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Best practices in integrating acquisitions

Suzanne Dickinson

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Suzanne Dickinson

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SUZANNE DICKINSON

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Faculty Committee

Committee Chair, Gary Mangiofico, Ph. D.

Committee Member, Michael T. McDermott, Ph. D.

Linda Livingstone, Ph. D., Dean
The George L. Graziadio School of Business and Management

Abstract

This study examined six people-integration best practices during mergers and acquisitions (M&As): cultural due diligence, cultural integration, integration planning, integration managers and teams, communication practices, and leadership support. Interviews were conducted with 12 individuals who played key roles in M&As. The study findings supported the use of all the best practices with the exception of cultural due diligence and integration managers. Recommendations of this study are to perform cultural exploration, implement the best practices validated by the study, and hold leaders accountable for supporting the M&A effort. Recommendations for research include examining the impact of external factors on M&A success and improving measures of the people impact on M&A success. This study concludes that organization development practitioners must lead the charge in executing M&As with consideration of the human impact. Practitioners can be aided in this effort by familiarizing themselves with the M&A best practices validated in this study.

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Chapter 1

Introduction

Mergers and acquisitions (M&As) are an essential corporate strategy for growth. M&As are undertaken for many reasons: to enter a new market, grow the company's current market share, extend a product line, add a technology or gain a first-mover advantage, for example (Eisenmann, 2006). Unfortunately, many M&As do not achieve the intended financial end-state when measured in ways including share value, return on investment, and post-combination profitability. More than half of M&As are unsuccessful (Marks & Mirvis, 1985; Papadakis, 2007). It appears that the manner in which M&As are executed is often at the core of this failure rate (Marks & Mirvis, 2001).

In effect, M&As uproot and force change in both organizations, both operationally and culturally. Combining cultures is not a venture to take lightly: culture embodies the way we do things around here (Kotter, 2007; Marks, 1999); therefore, it is one of the strongest forces governing how an organization runs. Members of organizations have learned a pattern of shared, socially maintained basic assumptions that help individuals interpret their organizational experiences and learn what best fits in that environment (Schein, 1985). Changing underlying patterns of behavior and assumptions is a large undertaking, and if that change is derailed anywhere along the line, the M&A is poised to fail. Literature on M&As (e.g., Nahavandi & Malekzadeh, 1988), suggests that the more congruent a target organization's culture is with the acquiring organization's culture, the more likely it is that the M&A will succeed. When considered from a change management perspective, this is logical: M&A related change needs to simultaneously address the internal organizational dynamics created by a large change and the inter-organizational dynamics associated with blending two distinctive organizational identities into one (Seo & Hill, 2005), and congruence between those cultures means that this change will be less dramatic.

Despite the popularity of M&As as a growth strategy for business, the conditions under which M&As enhance a firm's value are still unclear (Stahl & Voight, 2008). Numerous factors play a role in any company's performance. Combining two organizations only increases the complexity of the organization, making the task of maximizing value even more difficult. Regardless, the integration of people is common to most M&A, and in conducting this integration, there are some predictable issues that can be anticipated long before a deal closes (Ashkenas, DeMonaco, & Francis, 1998).

Overall, the results of M&A are affected by the integration of people and the resulting human resource problems. In many cases, M&A synergies exist before the deal; however, the outcomes of M&As depend upon the steps taken after the deal is done (Haspslagh & Jemison, 1991). The processes used to combine companies are integral to an M&A's eventual success or failure (Marks & Mirvis, 2011) and the achievement of fit between the two firms is essential to M&A success. Many firms do not realize all the possible synergistic benefits from an M&A because top managers either failed to consider or were unable to manage the organizational and human resource issues that arose (Schweiger & Weber, 1989).

The literature outlines some standard practices that help with M&A integration, which can be considered as best practices for integration. Given the high costs of M&As and their high failure rate, it is essential that acquiring companies understand, plan for, and manage the processes that contribute to M&A success.

Background

Many organizations focus on finance and strategy in the pre-acquisition phase, and do not spend much time considering culture or conducting a cultural due diligence. Cultural due diligence can help organizations to assess both their own and the target firm's culture, and ascertain whether the two companies will be relatively easier or difficult to integrate at a human level. This part of the due diligence process assesses differences in people-related matters, such as corporate values, organization structure, decision- making processes, and reward systems (Marks, 1999), and can include integrating cultural criteria in the earliest of merger discussions; staffing and preparing due diligence teams with an eye toward cultural criteria; adding cultural criteria to due diligence data collection, and using formal tools to assess culture fit. There is no perfect or scientific way of assessing culture, and understanding another firm's culture grows even more difficult in M&As, due in large part to the necessity of maintaining confidentiality and the secrecy shrouding M&A discussions. Nor should a potential culture clash prevent an M&A entirely, as other factors may still make this a good deal. However, an upfront consideration of corporate culture may help to align leaders' thinking about the M&A, highlight potential areas for culture clashes, and prepare line managers and operational managers on both sides for managing the differences and the change. Cultural due diligence and pre-merger discussion can help to articulate a clear vision and strategy (Papadakis, 2007), help both the acquirers and the acquired company to consider the desired end-state ahead of the formal M&A (Marks 1999), and determine if the managers on both sides are ready and willing to accept and promote this end.

Relatedly, a frequently cited reason for M&A failure is the exodus of key personnel who are turned off by the new culture or direction of the company (e.g. Marks, 1999). M&As are events that significantly affect employees' lives. Employees may have a hard time focusing on the requirements of their job as their anxiety and stress levels are increased, leaving the organization to flounder while people are preoccupied with determining what this change means for their careers. Role ambiguity and role conflict may become salient and stressful for employees, as many aspects of their jobs are changed, such as their tasks, bosses, responsibilities, co-workers, and expectations (Mirvis & Marks, 1992). These changes can negatively affect employees' morale, effectiveness, and commitment (Seo & Hill, 2005) and may result in increased absenteeism, defeatism, reluctance to change, or insubordination. Marks and Mirvis (1985) characterized these types of behaviors as *Merger Syndrome*. Since M&As are undertaken in order to improve growth and enhance profitability of the acquirer, such behaviors are clearly undesirable.

Integrating companies is difficult, and sufficient attention needs to be paid to people matters throughout the M&A process to ensure that integration is successful. Marks and Mirvis (2011) outlined a planning framework, based upon Kurt Lewin's (1951) cultural change model of unfreezing, moving and refreezing. The framework utilizes four steps: first, define the desired cultural end state; next, deepen cross-cultural learning; then drive the combination toward the desired end; and finally, reinforce the emerging culture through substance and symbolism. Each of these steps is reinforced by the best practices review of integrating companies.

Although there has been a great deal of research done into mergers and M&As over the last 40 years, the continued high failure rate of M&As suggests that there is still a lack of understanding by businesses of how to apply the research knowledge. Additionally, the converse is also true: the actual processes used by acquirers to integrate their acquired companies are not well understood in the literature (Haleblian, Devers, McNamara, Carpenter, & Davison, 2009). As Haleblian et al. note, “There is much to learn about the implementation of acquisitions, especially about how firms integrate, transfer, and manage the resources of the combines firm, which underscores the need for greater focus on acquisition implementation in general” (p. 490). Based upon the research, this study will attempt to identify some general best practices from research knowledge and understand how these are being applied in M&As, and to what effect.

Research Purpose

Despite the body of research and theory surrounding them, M&As regularly fail. In part, this may be because theoretical research can be difficult to translate into actions and business practices for companies that are overwhelmed with numerous priorities and targets, and for executives and managers for whom integration is just one more thing on a busy to-do list. The purpose of this study was to identify and examine the use of people-integration best practices during M&As within the private sector.

Significance of Study

This study will add practical significance to the body of knowledge on M&As and cultural due diligence efforts. While there is much research around M&As, the failure rate is still very high given the importance of M&As as a business strategy. This study will look at the current research on integrating M&As, highlight some best practices for businesses, and look at which of these are currently being applied in a business setting, and to what effect.

Organization of the Study

This chapter reviewed the background, purpose, and significance of the study. Chapter 2 provides a further review of relevant literature. Chapter 3 details the methods used in this study, including the research design, sampling, interview procedures, and data analysis procedures. Chapter 4 presents the study results. Chapter 5 provides a discussion of the results, including conclusions, practical recommendations, implications for organization development practitioners, limitations of the study, and suggestions for additional research.

Chapter 2

Literature Review

The chapter presents a review of literature relevant to the present study. An overview of M&A efforts is provided first, followed by a discussion of the integration process. General success factors advocated for M&A efforts are addressed next. This chapter closes with a summary of M&A best practices.

Mergers and Acquisitions

M&As are large-scale cultural change initiatives undertaken for various reasons, including financial gain, organizational growth, competitive advantage, and acquisition of organizational products or capabilities. Synergies in M&A come from both the similarities and the differences between the combining organizations. Larsson and Finklestein (1999) conceptualize the combination potential of M&A in terms of the strategic similarity (creating "economies of sameness") and the strategic complementarities (creating "economies of fitness") of the joining firms. However, the fact that two firms have a high combination potential does not automatically mean that the M&A will have high value creation; rather, the extent of synergy realization depends upon how the new organization is managed after the deal is closed (Datta, 1991; Schweiger, Ivancevich, & Power, 1987).

Given the difficulty and importance of integration in achieving results from M&A, one might reach the conclusion that it is better to simply leave both firms as standalone entities. M&A researchers refute this idea: the general best practice for firms that are involved in M&A is to integrate the two companies when people are important to the success of the M&A, regardless of the two firms' cultural distance, because the difference in culture will remain if the company remains a standalone entity. This leaves the source of friction between the two firms intact, and enables the continuation of culture clash (Larsson & Finklestein, 1999).

In order for synergies to be realized, M&As require that organizational changes are made in one or both firms. How these planned changes are implemented is integral to whether the deal is successful (Marks & Mirvis, 2011). Larsson and Finklestein's (1999) literature review of cases on M&As, and found that the integration of organizations is the strongest predictor of M&A success. This same study found that compared to those that focused on integration, organizations with high synergy potential that did not attend to integration efforts had much poorer overall results in M&As.

The Integration Process

Organizational integration can be considered conceptually as both the degree of interaction between the combining companies and the extent of efforts to improve the quality of that interaction. Increasing both the quantity and quality of integration efforts has a positive effect on overall synergy realization. Having few, or uncoordinated, interactions are unlikely to achieve any substantial benefits for the companies (Larsson & Finklestein, 1999).

Cultural due diligence. Prior to the deal, conducting a thorough cultural due diligence of the target company, studying the culture of an organization and the roles, capabilities and attitudes of its people (Papadakis, 2007), can help the acquiring company to determine the value of the M&A and plan for post-acquisition integration processes. Building on Schein's (1985) work on organizational culture, the purpose of conducting a cultural due diligence is to allow the two companies to combine insider knowledge with outside questions, raising both companies assumptions to the surface and allowing the companies to examine their belief systems and structures; allowing for a deeper understanding from both companies perspectives.

Due diligence is traditionally focused on financial and strategic market factors in an M&A, and cultural due diligence is often non-existent or done in a cursory manner (Harding & Rouse, 2007). The reasons for failing to conduct a culture due diligence are numerous. For example, M&As are often shrouded in secrecy and legally bound to confidentiality prior to the deal's close and public announcement; issues relating to management style are sensitive and can be controversial; and cultural factors are not easily quantifiable, but quantitative financial data is easier to defend if there is a legal challenge to the deal (Haspeslagh & Jemison, 1987). However, M&A researchers (e.g. Datta, 1991; Weber, 1996) have shown that cultural fit factors can derail an acquisition if not managed carefully. Financial and strategic fit will not offset a cultural mismatch: the high failure rate for M&A is in large part due to the exodus of key personnel (Marks, 1999). Individuals who leave have their own reasons to do so, and many M&A include substantial monetary payouts to some individuals; however, many 'survivors' of the first few months may choose to leave later due to cultural fit issues. When due diligence does not take into account the cultural fit aspect of an M&A, the acquiring firm may fail to uncover some irreconcilable differences between firms, often due to culture clash and the *Merger Syndrome*. Cultural due diligence can also enable the acquirer to assess the leadership and management teams at the target company and consider management style compatibility. Conducting a cultural due diligence can help the acquirer to understand the target company's culture, verify that the target's culture is compatible enough with the acquirer's to allow for integration to proceed, and plan its approach to integration (Harding & Rouse, 2007).

When cultural differences are uncovered during diligence, the question of whether the deal should go ahead may arise. On this point, the literature around cultural distance is fragmented, with some authors suggesting that cultural distance between firms is the cause of issues (e.g. Datta, 1991) and others suggesting that cultural distance can be positive as both sides can learn from one another (e.g. Larsson & Finkelstein, 1999). Reviews, such as that by Teerikangas and Very (2006), have concluded that the findings of studies on cultural distance as it relates to M&A performance are inconsistent. A meta-analysis of existing research by Stahl and Voight (2008) concluded that cultural differences between organizations can be both an asset and a liability to post-M&A performance, depending on a number of contingencies, two of which are the degree of relatedness and cultural differences within the firms. As Marks and Mirvis (2011) show, successful combinations do not require the combining entities to be 'cultural clones', but rather that the two companies are similar enough to take advantage of their differences. Thus, the potential impact of cultural differences between the acquired and acquiring companies is something that potential acquirers must be aware of and consider during the due diligence process. As Weber (1996) states, "the implication for practitioners is clear: the management of the buying firm should pay at least as much attention to cultural fit factors during the pre-merger search process and post-merger integration process as they do to finance and strategic factors" (p. 1199).

The makeup of the due diligence team is just as important as completing a due diligence process. The effectiveness of the cultural due diligence is heightened by broadening the group to include not only finance and legal advisors, but also staff professionals from areas such as Information Technology, Human Resources and operational and line managers. At least some managers who will be working closely with the newly acquired company should be a part of assessing its fit; these are the individuals who can see beyond the tunnel vision of numbers and strategy and find reasons why a deal that may look good on paper would be difficult to integrate (Marks, 1999). Operating managers can also take this opportunity to assess the chemistry between themselves and their counterparts, and assess the bench strength of the target company's management team. The due diligence team should include at least some members of the integration team, as they will have the best insight into what will be needed to integrate it after the deal is closed.

Integration planning. Planning for the post-acquisition integration should happen as soon as possible, ideally before the deal has actually closed. The early stages of an M&A provide a chance for the top management team to decide on performance targets and metrics, resources, organizational structures, staff allocation and benchmarks for performance, creating a roadmap of what needs to be accomplished (Papadakis, 2007). While it may seem obvious that integrations should be planned, managers on both sides of the deal have numerous other priorities and stresses, and planning can get forgotten in the melee. In Papadakis' (2005) study, about 60% of companies had no specific communication plan before the merger, and 38% still had no plan even after the merger. The risk is that without a vision and a plan, a transformation effort can "easily dissolve into a list of confusing and incompatible projects that can take the organization in the wrong direction or nowhere at all" (Kotter, 2007, p. 99). Moreover, the knowledge of the organization gained through the planning process can enable leaders to provide a clear statement of rationale for the merger that goes beyond the numbers, and can be used to explain to employees what the vision is and how the M&A will affect them (Marks & Mirvis, 2001).

Much of the work on managing cultural change during M&As draws upon Schein's (1985) classic view of culture and its embedding mechanisms, studying how leaders within the organization can affect and implement organizational culture change. According to Marks and Mirvis' (2001) planning framework for cultural change, the first step is to define a desired end state for the M&A. This end state should create a plan for what the company will look like in a year's time financially, strategically, organizationally and operationally (Ashkenas, Francis, & Heinick, 2011). It should define who has responsibility and accountability for projects and actions (Schweiger et al., 1987), include expectations for managers on both sides, provide some behavioral anchors for employees, lay out the structure, processes, systems and procedures to be used, and provide goals and objectives for the organization (Marks & Mirvis, 2011). Defining the end-state has a dual purpose: it creates a vision and target for the organization, and provides natural benchmarks or achievements. Celebrating these milestones is important (Kotter, 2007), as they are marks of interim successes that employees can rally around, building momentum en route to achieving that end state.

In determining the end state, including managers from both the acquiring and the acquired organization allows begins to bridge the cultural gap, and enables key leaders to engage with their counterparts in the other organization and learn about their new colleagues (Ashkenas et al., 1998). In creating the vision, the focus should remain positive—what are the strengths of each organization and how can they be leveraged to achieve success? Additionally, where are the opportunities for improvement and what can be changed, developed or grown? Having members of both organizations there also helps to create a fair and balanced assessment process for selecting talent from the overall employee pool, and engages the managers of the new organization in building their new teams and leading the change efforts (Ashkenas et al., 2011).

Once the integration activities are planned, a timetable can be set. There are two considerations around the timetable for integration: that changes should be made as quickly as possible to minimize employee insecurity and uncertainty; and that a longer timeframe allows both companies to learn about one another to leverage the strengths of each (Schweiger, Csiszar, & Napier, 1993). While it is important that decisions are made quickly, management needs to ensure that it is taking its time to restructure with sensitivity and consideration for employees, or they risk beginning their tenure without the trust and respect of the employees that remain (Ashkenas et al., 1998). Researchers and M&A practitioners suggest a timetable of 100 days is appropriate in balancing these considerations (Ashkenas et al., 1998; Papadakis, 2007). The value of the hundred-day timetable is that it allows for consideration of longer-term effects of actions while being relatively short. Thus, it creates a 'sense of urgency, challenge and excitement; it imbues the organization with a feeling of zest and energy' (Ashkenas et al., 1998), and shortens the period of anxiety and uncertainty for employees as answers and stability are forthcoming quickly.

When planning, it is important to ensure that any decisions regarding people, such as the organization structure, roles, and reporting relationships, should be made public and implemented as soon as possible (Ashkenas et al., 1998). Employees in the acquired firm are likely feeling 'Merger Syndrome', a combination of anxiety, loss of identity, confusion about their roles, uncertainty about their jobs, and perhaps even anger at the organization (Marks & Mirvis, 1985). Clarity and communication from managers can help to lessen the depth of Merger Syndrome and enable employees to begin to acculturate. Key employees that are targeted for retention should be aware of this as soon as possible; preferably in due diligence or shortly after the close of the deal (Harding & Rouse, 2007). Conversely, if there are terminations or layoffs as a part of a restructuring, it is important that these are announced and completed as soon as possible, and that it is clear what the criteria for termination is (Schwieger et al., 1987).

Role of the integration manager. Although identifying what needs to be done can be relatively straightforward, putting it into practice is not. The person identified to manage all aspects of the integration is known as the integration manager. This individual's role is to oversee the dozens of processes and changes that need to take effect, help the new company add functions that may not have existed before and coordinate with corporate support functions such as HR and IT, lead the team development and employee selection processes to ensure that they are fair and consistent, communicate with management at both companies, manage the communication strategy with the newly acquired employees, identify and develop action plans to address cultural integration of the companies, and educate the new management team around the acquirer's business cycle, reviews, performance metrics, strategic planning, budgeting and other central processes, amongst other tasks (Ashkenas et al., 1998; Ashkenas & Francis, 2000; Shelton, Fontila, Huyett, & Sias, 2003). The integration manager differs from the general leadership team of the company in that the M&A is their sole focus. This individual does not have competing priorities outside of the M&A and should spend more time then the remainder of the leadership team ensuring that the deal generates the expected results.

The integration manager's main task is to ensure that all aspects of the plan are being executed on. However, the task of an integration manager goes beyond being just a project coordinator; the integration manager is essential to ensuring that the synergies of the deal and potential value creation is realized. The integration manager should be involved from the pre-acquisition phase, as a part of the due diligence team (Marks & Mirvis, 2000). At this stage, the integration manager can be establishing trust with the target's management, building a positive image of the acquiring firm with the target firm's employees (Ivancevich, Schweiger & Power, 1987), and portraying a positive image of the M&A to the public (Teerikangas, Very & Pisano, 2011). At the same time, the integration manager is learning the goals of the merger, the expected outcomes, and any unwritten informal understandings that may be decided between the two companies' negotiators (Shelton et al., 2003). Early inclusion also ensures that the integration manager can hit the ground running once the deal is announced, beginning the integration process immediately.

The integration manager is uniquely positioned to understand both sides of the M&A; they have the benefit of knowledge of the acquirer, and have worked with the target firm's management prior to the M&A announcement. This knowledge enables them to translate things between the two companies, helping each side to navigate the politics, structures and personalities of the other (Ashkenas & Francis, 2000; Ashkenas et al., 1998) Once the deal is closed, the integration manager can begin the work of building teams, determining which processes, systems and structures work best in the new company, and communicating the expected next steps to employees. The integration manager also acts as a sounding board, providing support and advice to people working on both sides of the deal, and helping the employees of the newly acquired firm understand the acquirer's culture (Ashkenas et al., 1998). Thus, the ideal integration manager has a mix of technical expertise, business understanding, managerial capability, and strong interpersonal skills. They need a deep knowledge of how the acquirer works (Ashkenas & Francis, 2000), and must also understand and believe in the possibilities created by the M&A (Marks & Mirvis, 2000; Seo & Hill, 2005). Finally, they should be a recognized top talent from the acquiring organization, that the chief executive officer and leadership team knows, trusts, and supports (Shelton et al., 2003), as they will function as the leadership's senses at the acquired company, reporting back and making recommendations based upon what they see. It is therefore essential that they have the support of the chief executive officer.

Having a capable integration manager is outlined in the literature as an integral part of managing an M&A, and integration managers can lead and integration in capturing the value of the M&A (Teerikangas et al., 2011).

Role of the transition team. One of the first tasks of the integration manager is to create a transition team to assist in the integration of the two companies. The task force should have a clear charter of responsibility from the senior leadership team, that makes clear the types of deliverables expected of the team, and the timelines in which those deliverables are expected. To enable the achievement of deliverables, this team should consist of members of both companies' leadership teams, from a variety of different backgrounds and areas of expertise. The transition team takes

> the 'raw material' of vision, high level strategy, and the hypothesized synergies identified before the deal; study the realities of the combining units and functions in light of competencies, technology, competition and customers' needs; and craft proposed actions to yield value. (Marks & Mirvis, 2000, p. 39)

They collect, validate and conduct analysis of options to move forward, creating recommendations (Marks & Mirvis, 2000). These recommendations should be given serious consideration by the leadership team, and if something needs to be revised should be given feedback as to why. If the transition team is not given any real power or value, this will adversely affect the combination (Marks & Mirvis, 2011). As Marks and Mirvis (2000) state,

> when an executive team doesn't have the bench strength to free up key people for assignment to a one-year transition team (managers or executives), this can be an early warning sign that the transition will not receive the resources it needs to succeed. (p. 38)

A further identified advantage of transition teams is that the members of both organizations are working together, creating an atmosphere of collaboration, teamwork and understanding. This has the obvious advantage of creating gains in knowledge and better teamwork amongst members of the transition team. Additionally, members of the transition team will connect with others in their functional area to ask for input, advice and feedback on ideas. Because the members of the team come from different functions within the organization, this has the effect of directly involving numerous other people within the organization, getting them committed to the ideas and communicating what is being planned (Marks & Mirvis, 2000).

The transition team can only be effective if it is staffed with members that have a cross-functional skill set, including managerial proficiency, interpersonal skills and functional technical expertise; they should be flexible and consensus oriented, and they need to be comfortable making decisions with little information and in recommending courses of action for the organization (Marks & Mirvis, 2000). The transition team has a combination of people devoted fulltime to the integration and line managers with specific functional areas to address, such as IT or Supply Chain. Many of these members will simultaneously have other roles that they are fulfilling, and the team will disband as the integration proceeds and the changes become embedded in the organization. Thus, the integration manager should have input to appraising these individuals' annual performance, whether they are fulltime or part-time members of the team, to ensure that the transition work is given high priority and the team is incentivized appropriately (Shelton et al., 2003).

Role of the top management team. Top management teams are central to the successful integration of M&As. They need to be involved in the entire process, from the cultural due diligence process (Marks, 1999; Papadakis, 2007), to fostering trust amongst employees (Sackmann, Eggenhofer-Rehart, & Friesl, 2009), developing culture (Kotter, 2007) and enabling communication between and within the new and old organizations. Throughout the integration, the dedication, commitment and visibility of the management team is critical to rapid and effective integration (Morgan & Zeffane, 2003), and they must focus on ensuring that they are visible symbols of the organization, enacting its culture (Papadakis, 2007). As Schein (1985, 1990) has shown, leaders are the primary embedding mechanisms for culture, and what they attend to, measure and control, how they react to critical events, and their deliberate modeling and coaching behaviors all affect how employees perceive the organizational culture. Thus, it is concerning that a 'significant proportion of M&As face a leadership vacuum' (Papadakis, 2007).

General Success Factors

This is not an easy task; if planning and implementing M&A were simple and straightforward, we would see many more of them achieving their strategic and financial goals (Marks & Mirvis, 2000). The change process requires multiple decisions about the depth, location and nature of changes, the speed with which changes are implemented, and leadership capability in conducting the changes (Schweiger et al., 1993). Lack of execution may be a major culprit in M&A failures. Plans for implementation can be perfect but if they are not acted upon, even a well-planned integration is likely to fail (Marks & Mirvis, 2011).

Communication. Successful integration and value realization requires that there is a constant flow of information about how employees are feeling and reacting and the performance of the business. This information helps the leadership of the company to monitor the impact of programs and strategies put in place, and directs attention and resources to the programs that have the greatest impact on eventual success (Marks & Mirvis, 2011).

Regardless of the approach taken to integration, one of the most regularly cited best practices in making an M&A successful is to communicate with employees (e.g., Kay & Shelton, 2000; Larsson & Finklestein, 1999; Schweiger et al., 1987; Seo & Hill, 2005). The assumption is that the more employees know about what is happening, the more they will be able to understand the rationale and accept the changes being imposed. Unfortunately, one of the hallmarks of M&A is that communication is constricted in the pre-deal phase, and companies are limited in what they are able to report until the deal is complete. Without real information, rumors often abound, and as soon as an M&A is announced, employees become anxious and uncertain about their jobs: ‘Merger Syndrome’ begins to take effect.

Fortunately, there are a few ways to help reduce the effect of rumors and uncertainty without sharing restricted information. Firstly, communicate as much and as soon as possible, even if the content is just that nothing has yet been decided (Schweiger & DeNisi, 1991; Schweiger & Weber, 1989). In planning the M&A and integration, one of the major focuses of the integration manager and members of the leadership team should be to create a communication plan for once the deal is complete. In particular, employees need to clearly understand any changes to their work environment and the reasons for those changes (Seo & Hill, 2005). The more people know about what is happening, and the more they believe that they are being told the truth, the greater their levels of trust in the organization (Nikandrou, Papalexandris, & Bourantas, 2000). Once something has been communicated, it must be followed up on; any failure to act upon information that has been disseminated will corrode that same trust and negatively impact the integration. Communication can take the form of both words and actions, and the latter tend to be more powerful (Kotter, 2007). Thus, managers and those ‘in the know’ should be very aware that their actions are observed and imitated by employees, and any gap between management’s words and deed will be heightened in employee’s minds and drive distrust.

In a quasi-experimental study, Schweiger and DiNisi (1991) found that providing a realistic ‘Merger Preview’, providing detailed information regarding the integration timeline, how it is expected to proceed, the expected effect to employees, and any other pertinent information helped to lessen the negative effects of the Merger Syndrome. The preview enabled employees to understand what to expect from the M&A and what types of things would change as a result of the transition, and provided them with a chance to raise their concerns and ask questions of the management team. Knowing what was coming helped employees plan their own contributions and see how they fit in to the broader purpose, and quelled the rumor mill.

Schweiger and Goulet (2005) showed that the amount and type of communication matters. They studied three levels of cultural learning in an M&A: no learning, shallow learning, and deep learning. They found that having no cultural learning interventions has no measurable effect on integration success or failure. Deep level cultural learnings included culture workshops, cross-company dialogue, and other interventions designed to enable the two parties to understand and resolve their differences. Deep level interventions had a strong positive effect on integration success, facilitating greater cultural understanding, more communication across companies and faster resolution of cultural differences. By contrast, shallow level cultural interventions, such as one-way communications regarding company culture, official memos and notices actually had a negative effect on integration success, as they reinforced the stereotypes that each company had regarding the other. Thus, there is some evidence that in order for communication surrounding M&As to be effective, it must provide employees with a deeper level of understanding, interaction and dialogue, not merely create surface level one-way information flow.

Additionally, communication between management and employees is essential to any change management initiative (Kotter, 2007; Morgan & Zeffane, 2003; Sackmann et al., 2009), and affects the level of trust employees have for the organization, which in turn affects commitment to the organization (Morgan & Zeffane, 2003). Regular, open, honest, and clear communication, increased visibility of senior management, a defined strategy and involving middle managers have all been identified as methods to increase the effectiveness of M&As (Kotter, 2007; Papadakis, 2007).

Executive support. Management and leadership behaviors are a major factor in the success of M&As. Management's interactions with employees pre- and post-acquisition can affect employee commitment to the new organization. Employees are more likely to trust managers who communicate openly and honestly and are perceived to treat their employees fairly. In turn, this increases the employees' trust in the organization (Schweiger et al., 1987), and leads to greater levels of commitment. Committed employees are more likely to stay with the company, engage with their new roles, and support the change, thereby helping the success of the organization. One of the derailers of commitment is a lack of role clarity and expectations of employees following an M&A. Strong managerial leadership can help develop and clarify employees' roles in the new organization (Mirvis & Marks, 1992), and both senior level and middle managers have important roles to play in shaping the new organization.

Managers can support or derail the success of an M&A. The literature shows that throughout the process, acquiring team members may "fall in love" with an M&A, and in the process become blind to the risks of the deal and want to continue regardless of the costs (Papadakis, 2007). This is problematic, and is partially why it is so important broaden the team to include line managers in the due diligence process and as early as possible in the post-acquisition process. The acquiring company's line managers can then use this early interaction to draw attention to any issues specific to their area of expertise or inherent in their interactions with the acquiree's management: managers who do not have good interpersonal chemistry with the team they are assessing in the diligence process are unlikely to develop this chemistry in the future (Seo & Hill, 2005). Including line managers in decision-making early in the deal enables them to engage with the acquisition process and increases their sense of accountability for the success of the deal. Another role of these managers is to create a specific an action-oriented plan, and they can use the due diligence, pre- and immediate post-acquisition phases to decide on specific performance targets, organizational changes, product portfolios and benchmarks to track performance.

Summary of Best Practices

The literature reviewed in this chapter outline six primary best practices for M&A integration. These provide a generalized process for integrating M&As and highlight the value of considering human factors in M&As. While many of them represent straightforward and commonsense approaches to large scale change management, the failure rate of M&As shows how difficult they can be to correctly implement. In general, when integrating M&As, the literature shows that the best practices include

1. Cultural due diligence: conduct a thorough cultural due diligence in addition to the financial and strategic due diligence that is standard.

2. Integration planning: ensure that there is a detailed and action-oriented plan and timeline for integration of the two companies.

3. Use of an integration manager: designate a trusted top performer from the acquiring company as the integration manager, whose main focus is to ensure that all aspects of the integration are taking top priority and being completed.

4. Use of an integration team: designate a cross-functional transition team who are accountable for ensuring that the M&A is integrated within the designated timeframe.

5. Effective communication: focus on communicating openly and honestly, including clarifying any role ambiguity and providing a realistic preview of what the M&A will involve for them.

6. Leadership support: Ensure that the management team is visible, involved and accessible throughout the process and are modeling the behaviors and culture of the integrated company.

Examining the use of these best practices in private sector M&A efforts was the focus of this study. The next chapter outlines the methods used in this study.

Chapter 3

Methods

The purpose of this study was to identify people-integration best practices during M&As and examine their use in the private sector. The review of literature generated a list of six integration best practices. Data were collected from managers in successful M&As to understand their use of these best practices.

This chapter describes the methods used in this study. The following sections outline the research design, research sample, measurement, data collection and analysis procedures, and steps taken for the protection of human subjects.

Research Design

A qualitative research interview design was selected as appropriate for this study. Use of this design allows for a depth of insights to be gained about the study topic (Punch, 2005). Qualitative studies use relatively small sample sizes to allow for a depth of information to be gathered. Kvale (1996) asserted that qualitative methods allow for human experience to be captured with depth, breadth, and authenticity. Moreover, qualitative designs allow for an emergent and flexible design, meaning that the researcher can adapt the questions and other data collection mechanisms in accordance to each participant's account. Given the intricate and complex nature of M&As, this research design was considered appropriate for allowing the researcher to capture and examine each project with all its nuances. Research interviewing, in particular, enables the researcher to probe participants' responses in depth as needed.

Research Sample

The population of this study consisted of 12 individuals, each of whom played a key role in their company's M&A, meaning he or she was integral to the decision making process regarding the effort and held a leadership role throughout it.

Participants for this study were contacted using a combination of convenience and snowball sampling techniques. The researcher asked her own contacts in the leadership teams of M&As to participate in the study and additionally asked for names of others who have been involved as the key person on an M&A team, thus "snowballing" participation. As names were collected, the researcher contacted each potential participant regarding their interest in participating in the study. A total of 20 potential participants were contacted. Of those, 12 met the criteria for the study and agreed to participate. The researcher outlined the purpose and requirements for the study and scheduled the interview date.

Protection of Human Subjects

Approval to conduct the proposed research study was obtained from Pepperdine University's Institutional Review Board on October 5, 2012. The researcher also completed the training course, "Protecting Human Research Participants," offered by the National Institutes of Health, Office of Extramural Research, on December 24, 2011.

Prior to the collection of any data, the researcher contacted each potential participant via email with a brief overview of the study's purpose and a description of what participation would involve. Interviews were scheduled with each participant upon receiving approval to conduct the study from the institutional review board. Interviews were scheduled to take place either on the telephone or in-person at a mutually agreeable and private location, such as a conference room or private office of either the researcher or the participant. Prior to collecting any data from individual research participants, a cover letter explaining the research project (see Appendix A) and a consent form (see Appendix B) were presented. Each participant was asked to thoroughly review each form and encouraged to ask any questions he or she may have before signing the consent form. Once the signature was provided, the researcher gave a signed and dated copy of the cover letter and consent form to the participant.

There was no cost to the participants to participate in this study, nor was any financial incentive given for doing so. The only inconvenience was the time taken for the interview. All participant data was kept confidential, and no identifying information was reported in the research or will be reported in any future publication of the results. The data were maintained securely during the data collection by remaining in the possession of the researcher at all times.

Once data collection was completed, all hard copy information was stored in a locked file cabinet at a secured facility belonging to the researcher, and all digital information was stored in a password protected file on a computer that only the researcher has access to. These materials will be kept in this location for 5 years following the study and then destroyed. An abstract of the study was provided to individual participants upon request.

Data Collection

Data were collected using semi-structured interviews (Punch, 2005). The researcher created the interview script and suggested prompts (see Appendix C) based on her review of the relevant literature. As is common in semi-structured interviews, the guide served as a prompt rather than a definitive protocol, and in interviewing participants, the researcher did not necessarily ask all of the questions or ask them in order, particularly if the interviewee was providing pertinent responses without being prompted. Questions were adapted based on the participant's role in the M&A, the success of the endeavor, and the flow of the conversation. The researcher asked questions regarding the factors reported in the literature as necessary for successful integration, and used probing follow-up questions to gain clarification and explore participants' responses. Using a qualitative interview enabled the researcher to understand the participants' experiences from their own viewpoint, rather then imposing a structure on the information based upon the researcher's own point of view (Punch, 2005).

Interviews were conducted in-person or on the telephone, and lasted approximately 60 to 90 minutes per participant. In-person interviews were scheduled at a mutually agreeable location that would allow for interview privacy, such as a conference room at the researcher's workplace. The researcher asked permission to record all interviews and did so when the participant granted permission. Ten participants granted permission; however, the audio recording failed in two cases, yielding eight recorded interviews. The researcher additionally took notes during the discussion. All interview data was kept private by labeling each company with a letter, and ensuring any identifying information, including all recorded and written notes were kept in a secure file cabinet or computer file to which only the researcher had access. The following day the researcher sent a thank you email to each participant, thanking them for taking part in the study (see Appendix D).

Data Analysis

Data analysis began by creating complete transcripts or notes for each interview. Content analysis was used to examine the data, using the following steps based on Miles, Huberman, and Saldaña (2013):

1. The researcher read and reread each transcript several times to familiarize herself with the data.

2. The researcher then conducted initial coding for each transcript or set of notes one by one. Initial coding involved isolating the meaning units and assigning a code or theme to them, such as "Making the layoff package too rich can undermine engagement."

3. Upon completion of the initial coding, the researcher examined the codes to identify similar codes and determine what broader themes they reflect. For example, "rationale for change" and "short- and long-term vision" both reflected the "content of communication" about the M&A. This step resulted in a hierarchy of codes and code groupings.

4. When the coding was completed, the researcher reviewed the results to assure that the codes were mutually exclusive and their wording best reflected the data mapped to each code.

5. The researcher then noted the saturation levels for each code and identified sample quotes for each.

6. As a final step, a second rater examined the analysis. She reviewed and discussed the results with the researcher to detect any bias in the interpretation or reporting. The results were adjusted as needed.

Summary

This chapter outlined the methods used to gather and analyze data for this study. The study utilized a qualitative research interviewing design. Twelve individuals who played a key role in a private sector M&A were interviewed about their experiences related to six M&A best practices suggested in the literature. Content analysis was used to analyze the qualitative data. The next chapter presents the results.

Chapter 4

Results

This chapter reports the results of the study. First, a rich description of each participant is provided to help contextualize the results. Second, participants' views regarding the dynamics of M&As are presented. Third, participants' evaluation of the M&A success factors examined in the present research are reported. Fourth, additional unanticipated findings emerging from the data are presented.

Participant Descriptions and M&A Experiences

Twelve participants were interviewed for this study. Most participants played roles in one or two M&As, although two participants were involved in four or five M&As and a final participant had participated in 50 to 55 M&A deals (see Table 1). Twelve specific M&As described by the participants were in the Petroleum industry, two involved an Internet Information Provider, and the remaining M&As were in the Mobile Communications, Plastics, Publishing, Real Estate, and Software industries.

The M&A projects participants took part in were initiated for various reasons (see Table 2). Five participants cited the reason of organizational growth. Amanda explained, "The idea was that they then had the largest combined asset value in Canada, which would provide some security for the combination as a large Canadian company and prevent them from being bought out by an American company."

Three participants cited the reason of acquiring desired technology. Bart explained,

> The main point [of the acquisition] was [for the company] to acquire [our] technology, the piece of technology we were working on. This particular start-up had a patented technology that I was actually involved in. We knew that might be a reason why someone might wanna acquire us. In fact, they'd told us that their main purpose of acquiring us was acquiring that technology.

Table 1

Participant Profiles

Participant	M&A Experience	Role
Bart	1 acquisition, 2006, Petroleum (software) industry	Start-up employee who was acquired. Involved in integration of the technology teams
Donna	1 acquisition, 2010, Petroleum industry	Led the human resources team
Chuck	1 acquisition, 2006, High Tech industries	Investment banker, corporate development, HR (over 24 years). Mostly involved in initiating the deals
Amanda	1 acquisition, 2007, Petroleum industry	Senior executive at acquiring company
Sally	2 acquisitions: 2009 (publishing industry, 2012 (mobile communications industry)	Member of business consultancy team
Eugene	1 acquisition, 1998, real estate industry	Post-merger integration team member
Frank	5 acquisitions: 1986-1987, 1997-1998, 2009 (Petroleum industry)	Managed benefits, member of change management team
George	50-55 acquisition deals, software industry	Diligence, integration planning, integration lead
Paul	2 mergers: 1997-1998, 2009 (petroleum industry 2 acquisitions: 2003 (industry), 2010 (plastics industry)	Post-merger integration team member (1998, 2009, 2003), change consultant to the chief executive officer (2010)
Sam	1 merger, 1997-1998, Petroleum industry	Vice President of HR, member of integration team
Tom	1 merger, 2009, Petroleum industry	Senior director for corporate environmental safety, member of integration team
Walter	2 acquisitions: 2008, 2009 (Internet Information Provider)	Integration team member

Table 2

Reasons For Acquisition

Reason	*n*
Organizational growth	5
Acquire desired technology	3
Acquire intellectual property	3
Acquire organizational capability	1
Exchange funding for physical resources	1
Diversify into a new market	1
None stated	7

Note. Based on 21 total responses from the 12 participants

Three additional participants cited the reason of acquiring intellectual property.

Sally shared,

> [My company's] objectives were different. We weren't doing an M&A to cut costs, but to get [intellectual property]. They would acquire a company that had [intellectual property] that was attractive. Then they'd buy it, get access to the authors and [intellectual property]. They weren't looking for the people.

Other stated reasons for the M&As, each cited by one participant, were to acquire organizational capability, exchange funding for physical resources, and diversify into a new market. Participants did not state explicit reasons for the M&A for seven of the efforts they described.

Participants were asked to describe some of the project features of their M&A that were specific to the present inquiry (see Table 3). Only three participants specified that an integration manager was used in their M&A, and one of these emphasized that this role was not carried out effectively. Bart explained,

> The next week started by having an integration manager assigned to how the acquisition would go, and that was also the beginning of the downfall. I think it was a good idea, probably, to have an integration manager, but the problem we had [is] we got maybe two reports from the integration manager, talking about how the integration works and what was going on: one when he started and one about 2 weeks later. And every single time, he put some deadlines and things, and he circled back and told us about what was going to happen with the integration, but those deadlines were never hit. So we didn't really hear much about the integration work that was going on from the integration manager.

Ten participants stated that their projects involved an integration team. Donna, for example, explained,

> We had a 30-person integration team for a company of 500 people being integrations. There were 25 [of our] people on the integration team, IT, financial, operations, etc., all with a counterpart on the other side.

> Three participants stated that their company did cultural due diligence. They each qualified their response, however, by adding that they believed the results were ignored.

Table 3

Project Features

Feature	*n*
Integration manager used	
No answer	18
Yes	3
Integration team used	
No answer	3
Yes	18
Cultural due diligence performed	
No answer	8
Yes (results ignored)	3
No	10
Cultural integration conducted	
No answer	6
Yes	5
No	5

Note. Based on 21 total responses from the 12 participants

Ten participants explicitly stated that cultural due diligence was not performed. Paul shared his experience with this exercise:

> [Cultural due diligence] was talked about at the very top end, but it didn't get any due attention in the end. On all of the due diligence checklists, there is culture, there are people practices, there are [human resources] policies. I mean in due diligence you are supposed to go through that big checklist. I'm assuming that people do, like people within our organizations do. But they don't do anything with it, but they do go through the due diligence checklist and then leave it.

Five participants stated that cultural integration was conducted, while five other participants stated that their projects did not address this aspect. George explained that his company addressed cultural integration by proactively identifying "pain" points for acquired employees and developing an integration plan for those:

> At the end of the day, there's a reality that they need to be aware of and willing to accept. So there's plenty of work on the integration side, which is you want there to be a smooth transition into a different environment, you want to be mindful about where you think the pain points would be and address those proactively and very programmatically. But at the end of the day, unless there's a merger of

> people or your acquisition strategy warrants a complete stand alone of the acquired company, it's hard to shave a small entity from kind of a big enterprise. [Over time the company will need to fit into the acquired company's culture and learn to adapt to that].

In contrast, Frank shared,

I have no recollection of an effort to merge the cultures. [The acquired company] was established and had mature business processes. It was bigger in every way. [The acquiring company] was very entrepreneurial. People divided themselves by color. . . . It was like a little fish eating a shark. . . . Definitely there were some feelings hurt.

Participants were asked about the results of their M&A projects. Participants evaluated the organizational, people, and integration outcomes of their projects (see Table 4). Participants reported positive organizational outcomes for 12 of the 21 projects they had engaged in. In Walter's case, he reflected that failure was not an option for the company due to the amount they had invested in the project:

> In terms of genuine success or failure, I'm not sure this was much of an option for failure just because of the amount of money that was spent. I think it just would have turned into more and more drastic decisions in terms of how to structure the team, in terms of what to offer the client in order to keep them, in order to grow that business. I think certain products would have been killed, obviously; but ultimately, given the move that [the acquiring company] was making in that phase, they needed to just figure out a way to do it. [So it absolutely just had to work and we were going to muddle through it no matter how.]

Table 4

Merger and Acquisition Results

	Organizational outcome	People outcome	Integration Outcome
Poor outcome	7	8	6
Positive outcome	12	4	2
Uncertain outcome	1	5	7
No answer	1	4	5

Note. Based on 21 total responses from the 12 participants

Seven participants reported negative organizational outcomes. Bart, who was acquired from a start-up, shared,

> I'm pretty sure it was not successful. I know that there were some internal numbers, specific to [our acquired product] that the technology would generate. And I know that we didn't hit them. . . . There were also some expected milestones about releasing new version of the software and those we did reach. Although, if you have a software you can't sell, that doesn't really matter as much. The company still exists, they're still number 3, number 4 in the technology market, they're still selling the original technology that they acquired [my company] for, and I hear its actually creating more revenues for them nowadays. But, it could have been much better, we could actually have taken on [our larger competitors].

Responses were quite varied in terms of people outcomes. Eight participants stated that the M&A resulted in substantial people costs. Amanda shared,

> You almost felt embarrassed to admit who you worked for at the time. The emotional side was hard, and led to a lot of burnout. The cuts lasted about 2 years. They continually had to keep cutting as the financial performance dropped. They'd started with about 6,500 employees and ended 2 years later with 2,500. However, because of the timing of the merger, and the fact that other jobs were hard to find at the time, very few people actually walked in the first few years. They wanted to be laid off [to get the payout], but if they weren't, they fell into wait-and-see mode and hunkered down. They were almost like prisoners. Then they went through a series of layoffs over the next 2 years, and there was still overlap of roles in shared services, and they sold and wound up various divisions and business units. From a morale perspective, the whole thing was very negative. By then, they'd gone through three leaders in a year.

In contrast, four participants noted their M&As had very positive people outcomes. Donna commented, "Afterwards, [human resources] was congratulated on how smoothly it went and on the knowledge and capability the brought to the integration."

Six participants noted that poor results were achieved in terms of integration. Most of these participants noted that a discernible division remains between the employees from the companies involved. Walter, for example, explained,

> Ever since we merged into [the acquiring company], you can still tell who the [acquired] people are because they do work primarily on [the acquired] products. . . . I would say it's not fully merged yet. . . . working on it's either maybe 60% or

> 70% there because there still a lot of product limitation and a lot of technical knowledge that they do need for [that company] that you can't just pick up and sort of publish all the products that they use across [the acquiring company]. . . . Over time, there's been a lot of that pulling together [of the two groups,] but there was never an end in sight. . . . So it's probably a couple of years off.

Perceived Dynamics of Mergers and Acquisitions

In sharing their experiences of M&As, the participants described the general dynamics of these efforts (see Table 5). Five participants expressed that the acquiring company always has the upper hand in the deal. Bart explained that in the M&A in which he was involved, the acquiring company had the power to decide which parts of the company would be integrated and which parts would be divested.

Table 5

Dynamics of Mergers and Acquisitions

Theme	*n*
Acquiring company always has the upper hand	5
Long process	2
Organized in phases Phase 1: Due Diligence and Confirm Investment Phase 2: Integration Planning Phase 3: Drive the Integration	2
Lack of planning is common	1
Difficulty varies based on the style of acquisition	1

N = 12

Reflecting on the cultural integration associated with his acquisition, George shared,

> I think the learning there for us had been, not just on [this acquisition], but I think on most deals, number 1: we are a large organization. And the reality, law of large numbers is, any small acquisition, even if they had 50-100 people, will pale in comparison to the 70, 80, or 90,000 people that we have.

Two participants emphasized that any M&A is a long process. Chuck shared that after an integration plan is created, it is important to consider whether the time frame is realistic based on the amount of change being accomplished. He explained,

> You look at that plan and you say, "Can the organization absorb this much change that fast?" Again, you proceed with it but if you think it's going to be disruptive to the business—or overly disruptive (all integration is disruptive)—it may be you rethink it and maybe you stage things in a longer way to these things. So if you have an opportunity to elongate activities, maybe you choose to do that. Well it sounds as if – those cases where you have the opportunity to stretch things out. I haven't seen those be more productive than just going ahead and doing things that are normal project plan based.

George, who has been involved in 50-55 acquisition deals in the software industry, outlined three phases in which M&As typically occur. Regarding Phase 1, Due Diligence and Confirming the Investment, he explained,

> Diligence is across the board or across the entire enterprise, risk management, understanding what kind of risks and liabilities the company is taking on. It's managing the risk, making sure we're not taking on anything . . . that we'd be surprised by or that people may not be comfortable taking on. Can it be confirmed and validated to really make sure we're getting what we think we're getting? It's basically validating the business, and that's really done in diligence.

The second phase is integration planning. He explained,

> We take the learnings we've had about the company in our group, our group of venture information which includes all the functional experts I mentioned earlier, basically take all the information and say how do we build an integration plan for an acquisition. This is obviously in consult with what the sponsoring business wants to do with the acquisition, coupled with what we've found about the company. There's kind of a second body of work, which is building up an integration plan for an acquisition. [This includes making the decisions not only around what systems will move forward and how the systems will integrate, but also surrounding how the people and which people and what that looks like, where they're sitting, how and when they're transitioning into the company. We] . . . try to upstream a lot of that activity, so when we're building up the integration plan . . . so going into a final approval meeting, we have a pretty good sense of what we're going to do with . . . every large group of people . . . and in many cases if the deal has fallen off, at the individual name level.

Phase 3 involves driving the actual integration. Three participants described this phase. George explained that this phase involves

> driving and owning the initial execution of the integration. [This] occurs once we get to close on the acquisition or the transaction that's now owned by [the company. This involves] . . . making sure the potential systems tie, all our legal systems tie, all our back office systems tie, making sure that there's a smooth

> transition for customers coming in to [the company], and then there's a smooth transition for them to be mainstreamed into [our] ecosystem.

Tom and Eugene added that this phase involves ongoing performance monitoring and reporting. Tom described the approach used during his merger experience:

> We identified the synergies we expected at the time of the merger, and then post-merger we were accountable to monitor, track, and report those synergies. So that was a key part I think to being successful, which, process wise, was done really well. So keeping that structure straight through the merger where you had the business and the functional areas each having a lead to report on those things happened straight through 6 months. [This] got reported by the chief executive officer on a regular basis. There was monthly reporting we had to do. So because I was a corporate leader I had that responsibility in my post merger plan. It was to report on those synergies.

Additionally, Sam commented that M&As often suffer from a lack of planning, while Sally emphasized that the difficulty inherent any particular M&A is contingent upon the type of acquisition it is. For example, she explained that when the large publishing house acquired a small publishing house located in another state, the acquiring organization

> just got the revenue and [experienced] very little change to the organization. Because there's not much difference in the processes, there's not much integration needed. They move over some processes – IT, payroll, etc, but there's not too much work involved in that and they get someone from the functional area to do it. There's no question – they just impose [the acquiring organization's] way.

M&A Success Factors

Analysis of participants' responses pointed to recommendations regarding the six primary types of success factors examined in this study: cultural due diligence and integration, integration planning, integration managers, integration teams, communication practices, and leadership support. The following sections describe the findings related to these success factors. Examination of the participants' responses identified additional findings related to M&As and facilitating engagement during M&As. These findings are reported within this section.

Cultural due diligence and integration. Participants' views and recommendations regarding cultural due diligence varied somewhat (see Table 6). Five participants emphasized that cultural similarity promotes M&A success and mismatch can lead to M&A failure. Amanda explained that in her experience,

> The two cultures of the two companies could not have been more different: Company K was a people-centric company that focused on leadership and development for its people. It was highly collaborative. Company T was more influencing and separate . . . and so the two sets of people didn't know how to work together. There hadn't been any pre-work on culture, it just hadn't existed. The decision criteria was not around people, it was about making a big company that was immune to a US takeover.

Table 6

Cultural Due Diligence

Theme	*n*
Cultural similarity promotes M&A success, while mismatch can lead to M&A failure	5
Cultural exploration or audit is important; due diligence not always needed	2
Awareness of culture is not always necessary	1

N = 12

Frank commented that in his merger experience,

> Corporate cultures clashed. On paper, it was a match made in heaven: the two businesses were highly complementary. [One company] had in the previous years spent over $1 million on leadership, interpersonal development, conflict resolution training and skill development. Everyone took training in interpersonal skill development, improving human effectiveness through the Mahler Institute. This was unprecedented at the time and had a strong effect on the company culture. They would focus on process, content, feelings, and balancing all three. [The other company was . . . dog eat dog, a survival of the fittest culture.

Walter observed in his company how this kind of cultural mismatch affected employees post-M&A: "There were definitely some people for the first year and a half that were very much hating [the acquiring company], very much thought that [it] was destroying the culture of [the smaller, acquired start-up]. Ultimately the majority ended up leaving."

Thus, according to these participants, culture plays an enormous impact on the M&A and on the company following the M&A. Nevertheless, two participants specified that while cultural exploration or audit is important, due diligence not always needed. Chuck elaborated,

> In practice, it's a low item on the analysis list. The only times I've seen it stop a deal are when this culture it's one where it borders on unethical behaviors. I've seen deals stop because of that but, I've never seen deals stop because "Hey, they just have a different culture than we do." I've seen deals that have different cultures work, when both parties recognize there is a different culture and work on their differences—where the differences are pretty clearly articulated and you kind of know what needs. What one or two or three things need to change in order for this business to be successful, in the acquiring company's environment. . . . [on the other hand,] if you go into it blindly and down play a lot of these big culture differences, it really inhibits the acquisition. I think the acquisition can be successful, but the odds are stacked against you.

This participant additionally stressed that cultural information needs to be gathered in a timely manner if it is to be useful; thus, making cultural exploration more useful than a more extended cultural due diligence effort:

> This has to be done really fast and so you need it like before you close essentially. Even if that's only 75% right but this data becomes less valuable really quickly. . . . [During one experience, we did a] fairly exhaustive culture survey of the target company that was pretty lengthy. We did a lot of interviews with people, things like that, and the results of those surveys were available about four months after we closed. While they were interesting, by the time that we got the information, the integration was three quarters of the way done, so it did us no good whatsoever. It was a good historical document but we couldn't leverage it for any benefit. So we learnt from that experience and then the deal we were undertaking of, rather than kind of doing a big exhaustive survey. During the diligence period before we signed the agreement to acquire the company, we began thinking about some, I guess what you can say, culture attributes, like how are decisions made? How are things communicated? Things like that, and then comparing that to ourselves. So that by the time we actually signed and announced the deal, we had some hypotheses about what the gaps were. Also some hypotheses about where it was going to be, where the culture of the target, specific attributes of their culture was going to be potentially an inhibitor to our success in an integration.

Sally provided a contrasting view, explaining that in cases where a large company is acquiring a small company,

> [The larger company's culture is] just dominant. They impose their culture. It doesn't matter what the acquired company's culture is. They have to learn the [acquiring company's] one or they can look for a new role. People don't always love the approach, but [my company] doesn't feel like it makes much of a difference.

Participants' responses about cultural integration pointed three general principles (see Table 7). These included keeping in mind present and future needs (n = 3), human resources personnel needing to partner with business leaders in this phase (n = 2), and that the lack of cultural integration can lead to failure of the M&A effort (n = 2).

Table 7

Cultural integration

Theme	*n*
General Principles	
Keep in mind present and future needs	3
Human resources needs to partner with business leaders in this phase	2
Lack of cultural integration can lead to merger or acquisition failure	2
Activities	
Make retention, severance, retirement decisions	11
Provide information and reassurance to managers and employees about their job security	8
Deliberately assess culture	3
Create culture integration plan	3
Plan compensation	2

N = 12

For example, Donna, who led the HR aspect of her M&A, explained,

> When adding the new people, you need to know how many others you're adding on, what the business needs to support it. Like if you're growing the business by 10%, you know you need 10% more people in support. So now, instead of 50 finance guys, we needed 55. So we had to find 5 in their team. You have to know what skill sets you need ahead of time. You have to have planned it.

Donna additionally emphasized the critical role that human resources plays in M&As, outlining the need for them to partner with business leaders:

> HR needs to be a partner, involved in due diligence, and involved in the integration. Acquisitions are a time for HR to shine and show their value. It takes courage to step up and do what's right. You need to take a step back, believe in what you're doing and help people. You need to show strong leadership, decisiveness, empathy and communication skills.

Paul added,

> I think [human resources] has a huge role to play and in my experience, they usually do not play it well. They do not rise to the challenge. . . . I mean [human resources] professionals just do a good job of interviewing people and doing payroll. Making sure that they have employee numbers and that they are enrolled in their benefits programs and that they've managed all the pension risks associated with acquisitions. But very rarely in my experience has sort of had [human resources] professionals who are fundamental business partners at the table, supporting and championing good people integration, very rare. When they are, it looks like lots of courage for addressing often times the unspoken tensions that are in the room, which are cultural. It looks like bringing forward a business case for paying attention to integration. Not just saying we need to do it because it's a good idea or the academics recommend it. But doing it because fundamentally you could put a premium on the stock price which is, typically in acquisitions you've probably noticed that the share price doesn't spike, it's good enough if it doesn't fall.

Two participants additionally stressed that lack of cultural integration can lead to M&A failure. Paul elaborated,

> Well I think that's our job to show that the bottom line is seriously impacted by not paying attention and not investing [in culture]. In paying attention to culture, you can get a return on any investment that you make in doing that good work. That's very hard to quantify and you need a leader who's open to that.

The participants identified six specific activities that were involved in cultural integration: making retention, severance, and retirement decisions (n = 11); providing information and reassurance to managers and employees about their job security (n = 8); deliberately assessing culture (n = 3); creating a culture integration plan (n = 3); planning compensation (n = 2); and providing coaching to leaders on how to handle the change (n = 1). The remainder of this section describes the two most commonly reported activities.

Making retention, severance, and retirement decisions was identified as a central piece of integration, as it is necessary during an M&A to determine who would remain post-M&A, who would leave the company, and on what terms under which departing employees would leave. George explained,

> Early on, the [human resources] team leads an effort with the appropriate management levels at the target company to understand the roles and responsibilities of individuals. And it's done twofold: one, to understand the impact there may be on their role, especially if there's somebody doing that role at [the acquiring company] and that activity will be assumed by somebody at [the acquiring company], and then two, is also to figure out how they would come into the [acquiring company's] system: how they place, how they level, how a [human resources] person would [interpret their work]: does what they do align to the [acquiring company's] taxonomy. And that's through discussions about what their with their management; what they do, how they work, all that. So it's more about the role than the individual. It certainly takes into the individual, but it's primarily about the role: what's the job function. And then you can have a separate discussion about the individual. [when this happens] depends on the deal, depends on the comfort level of the executive team. Preference would be to try and do it pre close, but sometimes they're not comfortable, so we'll do it post close.

Chuck advises a similar process of assuring that the desired people are carried forward from the acquired company:

> So usually what you try to do is identify a handful of people that are critical before you sign up a deal. Get them to commit to the deal before you signed. So you're just going to base this on your diligence findings and your interactions with them. Also, most often you'll talk to the [chief executive officer] about who they think is 100% critical to make their business succeed or not. You talk to the [chief executive officer] and you can say, "Alright well we're buying this because we want to take your product and push it through our sales channels" for instance. So the [research and development] team is critical, the head of our engineering, the chief technology officer. Those guys are really critical to our success because not only are they just the inventors of the products, but they also have in their heads what it'll look like. What the next generation of the products are going to look like, so they are absolutely critical. In order to keep business from that company, the sales and marketing people are important, probably not as important as the [research and development] people but important nonetheless.

In Donna's acquisition, the company used a detailed planning and interviewing process to assure appropriate fit for the new organization:

> We interviewed all 500 people [from the acquired company] and decided who would fit the culture within 3 weeks of the deal being announced. [In the interviews,] we're looking for their reactions: what's their expertise, desire, or ability to live and work in our culture?

For Donna’s team, cultural fit was of critical importance. Therefore, employees who were not perceived to be a fit were not brought over, even if that meant leaving a position open:

> The managers would sometimes complain, or say that they needed a person, and my response was that we’ll find them externally after we’re done if we have to. But we didn’t want the managers hiring the wrong person, and I told them that if we did, then they’d have a bad performer on their team, and have other problems, and then have to come back and tell me that they wanted to terminate this person. And then I explained that we didn’t want to have to pay severance for the wrong person, and that [the acquired company] was paying the packages for the people we didn’t want to hire. And I told the managers that we’d be having a very different conversation with me if they hired them and the person didn’t work out and we had to pay for it, even though we knew upfront they wouldn’t be a fit.

Those who fit were given an offer of employment, while those who were not a fit were offered a retirement plan, a short-term position to aid the transition, or a severance package: “if they weren’t a fit, we didn’t hire them. We made the decision to only bring people over to [the acquiring company] who fit. Our mandate was to get the people who do.”

Sam and Amanda cautioned that during this process, severance packages should be planned carefully. Amanda explained that making the layoff package too rich can undermine engagement. In her experience,

> The majority of the merger layoffs had happened within a year, but the cuts then continued for another year thereafter anyway. People actually wanted to be laid off, because the packages being given were so generous. The financial viability of this scheme is questionable, particularly when they were doing so poorly financially. However, people took advantage of it and tried to get laid off, or offered to. There were good intentions to the layoff program, it was just that it actually drove disengagement. We wanted to support people and treat them well and fairly and give some dignity to layoff. But we probably actually overdid it.

Eight participants emphasized the importance of providing information and reassurance to managers and employees about their job security. Donna pointed out that managers, just like employees, can become nervous about their future at the company during M&As:

> We need to remember that managers are people too, and they have all the same worries. You need them to be focused on the integration, or the systems, or the business, but they're wondering what their severance would look like. We need to be clear and make decisions quickly, and then hold the manager's hand and provide answers and materials to help them. Everyone's nervous.

Bart, who was part of start-up that had been acquired, additionally pointed out that lack of career pathing—whether actual or perceived—can undermine engagement during this phase:

> I know a few guys left because they thought that we were second-class citizens within the company… although I don't know if I agree with that or not, it's true that while I was there, no one ever got promoted from the [acquired company] side. Lots of new people becoming vice presidents, directors, etc., but no one ever from [the acquired company]. I think that was another frustration point, and people thought they needed to go somewhere else.

Integration planning. Analysis of the participants' responses regarding integration planning and timeline pointed to five activities (see Table 8). These included creating a thorough but adaptable plan (n = 6), customizing the plan to the situation and the culture (n = 3), and treating integration as an ongoing process (n = 2).

Table 8

Integration Plan and Timeline

Theme	*n*
Create a thorough but adaptable plan	6
Plan must be customized to the situation and culture	3
Treat integration as an ongoing process	2

N = 12

Six participants emphasized the importance of having a thorough, carefully architected plan. Eugene described the process used in his experience:

> [To plan it, we'd get] the management team in a room, basically talking about ok, so based on what we think is going to happen, lets go through how we think we

> need to roll out. . . . We'd determine a variety of scenarios based on the business objectives, and then we'd probably determine the most likely scenario, and then where's the one with the highest risk, where we may not want to commit to as concrete messages. Where we would say know that there was still some ambiguity if there was any. . . . What was successful about that acquisition, I think again it comes down to planning. It sounds ridiculous, but plan the plan. You just have to keep people focused on the items that matter, because during an acquisition, people will get entirely distracted by things that are immaterial. You have to be sensitive to the fact that they may be important to those individuals, but at the same time, big picture thinking is harder to come by. People get tied up in "Where is my office going to be," and "which country" and you know, whether I have a corner office or a middle office takes on crazy importance depending on culturally how the company works overall. You know, things that I don't care about you may care about more. And taking the time to understand things like that.

George echoed that making the plan, executing according to the plan, and adapting the plan as needed is critical:

> You have a plan going in, and then you execute against the plan. Obviously stuff happens, environment changes, key leaders decide to leave, key employees are not happy, and then you adjust and adapt and make whatever changes need to be made to continue to go down you path. Integration is clearly not a straight road. Somebody who's done integration knows that, because it is full of winds, roadblocks, bumps… I mean the joke I used to have was: integration is not a paved road, it's a gravel road, it's going to be a little bumpy. It's just the nature of the beast. In some respects, inherent in your design is going to be change, and how do I respond. And that I think is the pain of integration, but it's also the fun of integration. Like I had no idea what's going to happen tomorrow. Just when I think I have control of everything, I lose control.

Three participants emphasized that the plan must be customized to the situation and culture. Donna elaborated,

> You have to determine your approach by the situation. We didn't want [to carry over] the wrong person [from the acquired organization if they didn't fit our culture], but it was 2010. We had that luxury of finding people if we needed them. If it was 2006, we probably would have hired them, because if they're a pretty good worker and not a cancer on the organization. There was no one to hire externally, the job market was saturated. So that would have been different. It comes down to dollars and cents. We had determined that [the acquired company] was liable for severance, so we wanted to get it right.

Two participants finally pointed out that integration needs to be treated as an ongoing process. Eugene reflected on his experience:

> It felt like it went on for years. . . . It felt like it was an ongoing, just when you thought things would settle down. So I would say it probably lasted, probably months for things to get settled down. So from the beginning, the most intensity was kind of like a one to two week period, and then things just kind of normalized a little bit depending on the waves. Everybody strives to be like "Hey we'd like to be at this phase by this month" and I would argue that there are certainly aspects that get done in the first 100 days, probably the biggest parts get done relatively quickly. It's the residual parts that sometimes lingers on for years, and if you don't keep track of some of the smaller but important pieces, it can impact business overall.

Integration managers and teams. When asked about integration managers and teams, only two participants stated that this position was essential for success (see Table 9). For example, Paul explained his view, adding that this manager must have executive-level support:

> I do believe in integration managers. The ones that I've seen work probably [the integration manager is in that role] a minimum of over a year. I think they are really pretty important, but they have to have some knowledge and some passion for the people in times of change. They just can't be really good engineers. The best you can do is to bring a group of committed people, get serious leadership support and strive to figure out what would be the interventions that would have the most impact. . . . If you have an integration manager and then you have the executive, the integration manager has to sit on the executive group. Because otherwise what happens is, the executive makes decisions and the integration manager has to justify for all the employees. As opposed to being right at the table to say, "If you make that decision, here is the impact it's going to have on people."

Four themes emerged regarding the roles and activities of the integration team. These themes were that team members need to be paired one-to-one with an integration partner on the other side (n = 5), the team should be cross-functional and cross-organizational (n = 4), the team should be dedicated to the effort and have carefully outlined roles and responsibilities (n = 4), and team members should receive special reward and recognition (n = 3).

Table 9

Integration Manager and Team

Theme	*n*
Integration manager essential for success	2
Integration Team	
Team members need to be paired one-to-one with an integration partner on the other side	5
Team should be cross-functional and cross-organizational	4
Team should be dedicated to the effort and have carefully outlined roles and responsibilities	4
Team members should receive special reward and recognition	3

N = 12

Donna shared her experience regarding the importance of integration partners:

> Another key, and something you never read about in the textbooks, is that your relationships with the other company's HR people matter a lot. The reality is, you need to work in that relationship, and you need them to give you information, to tell you about their employees, and the problems they've had with some and the good people. The textbooks never tell you that, but it matters. Each member of the integration team had his or her counterpart from the other organization to help the transition occur smoothly.

In Tom's acquisition, the partnering occurred at the executive level:

> There was a mechanism to meet with these executive leaders, to get them together. They were joined at the hip for 6 months, all the way through to manage the integration out the other side. So that integration structure of two executive leads stayed intact for six months post-merger to manage and report to the executive, to the board and to external stakeholders the progress on the merger.

Additionally, four participants pointed out that, to heighten the effectiveness of the M&A, the integration team needs to be staffed from across both organizations and across the various functions. In Tom's experience,

> Each executive leadership team was asked to identify for each business area and each functional area an expert experienced leader from that area. The two sides . . . each assigned a lead for the parallel business areas and the parallel functions. So I believe there is probably 12 or 14 people at the senior director general manager or vice president level that came together weekly to start the integration process ahead of merger approval.

Participants also emphasized the all-consuming nature of M&A work. For that reason, they believed that the integration team be fully dedicated to the effort and determine what they are and are not responsible for. Eugene explained,

> The thing is, with any integration, it's hugely disruptive to a normal course of business, so you know, as you get closer to having an integration, you have to dedicate a team and strip away their duties from a day to day basis. You can't actually expect them to do the normal course of business. You have to find interim solutions for people to be managed, if that means reallocating responsibility and management, it's impossible for someone trying to run an integration to actually be accountable for day-to-day business. Not impossible, but if they're touching the acquisition on a daily basis, then they really shouldn't be trying to. . . . If their job was already 100%, they're working at capacity, it's unrealistic. Because the priority will always end up being an acquisition, it's one of those things, when you acquire, everyone always thinks it needs to be done as fast as humanly possible. Because you're trying to minimize the amount of influence on the company or disruption to normal course of business. Of course some people know, and it's always going to be slightly disruptive, so the faster you can get back to business, the better it is for everybody. But I mean people are pretty reasonable for the most, at least I've been lucky enough to work at companies that are pretty reasonable that when that's the circumstance, everybody understands that integration is not a walk in the park, and it has to be the priority. You know companies, especially public companies are going to be expected to start delivering on the promises that have been made, or the justification that's been made in the synergies of the deal, so, it's important.

Because the substantial effort and responsibilities involved with being on the integration team, three participants stated that team members should receive special reward and recognition. Donna explained,

> At first, you put people on the team, and it's exciting, and there's not a lot of pushback: people want to be involved in the important work and they feel like what they're doing is important. The excitement wears off, and people get exhausted and it gets tedious after a time. I can think of every acquisition I've been in… and I just, there's a breaking point and it's just exhausting, and I just end up shutting my office door and I cry. And I'm not much of a crier at work. It's just, it gets to be a lot. You end up working endlessly. We worked for 3 months with no time off, no breaks. In my experience, compensation for it has always been after the fact, as a thank you. This is cultural piece though: you have to look after and thank them. We gave awards – bonuses and weekends away. It's not a perfect science, people are in different roles and involved at different levels. So maybe you have a few categories. But they're one off cash bonuses, generally

> speaking. You have to acknowledge their hard work after the fact, and before other people forget and move on.

In Tom's case, "It was additional 20, 30 hours a week. No days off. No scheduled days off, absolutely none for that time." Eugene added, "Emotionally it takes a huge toll on the management team and to the extent that, they have to deliver hard messages as well, there's probably questioning of the right thing to do for the team and where there was disagreement, when you have to suck it up that's not necessarily an easy thing for teams to do."

Communication practices. Participants described many aspects of the communication surrounding an M&A (see Table 10). Six participants emphasized that the communication plan is critical for success and that the lack of such a plan can undermine the entire effort. Tom commented on the aspects of communication that he found helpful during his M&A:

> The [company] created a way—a look and a feel to communicate with everybody. They developed something called the leader's kit. If there was something that everybody needed to know at the same time, it was in the leader's kit. It was pushed to all leaders in a certain type of email, in a certain format. "Here is what it is, here is how you need to communicate it." So there is a bit of a cheat sheet. Whatever it was, it could have been fairly administrative, it could be quite substantive, it could be around office configuration, it could be around IT changes, whatever needed to be communicated. It could be philosophical, it could be quite tactical, anything that had an enterprise wide audience, big or small was pushed to the leader kits. Some weeks, there were two and there might not be anything for 2 or 3 weeks. But I would say there was, you know, in the early days of the merger, probably four to six, to ten of them a month, one or two a week.

Amanda explained how lack of adequate communication undermined the M&A that he experienced and how bringing in an effective communicator helped shift the course of the endeavor:

> There was also a lack of communication and change management. Later they brought in someone new in [human resources] as the [senior vice president]—someone who had an organizational change background. This was about 2 years

> in, and this person influenced the other senior executives and communicated the culture, values and expectations, created a cultural mandate. It was really interesting to see the effect of having someone in that role and thinking through how it could've gone if they'd had that person to begin with.

Table 10

Communication Practices

Theme	*n*
Communication plan is critical for success	6
Nature of communication	
Multimodal and repeated	5
Open and honest	3
Two-way communication with acquired employees	3
Convey a consistent message	2
Players Executives and other leadership (3) Communications specialist (3)	6
Content of communication	
Rationale for change	5
Impact on individuals	4
Short- and long-term vision	2
Answers to questions and rumors	2
Timing	2
Pre-acquisition—no communication	2
Early acquisition	
Initial pitch to acquired employees needs to occur early and involve influential people from both organizations	5
Ongoing communication	3

N = 12

The participants also reported that communication about the M&A should be multimodal and repeated (n = 5), be open and honest (n = 3), support two-way communication with employees (n = 3), and present a consistent message (n = 2). In Paul's case, he explained,

> they had a fulltime integration communication manager and [the company] does that very well. They have a superb communications group and they made a big commitment to communication. They had integration bulletins, they had integration emails that were now, they had integration coffee meetings. I mean they had a whole host of interventions that they scheduled and they had leader's notes available.

In George's experience,

> we set up the communications office and had somebody lead that tied very closely to the integration office to basically make sure we were very tightly, in a coordinated way controlling the delivery of message to everybody, and used every form of communication we could think of: all hands meetings, informal face to face, chats, coffee sessions, email, whatever we could do to make the message was delivered to employees. In the absence of fact, people make up their own facts. . . . So we've always done [these kinds of communications during acquisitions]. . . . It's part of our practice, it's something we consistently do.

Openness and honesty is also important, as Eugene explained,

> We communicate. Again, it goes back to communicating what you know, and identifying what you don't know, so that people have a clear [idea of what is going on]. The more information people have about what's going to happen to them, the better it is. . . . If you don't know, don't make it up. I think it just comes back to a fundamental philosophy of being as genuine as you can in your approach to business.. The more genuine you are, the more people see that. If you're trying to hide something from people, they'll understand that too. People are intuitive about, you know, especially if they know an acquisition is going on, they're going to be looking for what's been hinted from above.

Paul shared how the M&As he was involved with allowed for two-way communication with employees:

> On the second day of our [3-day] conference, we all went to their headquarters office where all the employees were. We shared what we had done and why we had done what we had done to get their feedback. At the same time we posted all that on a global, sort of, live website, where people could in real time go in and respond to that.

Eugene emphasized the criticality of presenting a consistent message:

> We spent an inordinate amount of time—actually, I would say we were one of the few organizations that actually did it the right way in terms of really taking the time to plan out the people part as far as they could go. So that when we did the communications plan, we already had a road map as far as what was going to happen with people, so you didn't find yourself backtracking on key messages or making statements that could be later pointed to as disingenuous or could start to disrupt. So the consistency of message we spent a lot of time doing the pre-work so that whatever we said at the beginning, to the extent that we could control it, was aligned with the actions that we had to take all the way through.

The participants described multiple players being involved in the communication, including executives and other leadership (n = 3), communications specialists (n = 3), and the integration manager (n = 1). Sam shared his experience regarding the artful communication of one senior executive:

> One of the things that I saw done very well was that, again, one of the senior executives actually took time and effort to communicate with people here, to be honest and transparent, and to do it with a bit of a sense of humour. So I'll give you an example. We had an employee forum. And we'd repositioned Calgary as the head of research and technology, because that was now the major presence. That's great but it doesn't help much when you don't have a senior team. Anyway, we kind of said ok, here's our new identity, here's what's in it for us, here's where we want people to go. And of course, that worked for the people in research, but not for the small core group. So he's up there taking questions, and I'll always remember this: Somebody said to him. He read this question out loud, and it said something to the effect of "I don't believe a word you guys are saying, you have no integrity, everything you say is bullshit" or something to that effect. And he read it out loud, and then he said, well, I would respond to this, but you couldn't rely on it, it would be dishonest. But he got a laugh, and it took the tone down. It was beautifully done.

For Eugene, communication was coordinated and managed by specialists: "human resources and our corporate communications group to provide expertise around what's the right way to cascade communications to employees." This approach also was cited by Paul and George.

Several participants reported that the content of the communication should convey the rationale for the change (n = 5), the impact on the individuals (n = 4), the short- and long-term vision (n = 2), and answers to questions and rumors (n = 2). Chuck elaborated,

> Well I think there's probably a set of key messages that are going to go across how you are communicating it right? So that's going to include the strategic rationales. It's going to include usually painting the picture of why this is a good move both for the target company's customers, their employees. Also why it's going to benefit your company and so try to paint that picture; in my experience when companies are in the process of selling themselves they ultimately do that themselves. Then the reaction is, we've sold our company that's great. Then what you have to do is reorient them, to yes congratulations you are getting paid for a successful sale. But it's really the beginning of a journey that we have together. So as an acquirer you really have to paint the picture of why there is a new chapter in this employee's career and this target company's career. You need to paint the picture why that's a bright one, otherwise it's almost like you have to re-recruit people who you've brought in to get them fired up. So that has to be

> woven through the messages too and so, the channels for these communications range from offsite meetings to email messages that blast out to people. To communicating directly with managers so they have the answers that they can give to their employees. So there are multiple channels to these communications that sort of that's kind of the job of what you want to try to accomplish. It's painting the strategic rationale for the deal and explaining to people why it's going to be exciting for them to work at your company.

Eugene emphasized that in addition to understanding all these facets of the change, employees are naturally going to be concerned about the bottom-line impact for them. He emphasized the importance of spelling out the impacts for the individual:

> So, initially we just with the acquisition it would be the communication that the acquisition had happened, who is now in charge, so who's the management, what's changed, what's not going to change. People just really care, you know, as much as it's the bigger picture, you do a couple of bullets on that, but then you really have to start answering the 'what's next for me' question, or how does this impact me. So there was always a high level communication at that point, and then you break it down by department, so there were certainly the FAQs that had to come at a corporate level or division level, and then for each department if there were more specific actions that were going to happen, so for example working with our COO on figuring out the timing of layoff waves. Certainly there were departments that we did signal would have waves of layoffs. And we were going to do it kind of as quickly and to the extent that we could as fairly and as painlessly as possible. And we also clearly communicated when things would start and when things would finish- it was important for people to know that when the layoffs were done it was done. Yeah it doesn't change. It doesn't matter what you communicate, you could communicate it six ways from Sunday, but really, that's what they care about. [what's in it for me]. Yeah, there's anxiety, there's, I mean, there's enough anxiety in business day to day with bad economies, that throw an acquisition on top of that and you can get complete inertia and dysfunction.

Donna added that communication needs to continue for an extended period of time:

> That can include ensuring the FAQ keeps going for a few months – you have to assume that if two people are coming forward and questioning something, then more will be. So we did FAQ weekly at first, then biweekly, then monthly until it seemed like it made sense to stop. But we kept it going for a long time, to make sure people knew who to contact, how to contact, what to do, how the systems worked, etc. We kept it up all the way through.

Finally, participants discussed the timing of communication. Two participants explained that typically no communication occurs during the pre-acquisition period due to legal and competitive concerns. Tom explained, “There were some very specific legal requirements on what you could talk about or not. So the information that you could share could not be competitive in anyway, etc.” Five participants explained that an initial pitch to acquired employees is needed early in the acquisition and that this pitch needs to involve influential people from both organizations. Bart described the excitement that was generated by the personal involvement of the Chief Executive Officer of the acquiring company:

> Right after the acquisition email, the next day, we also got a [chief executive officer] recording: a video of the two chief executive officers talking about how excited they were, and that kind of stuff. And then we were told that the [acquiring company’s chief executive officer] was going to come and visit us in our offices before we move to their offices. So this is all happening within the first week of the acquisition, right? And indeed the [chief executive officer] came, and he was a very personable guy, and he knew a lot about the technology, to the degree that he talked with every single person in their offices, in fact one by one. . . . I was very impressed. I don’t know if he was prepped or not, but he knew my background. He knew my PhD advisor, he knew the guys I work with, he actually talked with me about 5-6 minutes about technical stuff . . . and he knew what the hell he was talking about. That’s very impressive to see. I was very impressed. I was actually quite excited. Here’s a guy who’s very well known in the oil industry, and he knows his technical stuff as well. I mean, that’s generally a concern for engineers, right? You want to work for someone who knows his technical things, and he appears to be the guy. He’s very personable, He shows up in a Hawaii shirt, jeans and a cowboy hat. It was very casual. It was done very, very well.

In Tom’s experience,

> It was a two day launch. . . . All those people were brought together in Calgary for two full days, kind of a strategic launch of the organization. The company strategy was reviewed, the 6 months, 12 months goals of the organization. They sat tables of people that were mixed across functions and business areas in different levels. They had an executive at most tables, that kind of thing. So just through a series of presentations, all parts of the business leaders presenting in an engaging way kind of the highlight, everybody got a sense of the whole business. . . . It was all very well produced and communicated and very well done. So at the end of that day, everybody I think had a sense of the whole business and at the highest levels what kind of the strategy looked like, in a general sense then what their business area or functional areas piece was of the puzzle. At least kind of conceptually how it was going to fit in or hopefully fit in the organization.

Three participants additionally stressed the importance of ongoing communication throughout the endeavor.

Leadership support. Participants voiced several recommendations related to leaders' involvement and support of M&A activities (see Table 11). Seven participants emphasized that leaders from both sides must demonstrate their engagement and accountability related to the effort. George reflected,

> If you don't have a good healthy working relationship with your executive chief from the other side, none of this works. You cultivate a very strong relationship and that's why your integration office is made up of people from both sides. It's clearly not [just the acquired company], so it's a very shared, and [politically] it's an obligation to make sure these events are successful. That's how we did it. But that's how it's always done. You have to have engagement from both sides.

Table 11

Leadership Support

Theme	*n*
Leaders from both sides must demonstrate their engagement and accountability	7
Leaders need to provide clear direction, vision, and ongoing support	7
Need to involve competent, respected leaders	4
Lack of support can undermine engagement	3

N = 12

Seven participants also emphasized that the leaders need to provide clear direction, vision, and ongoing support. In Paul's view,

> I would say [the biggest success factor is] the CEOs fundamental commitment to building a robust, well-defined culture. We might not agree with the culture but again in his mind it is safety first, customer service and financial success. He will strive for financial success and he will make really tough really fast decisions, to support financial success. So because he's so clear everybody else is so clear. There's just no ambiguity and so then everything grows off with that, so they had to develop a new compensation total rewards to support those values. So then all of the human resources systems had to line up including performance management, total compensation, all the investments and training to those core values.

Four participants emphasized the importance of including competent, respected leaders in the effort. Chuck explained that although the executive leaders in the acquiring company may have limited involvement in the M&A effort, it is essential to have the willing involvement of executive and senior leaders from the acquired company. He explained how their involvement helps build trust and engagement among the acquired employees:

> Having the senior leadership involved is essential because I think just logic will tell you that when you are a part of a company being acquired, the first place you look is to your leader and see what their reaction is. If their reaction is (a) "this is a good thing for us" and explains their reasons [and] (b) "this is what we need to do to make sure that our business can continue to thrive and succeed in the new environment," then you're less anxious what I need you to do in that capacity. The acquired leaders have all the trust built up. To have these messages coming from the target management team are just critical.

Three participants additionally articulated that lack of leadership support can undermine employees' engagement. Bart explained that in his experience,

> I know there was a little bit of a problem with not being able to fully integrate to the [acquiring company's] side and not really communicating, so a lot of people were just frustrated. They'd have problems and previously they were able to talk to the [chief executive officer] of [our start-up] or someone and have it resolved. But here [post-acquisition], they were reporting to someone else, and that guy was not really paying attention, or that kind of thing. So, there was that frustration going on.

This can be further exacerbated when the leadership of the acquired company has left or been terminated, as Amanda pointed out:

> There was no advocacy, and people didn't have an advocate in the organization. Each person was left to talk to someone they knew and try and fend for themselves. I found it disturbing that there was no objective leader. . . . My leader opted to take the package and leave, like many others.

Additional Findings

Participants shared several additional findings beyond the study focus regarding general success factors for M&As, facilitators of engagement, and perceived causes of failure for M&As.

Five participants stressed the importance of creating, communicating, and remaining cognizant of shared goals (see Table 12). Three of these participants described the importance of creating and communicating shared goals and outcomes. For example, Walter explained how facilitating visioning exercises for acquired standalone departments was empowering and engaging, thus, helping the acquired employees gain some autonomy and feel better about being part of the new company:

> So there was a publisher team and advertiser team. They would have team meetings kind of ball up ideas as to what they wanted their team to represent. They ended up voting on the vision statement and mission statement for the team which kind of bubbled up into evolving like a vision and mission across the entire department. . . . I do honestly think that the vision and mission exercises helped. Because what came out of it was an organization that was very customer focused, which was a way for then to have psychological [independence] from the rest of [the acquiring company].

Table 12

Success Factors

Theme	*n*
Create, communicate, and remain cognizant of shared goals Create and communicate shared goals and outcomes (3) Keep the end goal in mind (3)	5
Move quickly	2
Use best practices and checklists with caution	1
Understand the business	1
Conducting postmortem reviews can enhance future M&As	1

N = 12

Three of these participants also stressed the need to keep the end goal in mind. Donna explained,

> You have to keep the end goal in mind, right from due diligence, to ensure that you're supporting that end goal all the way through. People don't want to focus on what the structure will look like, all the details. They don't want to talk about that. You have to keep the end goal in mind and make sure that you're aware of how what you're doing will factor into the business.

Two participants believed that it was important to move quickly during an M&A. Donna explained that moving was quickly was necessary because M&As affect employees' emotions, sense of security, and even their livelihood. Moving quickly is part of demonstrating respect for their need to know:

> We made commitments to the employees to move quickly as soon as the deal was announced. I maintain that you have to move quickly, even if moving quickly is at the risk of making some mistakes. There's no excuse for not dealing with a sense of immediacy and urgency. You have to get it done quickly and stabilize things. You're dealing with people, dealing with their lives. It may not be perfect in the way you do it, but it needs to be urgent."

Particularly relevant to this study, Donna also emphasized that best practices and checklists meant to guide M&As should be used with caution. She explained that guidelines can be helpful if someone is new to acquisitions; however, the risk is that they can cause M&A leaders to waste time on unnecessary steps:

> On my first acquisition, we had management consultants and I learned from them. They helped me to see things I wouldn't have thought of. I had binders of checklists. I went through them. Only, you get stuck on those and don't remember to pause. You spend time on things that don't matter. Every situation's different, and they helped me a lot at first. Now, I don't need them anymore, and I go with my gut. I don't think I even looked at a binder on [this latest] acquisition. It's not all about checklists, you have to adapt to the situation. Best practices don't fit every time. Sometimes I read those textbooks and get something from them, but they can cause you to spend a lot of time on the things that don't matter. You get perspective from the people and you realize that one size doesn't fit all. You have to call on your wisdom.

Two additional success factors concerned the need to understand the business and the value of conducting a postmortem review to capture lessons learned for the purpose of enhancing future M&As.

The participants identified four approaches for facilitating employees' engagement during M&A efforts (see Table 13). Five participants pointed out that change is difficult; therefore, it is important to allow for gradual change in acquired employees.

> Our experience has been, people expect change. I think you have people on the extremes who think nothing should change or nothing will change, I think that's not a realistic view. I think most people expect change. But change is hard for everybody. Forget acquisitions—change is hard for you and me. Change is hard. When you have a gradual transition, it allows them more of a mental time to adjust and adapt to that change. I think the second thing it does, it shows them, it allows them to see the additional things that they're getting, instead of just focusing on the things that they're having to give up. So it becomes more of a balanced decision making in their head. It becomes "yeah I'm having to do things differently, but wow, look at the things that I didn't have that are really cool". And so, in their minds, it's not such a lopsided decision that change is bad, I have to do everything differently. It's about "wow, my life is a little bit simpler now". And so, there's more balance in their thought process I think.

George added that it can a helpful technique for allowing gradual change is to create a "bubble" environment for acquired company employees to ease their transition:

> So while you can create kind of a bubble environment for them during the integration period, and I think it's helpful to do that, because you provide them a smooth transition and a glide path.

He provided the example of when his company acquired a company with a very high-touch, helping-oriented culture into his company's self-help culture:

> What we tried to do, on [this] transaction was, for the 6-12 months post-close, we tried to go against the norm of self-help, and actually be very, very high touch to the acquired company, to make sure that their transition was smooth and there wasn't high frustration with the others. And also we really tried to help them instead of just giving them the tools. Kind of like giving them the fish, versus teaching them how to fish. And I think what happened, the result of the acquisition and the response, the result of the integration was extremely positive. I think people were very pleased with the outcome. But then as the integration team whittled off, and they started getting mainstreamed, they started getting exposed to that self-help environment, which caused a little bit of, I wouldn't say pain, but uneasiness. You know, "Hey, where's all the TLC that I got?" So in hindsight, it was still the right thing to do, because ultimately, what we created was a smooth transition and a glide path to reality, and just completely exposing them 100% to ours would have been a pretty significant shock.

Table 13

Facilitators of Engagement

Theme	*n*
Allowing for gradual change in acquired employees	5
Exposing people from each side to the benefits unique to the other side	4
Joining with a brand-name leader or company	2

N = 12

Another general success factor that four participants cited for enhancing engagement was to expose people from each side to the benefits unique to the other side—that they will now gain through the M&A. Chuck explained,

> You kind of re-recruit them. You have to win their hearts and minds. They have to understand their strategic rationale for the deal: What their role of the new organization is and how they are going to contribute to it and how to be excited about that. If they are not, they'll sit around, they'll do deal and, the risk is, sit around and do okay work. Then, [at some point] they decide, "Okay well I've done my time here I'm moving on." For some people, that's going to happen, but what you want to do is put some concerted effort to kind of re-recruit people to energize them about the new strategy and what you are trying to do with the business.

Two participants pointed out that joining with a brand name leader or company also can be exciting for acquired employees. Walter shared,

> But here on the other side these were a lot of recent college grads, there were a lot of really young people like 25, 26 and younger that made up those teams. So they were like, "Oh, [this company is acquiring us!] This is going to be awesome." They were excited about the brand name, they were excited about what getting integrated into [our] products could offer to their customers.

Participants also identified several causes they believed contributed to M&A failure (see Table 14). Although each specific cause was mentioned by one to three participants, the perceived contributors to failure included strategic causes (n = 7), people causes (n = 5), external causes (n = 3), and operational causes (n = 2).

Table 14

Causes of Failure

Theme	*n*
Strategic causes Having or setting up inaccurate expectations (3) Lack of alignment and shared goals at executive level (2) Lack of business strategy (2) Subsuming rather than integrating the acquired company (2) Strategic or customer orientation mismatch (2) Insufficient resources (2)	7
People causes Cultural inflexibility and power dynamics (2) Industry attitudes toward employees (2) Decision makers getting caught up in adrenaline of the deal (1) Past bad experiences with acquiring company employees created negative expectations (1) Overuse of consultants who do not embed knowledge (1)	5
External causes (financial markets)	3
Operational causes Technology integration not addressed (2) Incongruous company age/technological maturity level (2)	2

N = 12

Strategic causes included having or setting up inaccurate expectations (n = 3), lack of alignment and shared goals at executive level (n = 2), lack of business strategy (n = 2), subsuming rather than integrating the acquired company (n = 2), having a strategic/customer orientation mismatch between the companies (n = 2), and having insufficient resources (n = 2). Bart described the early acquisition communications approaches used in his M&A experience as setting expectations too high:

> It wouldn't have been a problem in my mind if we weren't overpromised and under-delivered. If that initial week wasn't all full of promises and lots of communication. That kind of sets the bar. You expect that level of communication going forward, and we didn't get that. That might have had some kind of effect as well, because if the [chief executive officer] didn't show up, for example, and didn't show personal attention and that kind of stuff in week 1, then why do I care if I don't see the [chief executive officer] again for 6, 7 months (which was the case, by the way). So, if you set the expectations so high at the beginning, you're kind of setting yourself up for failure. Because it's very hard to execute that level, and indeed they couldn't.

Bart additionally explained how the acquired company managers insulated his company from the rest of the environment. Although the participant appreciated this, these actions served to thwart integration and instead perpetuate a division between the acquired and acquiring companies:

> The [chief executive officer] of [my start-up], who became the [chief technology officer at the acquiring company], actually did a pretty good job of isolating us from all the problems that were happening so we could continue delivering new versions of the software, and this is why we were able to continue delivering new versions of the software on the original dates. So, you know, he tried to shield us a little bit from some of the more nastier things. Like the sales commission issue I mentioned, was communicated to me because I happened to be good friends with the [vice president] of sales and that's where I was getting my information. So, there's a little bit of that. He may have just seen the integration manager not doing his job properly and may have told him to stop talking to us just because it was making things worse. I'm speculating here, but I would believe it.

People-oriented causes of failure identified by the participants include cultural inflexibility and power dynamics (n = 2), industry attitudes toward employees (n = 2), decision makers getting caught up in adrenaline of the deal (n = 1), past bad experiences with acquiring company employees created negative expectations (n = 1), and overuse of consultants who do not embed knowledge (n = 1). Amanda explained how in the M&A she experienced, one company's employees feel like their voice was not heard and their culture was not reflected in the resulting corporation. She explained,

> The [chief executive officer] used a lot of consultants, who'd been with the team for a lengthy time. The consultants conducted sessions on culture, but because the power dynamics were shifting to the Company T side, employees from Company K felt like it was predetermined and they were unheard. They felt like the culture was non-negotiable from the time they started.

Amanda further noted that the petroleum industry tends to perpetuate ideas that employees are less valuable than the material resources, which serves to diminish engagement. Fortunately, in this case, leadership within human resources helped restore an employee focus:

> Pipelines are a very expensive asset and don't need a lot of people to run. Thus, people are almost incidental to the business a lot of the time. This was the approach the leadership took, to the detriment of the combination. The new [human resources senior vice president] turned that around and helped the company to focus on its people, leadership and employee development.

Three participants also shared that external causes—primarily the financial market downturns—derailed the success of the M&A. Bart explained how the market downturn caused the acquired company's initial public offering to be deferred, thus, eliminating any potential financial benefits of the acquisition that acquired employees had anticipated:

> When we got acquired, at the time, [the acquiring company] had plans to go for an [initial public offering]. [Deferring the initial public offering] basically means that when the acquisition happened, there was no money exchanged. People essentially switched their [start-up company] stock for [the acquiring company's] stock. And then the financial crisis happened and the [initial public offering] never materialized. Because of that, all the stock options that we held were just a piece of paper, they weren't worth anything. I know that there were a bunch of people that left, because they actually had a lot of stock but they came to realize that it's not gonna be worth anything, its not gonna get a payout. Typical of a start-up environment, the base salaries were low, but you had a lot of stock, and if the stock is worthless, then you may as well get out, get a job with the next big company. So that was another driver, and we lost a few good guys that way.

The final cause of failure, identified by two participants, concerned operational causes. This included the failure to address technology integration and having incongruencies between company age and technological maturity level between the acquired and the acquiring company. Bart shared that in his acquisition experience,

> I'm not even sure there was any due diligence done ahead of time to see if the technologies could be integrated easily. By the time I left, we weren't even sharing any kind of documentation, wikipages, anything like that. We could go and look at their pages, they could look at our pages, and that kind of stuff, but they were completely disjoined from each other, you would need separate accounts, there were all kinds of IT issues, that sort of stuff. . . . On the engineering side, we had all kinds of problems there. The main issue we had was that technologies being used were very different. From the get go we could tell there was no plans to integrate, technology wise. We just put in a rule and said we

> need to figure out something. . . . Um, so that created quite a bit of problems as well.

Summary

This chapter reported the results of the study. First, a rich description of each participant was provided to help contextualize the results. Twelve participants were interviewed for this study. Participants' M&A experienced generally involved one or two efforts, although some had extensive M&A experience. Their M&A experience spanned the Petroleum, Internet Information, Mobile Communications, Plastics, Publishing, Real Estate, and Software industries. Few participants reported the use of an integration manager, cultural due diligence, or cultural integration. Eighteen of the 21 projects described utilized an integration team. Roughly half of the efforts resulted in positive organizational outcomes, although only four efforts were reported to yield positive people outcomes, and only two were perceived to result in satisfactory integration of the companies involved in the effort.

Second, participants' views regarding the dynamics of M&As were presented. Participants shared that the acquiring company tends to have more decision-making power than the acquired company, and that the long process of an M&A is typically organized in three phases: due diligence, planning, and driving the integration.

Third, participants' evaluation of the M&A success factors examined in the present research were reported. A summary of these results are as follows:

1. Cultural due diligence. Although the participants emphasized that cultural similarity promotes M&A success and mismatch can lead to M&A failure, none of the participants stated that cultural due diligence was necessary.
2. Cultural integration: Participants viewed cultural integration as focusing on making retention, severance, retirement decisions and providing information and reassurance to managers and employees about their job security. This phase also can include assessing the culture and creating a culture integration

plan. They pointed out the importance of involving human resources in this endeavor and keeping in mind both the organization’s present and future needs during this process. Two participants additionally believed that lack of cultural integration can lead to M&A failure.

3. Integration planning: Half the participants stated it was important to create a thorough but adaptable plan. Three participants additionally emphasized that the plan must be customized to the situation and culture.

4. Integration managers and teams: Only two participants noted that integration managers were essential for success. They offered several guidelines concerning the integration teams, such as the need for pairing team members one-to-one with an integration partner on the other side, forming cross-functional and cross-organizational teams, allowing team members to be fully dedicated to the effort and carefully outlining roles and responsibilities, and giving team members special rewards and recognition.

5. Communication: Half the participants emphasized that a communication plan is critical for success. Participants explained that communication about the M&A should be multimodal and repeated, open and honest, two-way communication with acquired employees, and consistently messaged. Executives, other leaders, and communications specialist were reported to play important roles in communication. According to participants, the communication specifically should outline the rationale for change, the impact on individuals, short- and long-term vision for the M&A, and answers to questions and rumors. Communication during the early phases of the acquisition is particularly important for engaging affected employees.

6. Leadership support: More than half the participants emphasized that leaders from both sides must demonstrate their engagement and accountability to the M&A. They also stressed the importance of providing clear direction, vision, and ongoing support. Moreover, competent and respected leaders need to be involved in these activities. Participants cautioned that any lack of leadership support can undermine engagement.

Fourth, additional unanticipated findings emerging from the data were presented. Five participants expressed the importance of creating, communicating, and remaining cognizant of shared goals. Two participants also pointed out the need to move quickly because M&As disrupt people’s lives. One participant also believed that best practices and checklists for M&As should be used with caution. Participants also identified three specific facilitators of engagement during M&As: allowing for gradual change in acquired employees, exposing people from each side to the benefits unique to the other side, and joining with a brand-name leader or company. Finally, participants believed that M&A failures stem from four types of causes: strategic causes, people causes, external causes, and operational causes. The next chapter provides a discussion of these results.

Chapter 5

Discussion

The purpose of this study was to explore the use of M&A people-integration best practices in the private sector. Analysis of past literature pointed to six integration best practices concerning cultural due diligence, cultural integration, integration planning, integration managers and teams, communication practices, and leadership support. Data were collected from managers in successful M&As to understand their use of these best practices. This chapter presents a discussion of the results, including conclusions, recommendations, implications for organization development practitioners, limitations, and suggestions for continued research.

Conclusions

The following sections examine and discuss the preliminary findings related to the six emerging M&A best practices that were the focus of the present study. A discussion of the study's additional findings also is presented.

Cultural due diligence. Despite the importance of cultural similarity among M&A partner organizations, none of the participants stated that cultural due diligence was necessary. Moreover, few participants reported the use of cultural due diligence during their own M&As. These results are consistent with Harding and Rouse (2007), who stated that due diligence is traditionally focused on financial and strategic market factors in an M&A, and cultural due diligence is often non-existent or done in a cursory manner. Participants explained that the M&As were going to happen regardless of cultural fit or issues; therefore, cultural due diligence would have been ineffectual at best and a waste of time and resources at worst.

These findings suggest that despite its being advocated as a best practice, in the cases discussed in this study, cultural due diligence was not a routine part of M&A efforts. The body of literature (Datta, 1991; Papadakis, 2007; Weber, 1996) emphasized the criticality of cultural due diligence, which could explain the generally poor people outcomes the participants reported for their M&As. Given the need for cultural evaluation but the futility of it as a decision making exercise, as described by this study's participants, it may be advisable to forgo the idea of cultural due diligence and instead ensure that cultural exploration was performed immediately upon completion of the due diligence phase. As recommended by participants, cultural exploration could endeavor to identify the primary areas of friction that may occur when the companies are combined. This recommendation is discussed further in the Recommendations section in this chapter.

Cultural integration. Few participants in this study reported cultural integration as an activity in their own M&As. Nevertheless, they still advised undertaking several cultural integration activities, such as making personnel decisions, providing information and reassurance to employees, assessing culture, and creating a culture integration plan. According to participants, human resources play a central role in these activities.

In a review of the sample used in this study, there was an emphasis on the importance of a cultural integration for M&A success. Furthermore, the initial findings of this study suggest that M&As are emotionally charged endeavors: in the face of the ambiguity of an M&A, affected leaders and employees alike tend to feel anxious, worried, and uncertain about their future. As a result, it is important for the individuals leading the M&A to provide emotional support to employees through information, reassurance, and coaching. Of course, these emotionally supportive activities also must be balanced with the business needs. This sample is aligned with the literature (e.g., Ashkenas & Francis, 2000; Kay & Shelton, 2000; Papadakis, 2005), suggesting that cultural integration is an important practice that may be being overlooked by practitioners. A controlled study of different types of M&A integrations with a larger sample size then the present analysis could further explore this finding and consider the implications for practitioners.

Integration planning. Participants emphasized the importance of thorough, yet adaptable planning. Rather than blindly applying best practices or checklist, participants also emphasized that the plan must be customized to the situation and culture. These findings suggest that for the M&A in this study, integration involved a range of complex and interrelated activities that occur over an extended period of time. In Donna's words, "You gotta go for the details like you wouldn't believe. You have to come out ready. . . . Every detail [needs to be] planned [in advance]." These results are consistent with the literature, which stated that integration needs to occur as early as possible and address all the details of the integration (Ashkenas et al., 1998; Schweiger et al., 1993; Papadakis, 2007). Participants in this study suggested that for the potential for M&A success to be maximized, it is necessary to have a guiding plan or charter that helps those involved in the M&A to anticipate the steps and challenges ahead and to design their activities accordingly. Moreover, according to participant accounts, much of this work occurs even before the M&A is announced. These early-stage findings suggest that, when the two companies plan to integrate, key individuals should be identified and selected in the early stages from across functions from both organizations in order to create a comprehensive and sufficiently detailed plan. Further research could examine the circumstances under which this type of cross-functional cross-company team has the most impact on the success of the M&A work.

Integration managers and teams. Few participants cited use of an integration manager and even fewer cited them as an ingredient for success. In contrast, past literature did assert that this role was critical (Ashkenas & Francis, 2000; Ashkenas et al., 1998; Shelton et al., 2003). It is possible that use of an integration manager is an early-stage best practice; hence, this role is not yet widely used. Alternately, it is possible that integration managers are playing active roles in M&As but carrying a different position title: for example, some participants described their chief executive officer as being the driver of the integration and the executives as being the team members. Yet another explanation is that the role of integration manager may be helpful in theory but not practical due to the complex and all-consuming nature of M&As. It may be impractical to believe that one person could effectively oversee and manage these types of efforts. The use and dynamics of the integration manager role in practice needs to be examined further due to the discrepancy between past literature and the present study's results. In particular, it is important to examine whether this role is being carried out, if the role is needed, and what the costs and benefits of the role are.

In contrast, the participants did frequently cite the use of integration teams and the offered several suggestions for their use. Similarly, Marks and Mirvis (2000, 2011) asserted that integration teams served a critical purpose in M&As. Participants in the present study emphasized that the teams need to be cross-functional and cross-organizational, meaning that key members from each organization need to be paired with their counterparts from the other organization. They emphasized that, in their opinions, this type of team composition is necessary to create the integration plan that is critical to

M&A success. They added that the important and all-consuming nature of integration planning and execution means that team members should be able to be fully dedicated to the effort and their often long and painstaking work should be recognized through special rewards and recognition. It would be beneficial to further examine best practices regarding integration teams, such as what size of team is needed and when the team members must be fully dedicated to the effort. It is possible that the answers to these questions are found in the size, nature, and complexity of the M&A. However, further research is needed to reach definitive answers to these questions.

Communication. Several findings were generated on the topic of communication, as participants emphasized the importance of a communication plan to M&A success. This is consistent with the literature, as communication may be one of the most commonly cited best practices for M&As (Kay & Shelton, 2000; Larsson & Finklestein, 1999; Schweiger et al., 1987; Seo & Hill, 2005). In particular, participants in the present study stressed that executives, other leaders, and communications specialists need to communicate to and with acquired employees and that the communications should be multimodal, repeated, open, honest, and consistent. Specifically, according to participants, the communication specifically should outline the rationale for change, the impact on individuals, short- and long-term vision for the M&A, and answers to questions and rumors. Communication during the early phases of the acquisition is particularly important for engaging affected employees. These findings underscore the importance of communicating about the M&A. It follows that it is important to know ahead of time what messages need to be conveyed to “sell” the organization and energize employees about the new environment. Participants described it as being helpful when leaders of the M&A made themselves available to answer questions. In short, effective communication appears to be a critical component of successful M&As. With a larger sample size and specific types of M&A, further study could correlate the type, frequency, style and level of communication that is most effective in assisting a positive M&A outcome.

Leadership support. Participants emphasized that competent, trusted, and respected leaders from both sides must demonstrate their engagement and accountability to the M&A. They described situations where the integration, the effort overall, and engagement and retention suffered as a result of leaders leaving, insulating their employees, or failing to demonstrate their active support of the M&A. It is particularly important for leaders to provide clear direction, vision, and ongoing support to employees regarding the integration effort. These findings indicate that leaders can play a primary role in assuring the success of the effort. This was consistent with the past literature, which also outlined the many roles top management plays in leading, supporting, and helping to institutionalize the change (Kotter, 2007; Marks, 1999; Morgan & Zeffane, 2003; Papadakis, 2007; Sackmann et al., 2009; Schein, 1985, 1990). Importantly, participants also indicated that for leaders to demonstrate support for the effort, they too need to feel supported. They can feel uneasy and uncertain during an M&A and it is the responsibility of human resources and other leaders associated with the M&A to guide leaders in their role and to provide the emotional and practical reassurance they need.

Additional findings. Participants offered several other insights that were not anticipated in the original design. They emphasized the need to move quickly regarding retention, severance, and retirement decisions after the initial announcement of the M&A because these efforts disrupt peoples' sense of job security. Once the integration is underway, however, it can be helpful to allow employees to experience gradual change—

sometimes by creating a "bubble" environment for them that slows introduces and transitions them in to the acquiring company's culture. Throughout the effort, participants articulated that they felt that employee engagement can be bolstered by clearly communicating shared goals and articulating the benefits of the M&A for employees. Finally, it is helpful to anticipate and avoid the strategic, people, external, and operational causes of failure to the extent possible. These findings could potentially represent additional best practices that could be incorporated to an organization's approach to M&A efforts. Moreover, it would be helpful to investigate each of these in more detail, as they were not a primary focus of the study and thus need to be validated and extended through further research.

Recommendations

This study provided an exploratory look at the degree to which the identified people-integration best practices in M&A are being utilized by practitioners. Therefore, the following recommendations are built upon the idea that through this study's subjective, ethnographic research design, some themes have emerged that may be helpful for OD practitioners in the field of M&A. The following recommendations are provided as considerations for M&A integration practitioners, with the recognition that further research is required to validate the preliminary findings of this study and determine to what extent each of the themes outlined herein are applicable to the type of M&A being conducted.

The first recommendation is to perform a cultural exploration immediately upon completion of the due diligence phase. The study findings suggested that despite the importance and influence of culture on M&A efforts, cultural incongruence does not influence the decision whether to move forward with an M&A. Therefore, it appears important to perform a cultural exploration in the early stages of the M&A to learn about the similarities and differences between the combining companies and consider how to best work together in the context of the M&A. As suggested by Bob, this exploration could use questions such as:

> How do they make decisions to communicate things? How much autonomy do managers have? Are they a founder-based company, do they have a lot of allegiance to their founder or some more mature professionally run company? How do they incent their sales force, is it highly leveraged? Do people get a really low base salary but they could do really well if they sell a lot? Are they a more flat structure, are they collaborative in their decision-making or is it pretty dictatorial? Is it pretty top to down? Managers do they have one-way communication with all their managers or most of their managers have staff meetings? One on ones with their people or is it just sorted out as we go? Is management excellence important to this company and are people compensated or evaluated based on that?" So these are all they just kind of are on the top of my head but, all of those things combined contribute to what in my mind is culture. I find that it's a lot easier to talk about the pieces of culture, than it is to talk about culture itself.

There are several assessment tools available to assist in conducting this type of cultural exploration. Examples include the Denison Organization Culture Survey, the Organizational Culture Assessment Index, or the McKinsey Organizational Health Index. Moreover, any checklist or cultural exploration methodology needs to be relatively straightforward, understandable, and easy to analyze and interpret so that the results can be reached and applied in a timely fashion. It follows that any cultural exploration activity needs to lead directly into a thorough cultural integration effort to ameliorate distressing ambiguity and cultural inconsistencies as rapidly and to the extent possible.

Five of the best practices examined in the literature were supported by the present research as being potential components of M&A success. These include conducting cultural integration, integration planning, using an integration team, having and executing a communication plan, and demonstrating leadership support. It follows that practitioners should consider incorporating these practices into their M&A efforts. Several detailed recommendations for their use can be found in the literature reviewed for this study, the present study's findings, and the study conclusions.

The findings of this study indicated that leader support was important for promoting the success of an M&A effort. However, simply knowing this is important or telling leaders that they need to support the effort may not be enough for them to proceed to demonstrate their support. Instead, leaders often need to be held accountable for supporting the effort. One potential way for this to be accomplished is by linking their support to their performance evaluation and compensation. For example, leaders could be taught to actively engage with and sponsor the merger amongst their colleagues and direct reports, evaluated on their effectiveness in this regard, and be provided incentive compensation appropriate to their performance.

Participants offered several insights and suggestions beyond the best practices that were examined in the present study. These insights included tips about moving quickly, yet allowing employees time to transition; being clear about goals; illustrating the benefits of the M&A; and avoiding common causes of failure by ensuring expectations are set appropriately, the business strategy is communicated, the value add of the acquired company is recognized and the company is not simply subsumed by the acquirer, the consultants embed their knowledge in the organization and that the company remains flexible and open to the new employees and their company culture. Each of these insights needs further investigation by researchers, but has face validity and may be important an implementable in organizations. Organizational leaders and integration teams should review these recommendations and may wish to build these into their approaches.

Implications for Organization Development Practitioners

Organization development practitioners often may be called upon to help shepherd an M&A effort to success. The present study has provided an ethnographic examination of M&A best practices advocated in the literature. With recognition that the sample size and subjective nature of the study limits its generalizability, this study suggests that actual practice of M&A people-integration work in some cases supports the literature and in other cases there are gaps between the literature and practice. Further research is needed to look at why this gap exists and provide further validation on the themes proposed herein.

What is evident from the results of this study is that despite the sometimes singular focus on financials and organization performance during the due diligence and integration phases of an M&A, the actual experience appears to be a very human one. Organization development practitioners have a particular expertise in the human side of business and, as such, may need to strongly advocate for the cultural and emotional aspects of the effort. This means working with organizational leaders and integration teams to underscore the importance of balancing business and people. For example, ensuring that timely communication and rapid movement are balanced with gradual change, communicating to the point of seemingly over-communicating, or reminding the integration team that "everyone's nervous," in the words of one participant. Overall, the organization development practitioner can help the acquisition team in planning the integration with consideration of the human impact. Practitioners can be aided in this effort by familiarizing themselves with the M&A best practices examined in the present study.

Limitations

A primary limitation that affected this study was the difficulty in finding participants who have experience managing the people aspect of M&A integrations. This meant that participants in this study had varied levels of experience and knowledge surrounding the strategic priorities or goals of their specific merger or acquisition, on how decisions were made in the acquiring company, and on the processes that were followed through the course of the integration. Therefore, it was not always possible to uncover whether the best practices were followed and the rationale for the actions taken. Moreover, it was not possible to gauge the accuracy of the participants' views about the M&A. If this study were to be repeated, the researcher would need access to a greater pool of integration managers who were the key decision makers throughout the integration process, who could describe the reasoning behind their decisions and actions.

Another limitation of this study is that best practices in M&A are difficult to distill and quantify in a generalized sense, as there are many possible types of acquisitions, and each one may require a different type of integration. For example, one participant described an intellectual property focused acquisition, which had very few people implications. Therefore, many of the best practices did not apply in that case. In a similar vein, combination practices in mergers of roughly equally sized companies are not necessarily comparable to combination practices in acquisitions by global companies of small, localized companies. Many similar considerations will arise, but the practice of integration, the timelines associated with it, the size and scope of the role of the integration and leadership teams, and the impact upheaval caused to the organization's general population will vary based on the particular conditions of the M&A in question. This affects the results of this study as the same factor that is cited as a necessity by one successful combination (e.g., the need for company-wide, repetitive and mixed-style communication) could be cited as completely irrelevant by another. It would be beneficial in future studies to examine one specific style of M&A at a time to determine what works best for an effort of that type.

A third limitation of this study concerned the failure of recording devices for two interviews. This required the researcher to rely on a combination of transcripts and notes for data analysis. Researcher bias was more likely to have an effect on the results when interview notes were used, as the researcher had to rely on her own memory and shorthand to analyze the interview. The researcher summarized her notes as soon as possible after the interview in cases where the recording failed; however, in these cases, it was not possible to fully capture the participants' thoughts in their own words. In future studies, it is important to use a primary and a backup recording device in the event of failure of the original. Additionally, it is critical to test the device before beginning the interview.

This study utilized a qualitative design and gathered data using semi-structured interviews. Despite the flexibility this allowed, the questions that were planned were not always relevant for the participants. Moreover, the design allowed participants to provide broad answers for anywhere from one to 55 experiences. Given the unique and complex nature of M&As, this approach inadvertently resulted in an inconsistent set of data from each participant. In some cases, a rather complete and detailed account was gathered, whereas for other participants, specific data were lacking (e.g., whether the project utilized an integration manager or conducted a formal process of cultural integration). In future studies, it would be beneficial to have an interview script that is tailored to the specific population and specific type of M&A being examined.

Suggestions for Continued Research

The current research study provided a limited look at six emergent best practices for M&A integration efforts. Some of the previous literature was supported in the subjective analysis of this study, while other proposed best practices were not being utilized or considered to be important by the participants in this study. This study was intended to be exploratory in its look at M&A integration practices, and as such did not attempt to distinguish between different types or sizes of M&A activity. Further research using a larger sample size and a controlled methodology could confirm whether the themes of this research are valid amongst different styles and sizes of M&A integrations, and to what extent each of the themes proposed herein matters to the success of that integration.

Participants offered several best practices that fell beyond the focus of the present study. These includes practices such as moving quickly; allowing for gradual change; clearly communicating shared goals; articulating the benefits of the M&A; and avoiding the strategic, people, external, and operational causes of failure. It would be helpful to investigate each of these in more detail, as they were not a primary focus of the study and, thus, need to be validated and extended through further research.

External factors can influence success in the time period it takes for integration to complete. For example, multiple participants cited the effect of recession, unemployment rates or commodity prices as affecting the outcome of the merger or acquisition. All of these factors are beyond the control of the integration team. Even the best-run integration can fail to foresee and overcome external market factors. Conversely, an upswing in the market may create financial success for an M&A even if it is poorly managed. Further study of M&A best practices should take into account and control for such external factors.

In business, M&As are usually labeled as successful when they have met their financial or strategic objectives. However, participants in this study would often qualify financial success by stating whether it was also a success on the people front. The two are interrelated but not one and the same, and the impact of poor people practices could potentially affect the company for a much longer period then the short-term financial results reflect. People integration practices may impact engagement, in turn reflected in turnover rate. If the key people leave, the business may well run smoothly for a period based on current state, but the loss of people with core knowledge or organization history can have a lasting impact. Unfortunately, the effect of integration practices on financial results can be difficult to ascertain, as a variety of factors impact the organization. Further study could tie employee engagement surveys, a common measure of employee happiness in an organization, to the integration practices used, including a measure of whether the best practices outlined in this study had any overall effect on employee engagement.

Summary

The purpose of this study was to identify people-integration best practices during M&As and examine their use in the private sector. Analysis of past literature pointed to six integration best practices concerning cultural due diligence, cultural integration, integration planning, integration managers and teams, communication practices, and leadership support. This study utilized a qualitative research interviewing design to gather data from 12 individuals who played key roles in an M&A. The study findings supported use of all the best practices with the exception of cultural due diligence and use of an integration manager. Additionally, participants emphasized the importance of moving quickly; allowing for gradual change; clearly communicating shared goals; articulating the benefits of the M&A; and avoiding the strategic, people, external, and operational causes of failure.

Despite limitations concerning participant selection and data collection, several recommendations emerged from this study, including performing a cultural exploration immediately upon completion of the due diligence phase, implementing the best practices that were validated by the study, holding leaders accountable for supporting the M&A effort, and incorporating the participants' additional suggestions. Recommendations for continued research include further validation of whether the best practices outlined in the literature and emergent themes from this study are being utilized successful in M&A practices, examining the impact of external factors on M&A success and improving measures of the people impact on M&A success. Ultimately, given the human implications of M&As, organization development practitioners must lead the charge in planning the integration with consideration of the human impact. Practitioners can be aided in this effort by familiarizing themselves with the M&A best practices examined and validated in the present study.

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Appendix A: Cover Letter

Dear Potential Participant,

As you know, integrating a new acquisition into an existing parent company is not an easy task. A great deal of research has been conducted into how to conduct a successful acquisition, and yet, most acquisitions fail to meet their stated financial or strategic goals. This failure can often be traced to a lack of focus on the people-integration processes, resulting in what Marks and Mirvis (1985) have termed “Merger Syndrome.” However, your organization defied the odds and recently completed a successful acquisition, and I’m interested in understanding how you achieved that.

As a student in Pepperdine University’s Master of Science in Organization Development, I am seeking your participation in an important research project. The purpose of the study is to determine what integration practices work in real-life business settings, and compare these to the best practices outlined in the literature to understand what works in integrating acquisitions. Knowledge gained from this study will be useful to look at the link between theory and successful practices used in integrating acquired organizations.

Participation requires that you are available for a one-on-one in person or telephone interview to discuss your organization’s recent acquisition, the stated goals of the acquisition, and how you achieved these. Any question may be left unanswered if you wish. Participation is voluntary, and you may withdraw from the study at any time without question or penalty.

All responses will be kept confidential. Only aggregate data will be reported in the thesis or in any subsequent analysis beyond the thesis and possible future publication of the results. Questionnaire and interview data will be stored securely in the researcher’s password-protected computer files and/or locked file cabinet for five (5) years, after which all of it will be destroyed.

You have the right to ask, and have answered, any questions you may have about this research. If you have questions, complaints, or concerns, you should contact the researcher, Suzanne, at [contact information], or her supervisor, Gary Mangiofico, Ph.D., at [contact information].

All research on human volunteers is reviewed by a committee that works to protect your rights and welfare. If you have questions or concerns about your rights as a research subject, or if you would like to obtain information or offer input, you may contact the Institutional Review Board at Pepperdine University at [contact information].

Thank you for your consideration and participation,

Suzanne Dickinson
Candidate, Master of Science in Organization Development
Pepperdine University
Graziadio School of Business and Management
24255 Pacific Coast Highway
Malibu, CA 90263

Appendix B: Informed Consent Form

Understanding of the Purpose of the Study and Informed Consent

Participant: ____

Principal Investigator: Suzanne Dickinson

Title of Project: Application of Best Practices in Integrating Acquired Organizations

1. I ________________________________, agree to participate in the research study being conducted by Suzanne Dickinson, a student in the Master of Science in Organization Development program at Pepperdine University, Graziadio School of Business and Management, under the direction of Dr. Gary Mangiofico.

2. The overall purpose of this study is to determine whether the best practices identified in theoretical literature surrounding acquisitions are in line with the practices used by integration managers in organizations as they integrate an acquired organization. Despite the existence of a large body of research surrounding M&A, the majority of acquisitions fail to meet their stated aims, and research indicates that many of these failures are due to failed integrations. Thus, this study aims to determine what successful acquirers are actually doing as they integrate the new organization, and whether these practices mirror the theoretical best practices posited by the research. Key managers in recent successful acquisitions are invited to participate in this study.

3. My participation will involve a 60 to 90 minute interview, which will be conducted face-to-face in a mutually agreeable location, or on the phone. I grant permission for the interview to be tape recorded and transcribed, and to be used only by Suzanne Dickinson for analysis of interview data. I understand my responses will be kept anonymous and confidential. If the findings of the study are presented to professional audiences or published, no information that identifies me personally or the organization(s) involved in the acquisition will be released. The data will be kept in a secure manner for five (5) years, at which time the data will be destroyed.

4. I understand there are no direct benefits to me for participating in the study. This is an opportunity to give input about my experiences in integrating an acquisition, and to contribute to the research surrounding best practices for acquiring organizations.

5. I understand there are no major risks associated with this study.

6. I understand that I may choose not to participate in this research.

7. I understand that my participation is voluntary and that I may refuse to participate and/or withdraw my consent and discontinue participation in the interview at any time without penalty or loss of benefits to which I am otherwise entitled.

8. I understand that I may request a brief summary of the study findings to be delivered in about one (1) year. If I am interested in receiving the summary, I will send an email request to [contact information].

9. I understand that the researcher, Suzanne Dickinson, will take all reasonable measures to protect the confidentiality of my records and my identity will not be revealed in any publication that may result from this project. The confidentiality of my records will be maintained in accordance with applicable state and federal laws.

10. I understand that the investigator is willing to answer any inquiries I may have concerning the research herein described and that I may contact the researcher, Suzanne Dickinson, at [contact information]. I understand that I may contact Dr. Gary Mangiofico at [contact information] if I have other questions or concerns about this research. If I have questions about my rights as a research participant, I understand that I can contact Dr. Doug Leigh, Chairperson of the Institutional Review Board, Pepperdine University, at [contact information].

11. I understand to my satisfaction the information regarding participation in the research project. All my questions have been answered to my satisfaction. I have received a copy of this informed consent form, which I have read and understand. I hereby consent to participate in the research described above.

_______________________________________ __________________

Participant Signature Date

____

Participant Name

I have explained and defined in detail the research procedure in which the subject has consented to participate. Having explained this and answered any questions, I am cosigning this form and accepting this person's consent.

_______________________________________ ___________________

Suzanne Dickinson Date

Principal Investigator

Appendix C: Interview Guide

Opening remarks:
Welcome and statements regarding the purpose of the study, interview timeline, openness of the discussion, privacy of information, and ethical issues.

Introductory question:

- Can you tell me about your experience in integrating acquisitions?

Key questions and prompts:

- In your role as the lead on your company's integration, what was the mandate you had? What kind of approach did you take to integrating the two companies?
- Were you working with a team? If so, what was the composition of the team?
- At what stage did you get involved in the acquisition (e.g. due diligence, pre-integration, post-integration)?
- What were the stated goals of the acquisition from the standpoint of the acquiring company?
    - *What were the expected outcomes of the acquisition—what were you hoping to achieve through the acquisition?*
    - *How does the acquisition fit into the greater strategy of your organization?*
    - *How was this communicated to employee on both sides?*
- In your opinion, were those goals reached?
    - *Why/ why not?*
    - *What was your role in helping achieve those goals?*
    - *What kinds of processes were used to achieve the goals of the acquisition?*
- What were the performance measures in place to determine the value of the purchased firm?
    - *What was defined as good performance as versus weak performance in meeting the goals and targets for value?*
- What roles did your company's senior management team play in the acquisition and integration?
    - *Were they a part of or separate to the integration team?*
    - *How involved were they throughout the process?*
    - *What type of support did they provide/ feedback did they ask for?*
    - *Who was accountable for the success or failure of the acquisition?*
- What were the top criteria for finding an acquisition target?
    - *How high on the list was cultural fit of the targeted firm?*
- Was cultural due diligence a part of the target company identification process or overall due diligence process?
    - *Why/why not?*
    - *What was the usefulness of this in the integration planning process?*
- Can you tell me more about the acquisition integration?
    - *At what stage of the acquisition process did integration planning begin?*

  - *Was there a plan in place for ensuring the integration went smoothly and met specific milestones?*
  - *What went well? How/why?*
  - *What could be improved? How/why?*
- How did you communicate with employees of the newly acquired firm and in the acquiring firm?
  - *How effective was this communication style?*
  - *When were the employees of the acquired firm notified of the acquisition, and in your opinion, did this have any effect on the acquisition?*
- How did you ensure retention of key talent on both sides of the acquisition?
  - *How did you determine the roles and new positions of the current management team, and identify and communicate with key talent throughout the organization?*
  - *What was the retention rate of key talent?*
- Would you describe the workforce as engaged and committed?
  - *How long did this take to achieve?*
  - *What particular practices do you think helped/failed to achieve this?*
  - *If you had the option to do it differently, what would you change?*
- In your opinion, what was the single biggest factor in the success or failure of this acquisition?
  - *Were there any other major factors that you would like to mention?*
- If you could do anything differently next time, what would you change?

Ending question:

- Is there anything I could or should have asked that I didn't, or other details you'd like to provide?

Footnote: The interview is intended to be flexible and open, but structured enough to gather responses to the above. Other prompts may include:

- *Can you tell me more about….?*

- *Would you explain what you meant when you said…?*

Prompts are used to further expand data collection and further understand explanations.

Appendix D: Thank-You Email

Dear **[Name]**,

Thank you for taking the time to speak with me about your successful experience with integrating an acquisition. I appreciate the time spent and the discussion we had. If you'd like to add anything or have any questions resulting from our discussion, please feel welcome to contact me.

As a reminder, a summary of the results will be provided upon your request.

I appreciate your support of my thesis research.

Thank you,

Suzanne Dickinson
____

Suzanne Dickinson
[contact information]