have in-depth knowledge and expertise enabling us to link and embed changes at both the organisation-wide level and for individuals within your organisation. Our change expertise balances understanding of organisation culture, structure and interpersonal relationships with business knowledge about processes and IT.

## Results

In a utilities merger there was a perception of "takeover", leading to conflict at Board level. There was also fear that a large infrastructure project may not be secured if the merger was unsuccessful. Gatria and Designed Interventions gave strategic guidance and training to the newly formed Board, members of the senior executive and the Transitional Advisory Team – this assistance was directed to understanding effective change implementation processes and to establish open and cooperative relationships. The merger was successful, and the organisation has secured and is implementing the large infrastructure project that was in jeopardy. The Board and Chair operate effectively with a shared purpose, freeing the CEO to lead operational merger issues. The Board, Executive and Advisory Team were the first sub-groups to become truly merged, and to model and lead this united approach across the whole organisation.

A national professional services company acquired a competitor, but one year later momentum ground to a halt with the bottom line plummeting. Designed Interventions reviewed the process of integration and culture change and advised on the next phase to regain the sought after business synergies.

Designed Interventions assisted the Executive, and later a cross functional staff team, to refocus its role in relation to integration and work together as a strong team leading a clear vision. An internal communications strategy was developed to involve and inform all areas of the organisation as business improvement and culture integration continued. Processes and structures impeding cultural integration were changed. The organisation is well on the way to achieving effective and sustainable culture change, with clear, strong leadership and 'grass roots' involvement by business units in changing business practices.

In two examples of mergers, Gatria provided change transition guidance for the merger leadership teams. As a result of one of these mergers greater customer focus and professionalism resulted and drove improved customer service. In the other merger Gatria's work is regarded as setting an industry benchmark for how to bring organisations together. A strong leadership coalition for the change was built, and a legacy was left of internal change capability. Also, high service delivery standards were maintained throughout the integration with no disruption to customers.