



M & A

A Five Act Play

Michael Furman, SPHR, SHRM-SCP
HR Resolve

What we'll cover today

- **Acquisition terminology**
- **Communication principles**
- **5 steps in the acquisition process**
- **How to maximize your HR impact**
- **Personal strategies for survival and success**



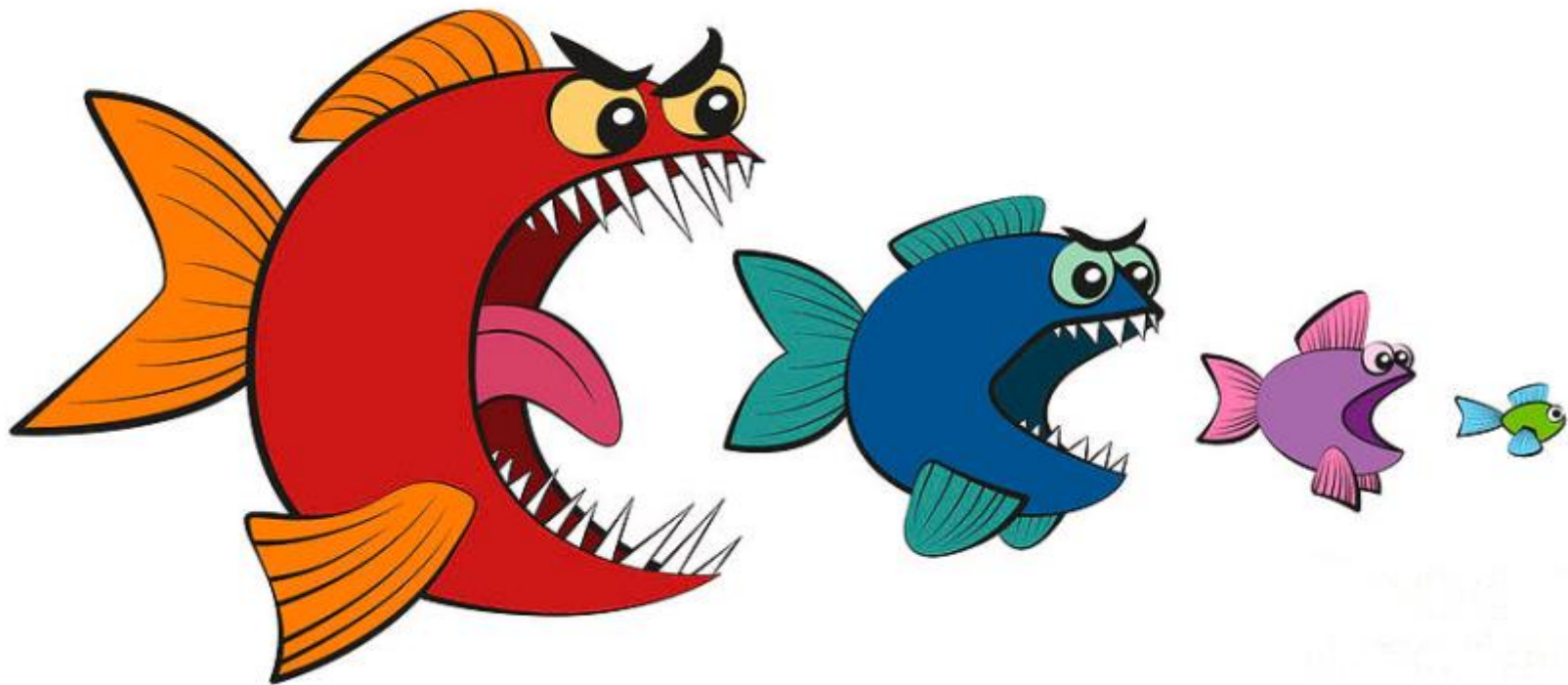
Acquisitions...

**what's all the
excitement about?**

Any First-Hand Experience?

Show of hands

- **Who has been acquired?**
- **Who has been the acquirer?**
- **Who has been on both sides?**



Big Fish Eating Small Fish Comic by Peter Hermes Furian

Why acquire another company?

- New products
- Brand recognition
- New market segments
- Expanded geography or greater presence
- Technology
- Capacity
- Talent

What do we call it?

When we are the acquired....

it's a merger

When we are the acquirer....

it's an acquisition

Really?

- “Synergy” is a euphemism for restructuring, job loss, redundancy, and layoff
- Inevitably people start thinking about themselves and not about the business (“What’s in it for me” WIIFM)
- Acquisition is not a panacea. The new companies often bring their problems into the marriage.

Communications



Key Communication Principles

- Respect – How would you like to be treated?
- Share what you know when you know it
- Silence breeds fear of the unknown and gets filled with misinformation
- Be careful what you say – they remember and will hold you to it
- Wording is critical – be specific/ accurate – you will be quoted at a future date
- Build trust – establish new relationships

Types of Communications

- **Formal**
 - Organization announcements
 - Letters to the entire organization
- **Informal**
 - Team meetings
 - Individual discussions of organizational/functional changes
- **Balance high-tech and high-touch**

Core communications

- **Present the integration process**
 - Provide milestones and roadmaps
- **The progress on our path**
 - Communicate regularly even if nothing to say
 - Reinforces the path is still the path
- **Need an opportunity to ask questions**
 - Email box
 - Small group discussions

People-related communications

- **Who is leading what?**
 - Selections for new roles and describe the role
 - Move quickly
- **How are people decisions being made?**
 - What is the process?
 - Perceived as being fair and even-handed?
- **When are people decisions being made?**
 - How is this connected to the plan / milestones?
- **Management of exiting employees**
 - How will those leaving be treated?

Communicating Change

Things to keep in mind when communicating to your staff:

<p>Vision/Strategy:</p> <p>where are we going and how will we get there?</p>	<ul style="list-style-type: none">▪ This is what the department/future will look like▪ We have clear steps to make this happen▪ This is how we'll support the business vision▪ What are the objectives and how are they measured▪ What are we communicating to our customers
<p>Impact:</p> <p>what does this change mean for me?</p>	<ul style="list-style-type: none">▪ Here are the major components of the transition plan▪ Here are the non-negotiable decisions; here is where you have choice▪ This is the timeline▪ These are the benefits for you, the company and our customers
<p>Role:</p> <p>what do you want me to do differently?</p>	<ul style="list-style-type: none">▪ Your new role looks like this▪ Your reporting relationships looks like this▪ Accountability lies with▪ Here are the people you will be working with▪ This is how you will be evaluated during the transition

Where are you starting from?

- Have you done acquisitions before?
- Where is the documentation of prior transactions?
- What was your role or involvement?
- What did you learn?

5 Acts in the Acquisition Lifecycle

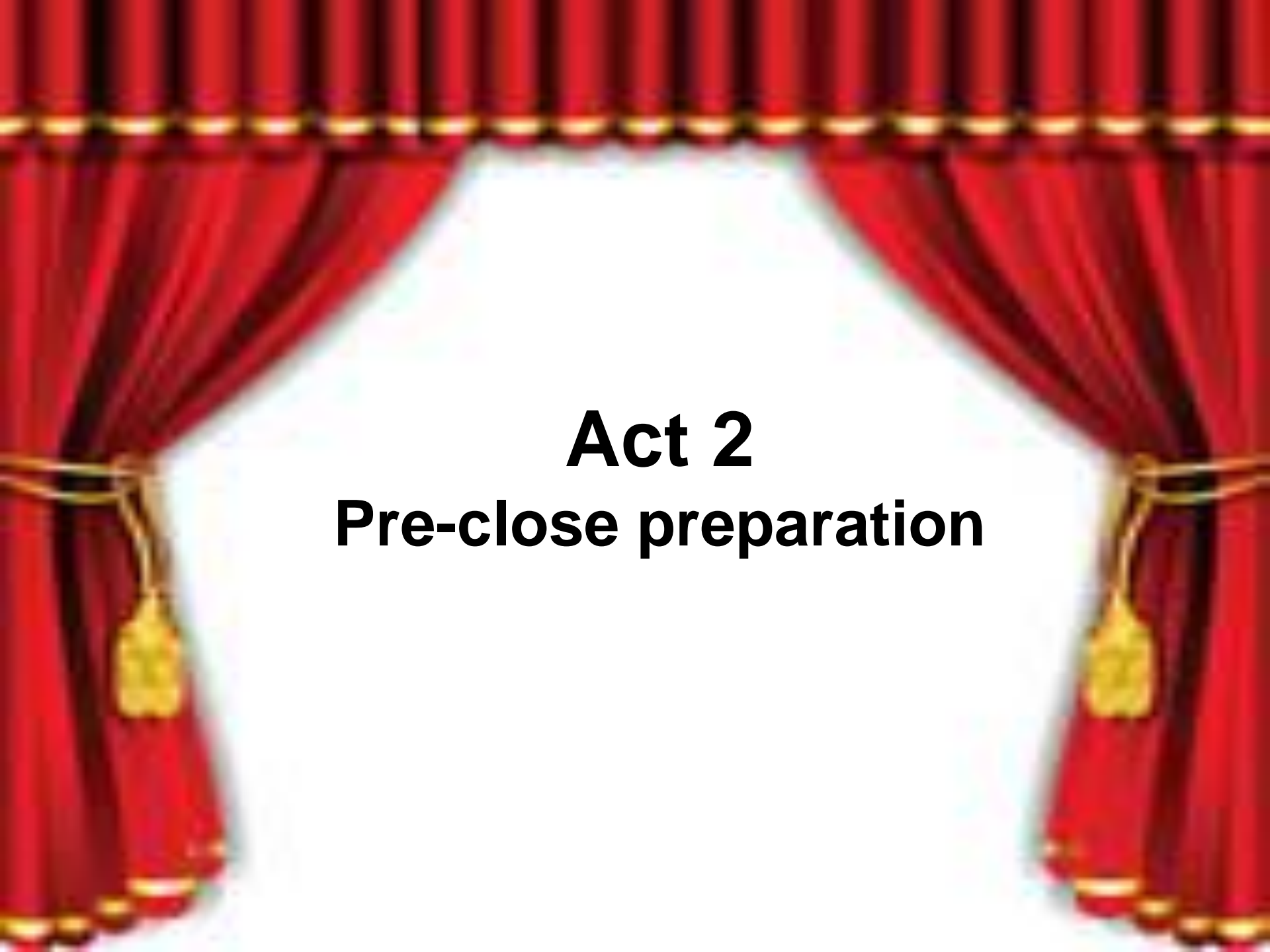
- **Act 1: Due Diligence process**
- **Act 2: Pre-close preparation**
- **Act 3: Day 1**
- **Act 4: Execution and integration**
- **Act 5: Evaluation**



Act 1
Due Diligence process

Due Diligence process

- Preliminary deal with a target
- Confidential
- Limited involvement
- Data and document review



Act 2
Pre-close preparation

Pre-close preparation

- Announcement of the deal
- Planning begins – More people involved
- Integration leader and roles determined
- Mapping of functions and responsibilities
- Freeze open positions
 - Contact new employees who haven't started yet
- Compare organizations

Compare organizations

Culture and Values –

- what affects how things are done?

Leadership style –

- autocratic, participative, collaborative

Communication style –


- top down, bottom up, both

Decision-making process –

- centralized, by level, by role

Workflow –


- cumbersome, streamlined, paper forms, electronic systems, spreadsheets...



Act 3
Day 1

Day 1


- First actions set the tone
- Create excitement about the combination
- Message from the leaders



Act 4
Execution and integration

Execution and integration

- Longer timeframe for this stage
- What's the plan? Quicker is better
- Focus on milestones and roadmap
- Progress of governance structure overseeing integration
- Align sources of information
- Leave room for flexibility
- Be prepared to answer “me” questions



Act 5
Evaluation

Evaluation

- **Anecdotes**
 - People and spoken information
- **Surveys**
 - Post-close; pulse; engagement
 - By department, business segment, or region
- **Data**
 - Financial and Headcount results
 - Voluntary turnover
 - Product quality; Safety / accidents
- **Short term “Temperature” – Long term validation**



Intermission

Questions?



What is HR's role?

**Actor, Director,
Producer?**

What is HR's role?

- Shepherd for the people component
- Advisor to both managers and employees
- We can make a difference
- Strategic or tactical...or whatever occurs in between
- Basic change management goes a long way
- Have a plan and be flexible
- Recognize what you don't control
- People make choices...remind them
- Meet and greet – get firsthand knowledge



HR Department
Cobbler's Children?

HR Integration Plan

- Obtain key documents
- Make organizational decisions
- Identify integration team roles
- Determine retention and role of acquired players
- Will you need to run parallel or integrated processes? –Timetables?
- Prepare for vendor decisions
- Continue employee activities – normalcy or changed?

HR Function Integration

- Processes – People & Process meetings
- Access – weekly calls with HR leadership
- Clear roles and reporting relationships
- “Teach” the culture
- Need to be ahead of other functions
- Need commitment to the effort, even from those who are leaving the organization
- Utilize acquired HR leader for transition activities

The image features a pair of vibrant red curtains with gold tassels, pulled back to reveal a white background. The text is centered on the white background.

**Sometimes it is
about me!**

Individual strategy

- Be prepared – update your resume
- What you're doing now is not who you are.
- What interests you?
- Be true to yourself – do you see a future?
- Reach across the aisle.
- Share what you know.
- Let go of the old; embrace the new.

5 Keys to remember

1. Connect the HR function
2. Network and meet new people
3. Validate information before taking action
4. No two integrations are the same
5. Integrations transform both companies



Questions?

**Michael Furman, SPHR,
SHRM-SCP
HR Resolve**

Michael@HRresolvepro.com

267-825-1233