Merger Miseries Five - Troublesome Mini Mergers

by Robert Whipple: MBA, CPLP

This is the fifth in a series of articles on the trials and tribulations of mergers and acquisitions. The topic for this episode is "mini mergers." Every day in the news we hear about the mega mergers between giant organizations like airlines and automobile companies. These consolidations typically involve billions of dollars and take many months or even years to accomplish. The moves are the subject of constant Wall Street and popular business press analysis. In reality, there are literally thousands of smaller mergers, acquisitions, or restructurings that go on every day. These smaller but more numerous actions, when taken in aggregate, dwarf the mega mergers in terms of total impact, even though they do not get as much attention.

Any activity to change the way a unit goes about accomplishing its mission is a form of change that involves restructuring the roles of people. The activity goes under a wide spectrum of names, like: reorganization, merger, restructuring, downsizing, acquisition, reengineering, work-out, process improvements, Lean Six Sigma, and layoffs. Regardless of the name, each of these efforts is designed to make the resulting organization more effective than the prior pieces. The problem is that in roughly 80% of the cases, the activity consumes more resources than planned and is far less trouble-free than anticipated.

Unfortunately, the tendency is to focus on the mechanical nature of the action with little planning on the consequences on people. For example, if a merger of two groups within a corporation is contemplated, far more energy typically will be spent on the timing of the move and the layout of the new office than on what changes will need to be made to the way people work together during and after the merge. The procedural issues and training needed are usually given short shrift until the mechanical merger is consummated, which misses an excellent opportunity for people to become invested in both the process and the outcome. The typical sequence almost guarantees a lapse in customer service and great consternation among the workers while managers try to sort out the mess.

There is a solution to the problem. It is to begin by addressing why we need to do something in the first place. If we need to be more competitive in order to compete with a new worldwide market, then start by discussing this problem with the people in the organization. Take the time to solicit creative ways to solve the problem that may or may not involve a restructuring of units. Let the individuals affected come to the conclusion that if the organization is to survive at all, something significant needs to be done.

Then, when the topic of combining units comes up, it is born out of involvement with the impacted groups. They can help configure the mechanical set up of the merged entity, and also begin to plan for the impact on people long before the actual event. They can set up groups whose job it will be to take care of customer issues with "one voice" while the organizational turmoil is going on. They can establish training programs for individuals who need to learn different functions. They can help people who are impacted find a path to a viable future inside or outside the old organization. In other words, the impacted people can and should help figure out what to do *before* the mechanical merger begins.

Involving people is often avoided out of fear that impacted people might get angry and start some forms of sabotage. It is true that there is some risk of that kind of problem, but it is far better to take this risk with eyes open and manage it intelligently. Reason: The vast majority of individuals will act responsibly when they are treated like adults and given some ability to shape their own destiny. Even though considerable pain is involved, a company can get through a transition phase quickly and with grace if top management allows people at all levels to be part of the design process.

Bob Whipple is CEO of Leadergrow, Inc. an organization dedicated to growing leaders. He can be reached at bwhipple@leadergrow.com 585-392-7763. Website www.leadergrow.com BLOG www.thetrustambassador.com He is author of the following books: *The Trust Factor: Advanced Leadership for Professionals, Understanding E-Body Language: Building Trust Online, and Leading with Trust is Like Sailing Downwind*