

Reducing Conflict 44 Consolidation Mistakes

by Bob Whipple, MBA, CPTD



During a major consolidation, such as a merger or acquisition, trust goes down for many different reasons. In this article, I will discuss a phenomenon that really hurts people. Managers ask some individuals to do their previous job plus the work of another person. It happens when leaders fail to plan the transition well.

I tell a story below as one form of the disastrous consequence of clueless leadership. There are a host of other consequences that can occur as well.

A common story in reorganizations

In the planning phase, top management has a gag rule on information. Sometimes it is because of legal restrictions. Other times it is out of fear. They are afraid people would panic if they knew what was going to happen. They try to avoid sabotage and other problems. It seems best to keep things under wraps until the merger is ready.

Secret meetings lead to rumors

Rumors start as a result of all the secret meetings. Workers expect some layoffs because one primary objective of a merger is the consolidation of staff positions. People are aware of this and hope they will be one of the survivors. In reality, some people are smart enough to hope they do not survive.

Managers keep people in a vacuum before the announcement of a merger. Then some people find out they are expected to do the impossible. Many managers handle the situation with zero sensitivity, and they pay a heavy price.

Top brass announces the merger, but it is really not a shock to the people in the organization. They are just glad to have the news out in the open. Living with the rumors is a most uncomfortable feeling. Now, at least people will find out if they will be "impacted" or not.

The announcement day

The dreaded day approaches and finally arrives. The boss calls the impacted people in one by one to tell them the bad news. A remaining employee, let's say, Mary, breathes a sigh of relief until the boss calls her into the office. He says, "As you know, we have let Jake go, so you will now cover his responsibilities."

Mary says, "But I already have a full workload of customers, and I don't know anything about Jake's job."

The Boss says, "Just do the best you can. Remember, as one of our most talented people, you are lucky to still have a job here." (This last sentence should never be uttered by a leader who has a clue.)

In a daze, Mary wanders into Jake's empty office. She looks around and shakes her head. "Well, I might as well dig in here and see what Jake's job entails." She looks halfheartedly into Jake's file drawers and starts trying to make sense of the mess.

Think about this scene. Have you ever tried to decipher someone else's files with no crossover? It is impossible.

Reality hits

The sound of the phone ringing in her office wakes Mary up. She runs down the hall and grabs the phone in time. It is the familiar voice of one of her own customers. Thankfully, she is able to answer the question and satisfy the concern. She does a double-take and realizes that there are 18 messages on her answering machine from the past two hours. She starts clearing out her backlog and becomes totally engaged in her old job. She knows that job and can handle the issues.

Trying to train herself

Every day for the next several weeks, Mary goes to Jake's office for a couple of hours (usually including her lunchtime). This is a feeble attempt to keep the most vocal customers in Jake's area from blowing up.

There is little understanding or history to back up her actions, so she is not very effective. It is impossible to keep up with Jake's workload in a couple of hours a day. Mary focuses most of her attention on the job she understands: her old job. She works many long days trying to manage the load.

Unhappy customers

Customers eventually write nasty e-mails to the top manager who jumps all over the area manager. Customers are taking their business elsewhere because there is no service. The boss rushes into Mary's office and says, "Mary, you are not performing like your usual self. We have customers that are your responsibility who are defecting. I know you are super busy, but you simply cannot afford to ignore customers who are in need."

Bye-bye now

Mary says, "You are right, Bill. I cannot. Another thing I cannot afford is to work here for you any longer. My family and my doctor tell me I am heading for a heart attack. I am simply unable to perform what is expected. Therefore, I am handing in my two-weeks notice."

Note the simple but inevitable consequence of an action by management to do a poor job of transition planning.

The company lost valuable customers and one of its most valuable employees. In addition, this situation is going on multiple times in the work unit. Mary was not the only one whose workload doubled with no training. There is no way to make up for this damage. It is a major blow to the business; in many cases it is fatal.

What caused the failure?

The fault here is not the merger itself; it is the rush to jettison redundant staff too soon. That is silly because they could have planned for a few months of crossover time in the process.

I am not saying that mergers are a picnic if managers give people more time to plan. Many of the problems will occur no matter how the managers announce the merger. If we contrast the above scenario with a slightly modified one, the result has the potential of a brighter outcome.

A better way to handle the transition

The area manager calls all employees together on day one. He says, "As a result of the merger, we are probably going to need to reduce staff in the next few months. None of us are happy about this, but it will likely happen. The best thing you can do now is focus on your job. As we plan for how many people will need to leave, I will keep you informed."

During the next couple of weeks, the need for a layoff becomes clear. The boss calls Jake into the office and says, "Jake, as you know we are projecting a layoff. It looks like you are impacted. We will either let you go or have you assume a different role. I will work with you to find the best option."

You should begin networking now, both inside the company and outside. In the meantime, please work with Mary to introduce her to your customer base. I will tell her that we are combining her job with yours, but we will reduce her other responsibilities to allow her time to accomplish the combined area."

The discussion with Mary

In the discussion with Mary, the boss stresses that she is a highly valued employee. She is being called on to stretch her influence with the customer base. A reduction in her other responsibilities will provide some relief in order to allow more face time with customers. She will also receive a modest bump in pay as a result of the increased load. She will inherit Jake's accounts and should get up to speed on them over the next few weeks. Jake will help train her.

Advanced planning and preparation can help adjust the numbers needed for adequate customer service.

I grant that this second scenario is far from easy or painless for all parties, but the consequences are far less debilitating for the business. Treat all employees like adults from the start and level with them.

Conclusion

All consolidations are problematic. Regardless of the particular situation, managers need to be particularly attentive to the needs of people. Clueless decisions usually lead to much greater disruptions. The best course of action is to be as transparent as possible in the concept phase. In the planning phase, leaders need to think carefully about the consequences of their decisions.

Bob Whipple is CEO of Leadergrow, Inc. an organization dedicated to growing leaders. 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*