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Michael Crawford, Managing Principal and Founder of The Merger Expert, Inc. with over 35 years intermediary experience says,

"Recently, I came across the article "4 Steps to a Successful Integration Process" by Douglas Yorke. With my experience in the industry, I feel Doug makes many valid points, and his insights are valuable in every respect. This is an informative article I wish to share."

4 Steps to a Successful Integration Process

Douglas Yorke Rumson Acquisitions | April 26, 2018

There are several specific places where companies routinely stub their toes when making acquisitions. Get them right instead — and your prospects will soar.

1. People

Acquisitions rise and fall on the quality and dedication of the people called upon to carry them out. For this reason, successful acquirers begin to address their people issues almost immediately upon identifying a target.

Start with your executive leadership team. Determine the composition of the new management team as far ahead of time as possible. Once those decisions are made and the leaders secured, then junior managers can be appointed. This helps communicate internally that the integration process is beginning to unfold smoothly and sensibly.

Then identify those individuals (and occasionally teams) that are outside the leadership realm, but still essential to retain. They can be high producers, key coders or designers, or wizards on the production floor, for example. Develop specific strategies to keep them engaged.

One often-overlooked aspect of the integration process is middle management. Attention is given to people at the top and key people in product or sales positions, but it is the managers in the middle that will bear the brunt of executing all the changes. You must involve middle managers and equip them with the answers and the skills to discuss issues openly with their teams in order to keep rumors and anxiety from running rampant. And pay particularly close attention to incorporating the input of the acquired company's managers.

Be proactive and make opportunities. If your strategic intent calls for headcount reductions, do not rely on "natural attrition"; that is just abdication in the name of kindheartedness. Similarly even if reductions are not a big part of your plan, people expect them so use the acquisition as a time to do a

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little constructive pruning.

2. Customers

Attention to customers should seem like an obvious concern at any time but it is particularly true during periods of change and uncertainty. Because acquisitions are times of great internally-focused thinking and activity, outward focus on customers can get lost in the shuffle.

Competitors will seize any open door into a customer and corporate upheaval is just one such door. They will spread misinformation and regale your key accounts with the dangers of your acquisition and the glory of their own wares. Do not let that happen.

Be proactive and convincing. Ake the show on the road. Bring out the CEO or other big guns for your best customers. Walk them through what you are doing, if and how it will benefit them and state clearly what they should do if they have any questions or concerns through the process. And give salespeople a clear language about what they can (and cannot) say to customers.

Keep customers informed and make sure to spend time listening to their concerns. This might even be a good time to probe what they like and don't like about the relationship or the solutions you offer. If there is a weakness in their mind, better to open that door proactively with an eye towards solving it in the integration/transition process than let a competitor open the door with an eye toward leveraging it.

3. Culture

Culture is woven into the fabric of a company. That makes it difficult to see and even more difficult to change.

The list of deals that have famously failed because of mismatched cultures is epic. But perhaps the culture botch of all time occurred when Daimler Benz — the imperious aristocrats of German technical excellence — tried to merge with Chrysler — the hip-shooting cowboys of U.S. muscle cars. The result was a disaster.

So, the first and perhaps most important rule in dealing with culture in acquisition integration is to deal with culture. Do not downplay it as something that will work itself out. It won't.

Here are some questions to ask:

- How are decisions made within your company? Unilaterally at the top or based on data and recommendations from below? Are they made on the spot or only after consideration?
- Is senior management dictatorial or consultative? Is junior management jaded or motivated?

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- Is innovation a catchy tag line or a true religion? (Ditto collaboration.)
- Is success seen as a team effort or the result of a few star performers?
- Is the company's technology investment driven more by opportunity or obsolescence?
- Is the selling process consultative solutions or specification-based order taking?

The second rule in merging cultures is to Know Thyself. It is not possible to integrate two cultures based on an understanding of only one of them. This is a step that you can take well before the demands of a deal start pressing in on you.

Culture: Square Pegs and Round Holes

Robert Igar, Disney CEO, was aware that the Pixar staffers did not trust the behemoth acquirer. A lesser CEO might have argued that Disney was the brand of brands and that Pixar should be subsumed into the fold.

But Igar understood that too heavy of a hand could crush the very culture that gave rise to the innovation that he sought to acquire with Pixar and spread throughout Disney. Instead of being heavy, Igar invited Pixar to shape what Disney could learn and do better by embracing elements of the way Pixar worked.

Igar's wisdom was to understand the cultural concerns and the cultural strengths of what he was buying and not just embrace them but empower them. From that insight a touchy integration became a screaming success.

4. Communication

In corporate acquisitions, good communication is by far the simplest and cheapest way of reducing uncertainty and stress, two of the biggest causes of dysfunctional deals.

Good communication can:

- Ease or shorten the inevitable periods of reduced productivity
- Build trust with stakeholders
- Prevent the loss of key staff and valued customers
- Clarify objectives and unify focus
- Ensure preparedness for expected changes
- Preempt or deflate competitive rumors and disinformation

Start by being simple and direct about the rationale behind the deal. Don't assume that its logic and benefits are self-evident to employees, customers, or others.

To the greatest extent possible have clear and concise answers to the one question that will be on

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everyone's mind: "All that sounds fine — but how will it affect me?"

Some hints and guidelines:

• Do not be an information cheapskate. Be open and transparent. Share more than you are comfortable sharing.

• Communicate the extent to which the companies will be integrated and how that will affect things like jobs, benefits, reporting lines, information flows and culture. If integration issues or actions have yet to be decided, be clear about when they will be.

• Tailor your communications to different audiences. At the same time, make sure that all your messages are consistent by tying them back to the overall strategic intent of the deal.

• If there is no news to report, report that there is no news.

• Make full use of every information channel that your stakeholders use.

• Manage expectations and mood. Listen for concerns and questions and address them straight on. Monitor social media for comments that may grow into viral issues.

• As responsibility for communication trickles down the hierarchy, be very clear about what people should say and not say. "I don't know but I'll find out" is always a better option than just winging it.

• Identify and engage staffers who can exert positive influence over others. Conversely, if there is a person or group that proves to be the source of recurring rumors or discontent, resolve their issue or get rid of them.

• Do not bury bad news. Identifying problems as they occur will do three good things: evidence trustworthiness, turn the parties "at risk" into partners, and position you for Hero status when you succeed at solving the problem just as you said you would.

• Do what you say you will do. Nothing crushes morale and erodes productivity like a stream of empty promises.