

4 ways HR can help drive a successful M&A

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People management during M&As can be a real daunting task. Managing communication and culture compatibility is the key



As soon as the announcement reaches the employees, hell breaks loose. People start gossiping, talking, networking, start building perceptions—both positive and negative. No one has a clear answer/ picture except a select few that too might have signed the confidential non-disclosure agreement. Hence, managing communication and culture compatibility would be the key to M&A success.

Managing Communication

Effective communication within a M&A may significantly bolster employee's confidence and commitment to the new consolidation. Effective Horizontal & Vertical Communication will drive right employee behaviors.

Vertical communication is the one which flows directly from the senior management. It needs to frame M&A's effectively and communicate accordingly. Employee confidence in senior management's decision to consolidate will largely depend on how senior management has framed the reality fit of M&As and communicated to employees

Horizontal Communication on the other hand is how employees communicate amongst peers and will be key to determine and influence the individual employee reactions, thus shaping and impacting employee attitudes and behavior, that is key to success.

Ineffective communication and can result into negative employee reactions leading to lower levels of job security and job satisfaction and less favorable attitude towards senior leadership. In case employees are gripped with uncertainty, it will impact their productivity and will drive them to

redirect their energies towards exploring new jobs or they would find newer ways to cope their anxieties and confusions fuelling negative grapevine at work. In certain situations when M&As are followed with more changes at workplace in the form of new leaders, new styles, new operating methodologies and new leaders preferred employee workgroups, it will result into heightened employee stress levels & talent demoralization. People may appear to be externally submissive but internally they will be aggressive. It has been found that 58 per cent of managers in an acquired firm are gone within five years or less because employees of a “sold” firm feel inferior to the purchaser because of a loss of autonomy.

Managing Culture Compatibility

Managing Culture Compatibility is another key driver to success. Some survey data points indicate wherever managing culture compatibility has been ignored, it has resulted in larger breakdowns and therefore managing culture compatibility is imperative during changing organizational landscapes.

As per a recent survey conducted on managers who worked for companies involved in more than 1,000 mergers and acquisitions, 50 per cent of the staff productivity dropped and 47 per cent talent moved out where cultural transition was not managed well.

Sprint acquiring Nextel Communications is an apt example of culture mismanagement, where mid management executives left the company due to cultural differences of incompatibility. Sprint was bureaucratic while Nextel was more entrepreneurial. Cultural concerns added further to company integration problem.

Another example is **Quaker Oats acquiring Snapple**. The difference of cultures here resulted into different sentiments being attached to marketing companies that resulted in dilution of various advertisements that sent disastrous signals to the customers.

Role of HR

HR has a key role to play to ease the transition from the current company culture to the new company culture and address employee concerns regularly post acquisition structure set up. It is important for HR to establish the right set of policies and procedures and create a robust communication framework that will help employees to understand all the changes and respond to the queries and concerns within shortest timelines and effective methods.

The key thing to do would be to set up a team to consolidate employees' queries, concerns and suggestions and also evaluate any potential risks, including customer feedback. Basis the input, this team has to continuously work with all the relevant teams and provide clarity through responses. New programs & interventions would be required to help transition from past methods, past employee behaviors to new organizational requirements and the new employee behaviors

This could be done in multiple ways:

Effective Communication: Effective communication, as mentioned above, is the key driver to determining the success of corporate mergers and also an effective tool for HR in enabling and facilitating change. As far as possible, employees should be proactively informed about the upcoming changes that may have a direct or indirect impact on them. HR has a very crucial responsibility to stay connected with the employees and address their queries and concerns at the earliest.

Leadership Connect: HR should organize direct connect of the top management with the employees in the form of Town Halls and Round Tables to help break ice between employees and leadership on the new development. Employees will feel motivated to bring up their fears and thoughts openly in front of management and the leadership too will get to know the pulse of the organization at the grass-root level.

Policies & Processes Alignment: The alignment of policies and processes with the new organization will also be a challenge for HR, who needs to closely analyze their organization and update the existing ones while ensuring the best interest of employees.

People Manager Upskilling: As employees deal with their managers on a day-to-day basis, it is important for the HR fraternity to equip people managers with the answers to the frequently asked questions. People managers should be upskilled about the acquiring company's values, initiatives, practices and policies around employee centricity, etc.

Employee Engagement: Employee Engagement should be driven with an objective of creating a welcoming environment for the new change. Spreading awareness around the new company's history, key achievements and larger objective will engage and amplify employees' acceptance and make the transition an everlasting success.

Topics: [Strategic HR](#), [#MergersAndAcquisitions](#)

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