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MANAGING YOURSELF

Surviving M&A

How to thrive amid the turmoil

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SURVIVING M&A

HOW TO THRIVE AMID THE TURMOIL

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ILLUSTRATION BY ROBERT SAMUEL HANSON

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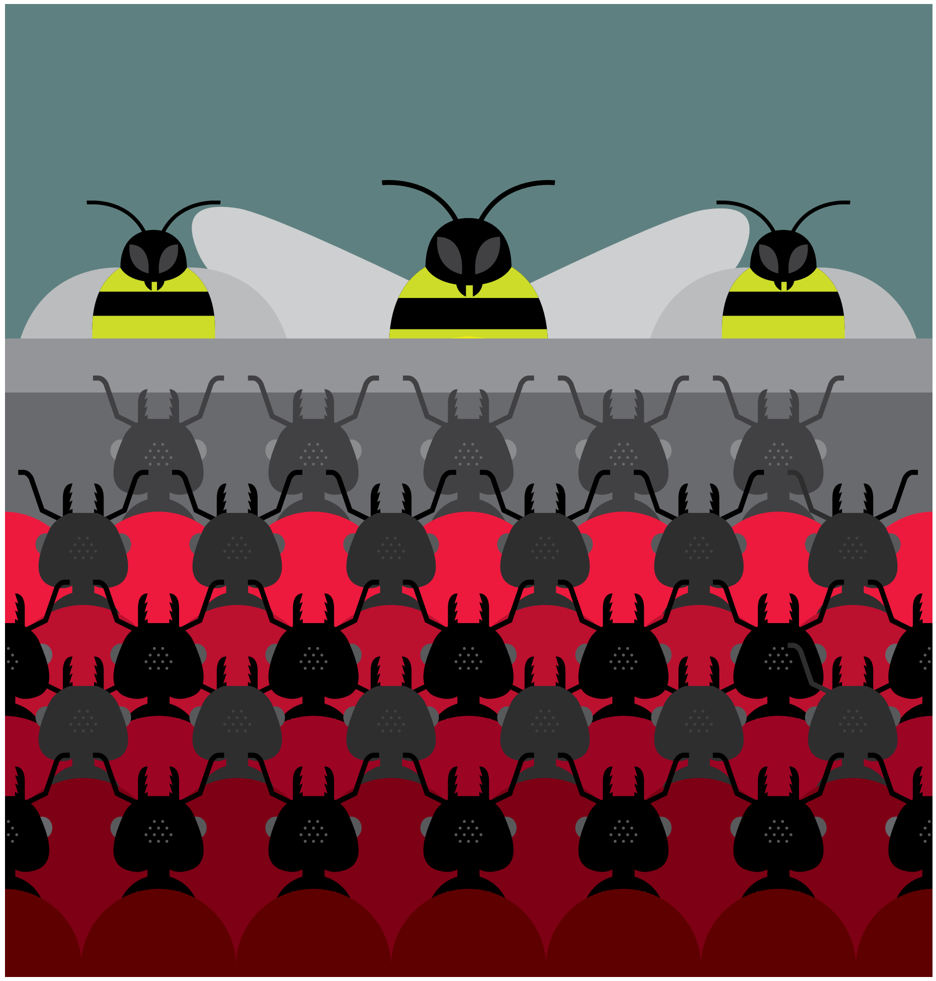

FOR INDIVIDUAL managers and employees, a merger or acquisition is not just a corporate strategy; it's a personally disruptive—often traumatic—event. What C-suite executives and consultants euphemistically call "postmerger integration" is typically a period of tension, uncertainty, and even chaos. Workloads ramp up, as do pressure and stress. You may have to quickly adapt to unfamiliar policies, practices, and politics; work with strangers from different corporate or even national cultures; or report to new bosses who know nothing about your track record or ambitions. Meanwhile, there is no guarantee of a job with the resulting organization, let alone a long-term career. On average, roughly 30% of employees are deemed redundant after a merger or acquisition in the same industry.

In such situations, most people tend to fixate on what they can't control: decisions about who is let go, promoted, reassigned, or relocated. But in our studies and consulting practices, we've found that individuals faced with organizational upheaval have much more power over what happens to them than they realize.

If your company is involved in one of the tens of thousands of M&A deals struck annually around the world, you can respond in a few ways. The first option is to keep your head down, focus on the tasks at hand, and hope that everything turns out OK. A second tack is to polish your résumé, reconnect to your outside peer network, and start looking for alternative employment. But we recommend a third and perhaps more constructive choice: Embrace the dynamic, intense integration process and use it as an opportunity for introspection and growth.

We've met and worked with hundreds of professionals who've taken this approach and say that as a result, their M&A experiences were exhilarating—maybe even "the best thing that ever happened" to them. Not all individuals were able to shape every decision in their favor or get

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their desired jobs; indeed, some had to retool themselves to succeed at their new organizations, and a few were ultimately forced to move on to different employers. But nearly all felt that they emerged from the process as "winners," equipped with greater self-knowledge, heightened visibility, and new skills.

To achieve the same, you must first assess your strengths and weaknesses and the opportunities and threats presented by the deal. The next step is to make yourself a more valuable employee by taking on deal-related assignments that will help you hone and highlight your abilities in three categories: project execution, innovation, and collaboration. In this article we outline both parts of the process and describe how four managers went through it.

WHEN YOUR COMPANY IS JOINING WITH ANOTHER, YOU MIGHT FEEL SOME ANXIETY. THE FIRST STEP IN OVERCOMING THAT IS TO TAKE STOCK OF THE SITUATION. YOU'LL NEED TO FIGURE OUT WHERE YOU STAND BEFORE YOU CAN PLAN WHERE TO GO.

ASSESSING THE SITUATION

Upon learning that your company is joining with another, you might feel some anxiety. The first step in overcoming that is to take stock of the situation. Some mergers have little or no practical impact on employees—for example, when one company buys another primarily as a financial investment and keeps the target's operations fairly independent. More often, however, change is inevitable, and you'll need to figure out where you stand before you can plan where to go. We recommend a tried-and-true framework: the SWOT analysis. That involves considering the following:

- **Strengths.** What in your personal makeup and career background could be an asset in your new situation: your technical expertise, your interpersonal skills, or maybe your unique knowledge about a particular business line? What is the value of your network within your company and industry, with suppliers or customers, and with those on the other side of the merger or acquisition? What makes you a "keeper"?
- **Weaknesses.** What aspects of your personal situation could be a deficit for moving forward in the integrated firm? Are you uncomfortable dealing with uncertainty? Do you worry about getting along with new colleagues or having to learn new ways of doing business? Is your boss too fixated on his or her own survival to support you and your fellow team members?
- **Opportunities.** Where are the potential landing spots for you in the combined entity—in product areas, marketing and sales, business development, operations? How much do they interest you? Do you see a path to advancement? How will the consolidation affect your firm's position in the industry, its reputation, and its financial standing? Will it create a stronger company with new pathways for growth?
- **Threats.** Where are there apt to be staff reductions? Are you in a corporate function that may be duplicative (such as legal, communications, or human resources) or a business line in which the other company is dominant? Will the combined organization be a place you still want to work?

Tom Hall, a senior finance director at pharmaceutical company Schering-Plough, conducted this sort of analysis when he learned that his company would be acquired by a rival, Merck. One strength was Hall's previous experience managing during a merger: He'd been in the tax department of Warner-Lambert when it was acquired by Pfizer. In addition, he was a solid performer whose star was rising at Schering, and after nine years at the company, he knew all its financial ins and outs. Yet his back-office function would surely be merged with Merck's, so redundancies were a threat. And since his bosses and most top Schering executives were moving on, he would have few supporters left at the combined organization. New opportunities for him were unclear.

"Mary Holt," a logistics manager at a labeling and packaging supplier, also did a SWOT assessment when her company was purchased by a larger competitor. (We're using a pseudonym to protect her confidentiality.) At first Holt saw only weaknesses and threats in the situation. She assumed that managers from the buying firm, many of whom had international experience, would have an inside track on jobs after the merger. But she soon realized that she was far more knowledgeable than her new peers about the logistical nuts and bolts, so she was in a position to improve the combined firm's practices. She now had a strength and an opportunity to focus on.

"Jason Richards," an up-and-coming executive at a large professional services firm, provides another example. Richards (again we're using a pseudonym) had his sights set on leading the company's South America region—until top managers announced the acquisition of another big player in the industry. Suddenly there were other high potentials and senior executives competing for the position he coveted, and the only "promotion" being offered to him was as an integration manager, a role he didn't fully understand. He had to quickly evaluate whether it was an opportunity that would play to his strengths or a threat that would further weaken his prospects for getting ahead.

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Finally, consider Rob Michalak, who led the public relations function at ice cream maker Ben & Jerry's prior to its acquisition by Unilever. Shortly after his company went up for sale, Michalak conducted his personal SWOT analysis and concluded (rightly) that new owners would want to steer the PR function and reduce its ranks. Accordingly, he left Ben & Jerry's to learn more about how different companies link social responsibility to their business goals.

SEIZING GROWTH OPPORTUNITIES

The second key to making the most of an M&A experience is to insert yourself into the integration process in a way that highlights your strengths or allows you to develop new ones. Most merging companies set up a "transition structure"—a temporary but formal organization made up of dozens of committees, task forces, and teams charged with realizing the expected merger synergies. If you participate in this work, you will have a chance to show and build your project execution, innovation, and collaboration skills.

Execution. Those involved in integration must be able to craft an effective plan and get it rolling, distinguish between critical and "nice to have" activities, overcome unforeseen obstacles, measure results, and display a host of other execution capabilities. If you have—or you're eager to develop—expertise in those areas, you should volunteer for the transition team.

Tom Hall did just that, agreeing to serve as the right-hand man to the Schering integration leader. Thanks to his deep knowledge of the company's costs, staffing models, forecast systems, and balance sheet, as well as his relationships with people throughout Schering, Hall soon became the go-to person when Merck's senior executives needed help with plans for putting the two entities together. He assumed that once the integration process was over, he would lose his job. But one of his new colleagues supported him in applying for and securing a role leading the strategy realization office. Although Hall no longer had a clear career path, he was able to get to know Merck and its senior managers. A year later he was tapped to become one of the chiefs of staff to the newly appointed CEO, while retaining his strategy role. Eventually he was promoted to associate vice president of strategy and then associate vice president of financial planning and analysis.

Innovation. The change brought on by M&A often opens the door to all kinds of innovation. Teams and individuals who might ordinarily have no chance to present ideas to senior leadership suddenly find themselves with access to a receptive audience, and those who are willing to speak up get noticed.

Mary Holt recalls rallying people on both sides of her company's merger to step up to the plate with in-depth proposals for creating a world-class logistics capability in the combined organization. She made an impression on top executives when she bluntly characterized procedures at both firms as "half-assed" and doggedly used the deal as a catalyst for improvement. Once the integration was complete, the logistics unit was divided geographically, and Holt's reward was being named head of Atlantic operations—a role that meant working with suppliers and distributors in Europe and participating in top-level strategy meetings.

Rob Michalak, the PR executive who left Ben & Jerry's when it went up for sale, also stood out as an innovator. When he moved on from the ice cream maker, he used his time to increase his expertise in cause-related marketing and to advise organizations on being more socially responsible. A few years after the deal with Unilever closed, he was asked by the new CEO of Ben & Jerry's to "come home" and serve as the director of social mission. The position included reconsidering some of Unilever's integration decisions that were, as Michalak put it, "sucking the life out of our brand." Armed with fresh ideas and experiences, he helped move Ben & Jerry's (and other Unilever subsidiaries) toward a more activist social agenda.

Collaboration. A merger forces you to quickly learn how to work productively with people who may have different perspectives and processes, come from different corporate and national cultures, and even speak different languages—and who may not want to work with you. It's a great laboratory for showcasing and sharpening your collaboration skills.

Take Jason Richards, the rising star set on a regional leadership role. After his company acquired a competitor and he was asked to be one of two full-time integration managers, he was initially distraught. Such a shift would take him out of contention for his desired promotion, disrupt his career momentum, wreak havoc with his annual bonus calculation, lower his status with his peers, and keep him away from his family during the several-month move to headquarters. He accepted the assignment reluctantly, but like Hall and Holt, soon realized he had a chance to expand his knowledge, broaden his network, and prove he could execute and innovate.

Perhaps even more important, he picked up new interpersonal skills as a result of being paired with a co-integration manager who was in many ways his opposite: a Latina HR director from the other company. The relationship was frosty at first: Richards's firm had a macho, hierarchical culture, and he was dubious about working with a woman who came from a "soft," non-revenue-producing function and was unquestionably his junior. But as the two got to know each other and scored some early wins helping struggling transition teams, they began to see their differences as complementary. They developed a good cop/bad cop routine, learned to adapt their styles when necessary, and formed a strong partnership. Richards became more comfortable guiding instead of controlling. He interacted with all parts of the business and with a wide range of people. His evolution as a leader gave the CEO enough confidence to later name him president of the combined firm's North American region—a much larger role than the one Richards had initially wanted.

FINDING YOUR OPENING

How can you communicate your desire to be part of the integration process if you haven't been invited to participate on a transition team? Depending on your situation, discussing it with your supervisor might not be the best approach. When companies are in the midst of mergers, some bosses are consumed with their own survival and not inclined to help subordinates. Furthermore, they may not embrace the notion of losing one of their solid contributors at a time when their work group's output might be scrutinized.

If you have had a good relationship with your boss and feel that he or she is more likely to support than impede your participation, by all means start a

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conversation. Otherwise, seek out a trusted colleague in HR or another staff function close to headquarters, talk to current members of the transition teams, or consult the integration manager.

If the CEO or another senior executive is making an integration-related road show stop at your location, raise your hand after the speech and ask how to participate. Better yet, walk right up to the person as the meeting adjourns. No matter whom you approach, sell them on how you can contribute. Don't be shy about promoting yourself or your capabilities—there is a lot going on for all involved, and you may need to turn up the volume to get noticed. Even if you don't see a future for yourself in the post-transition organization, you can make a case that contributing to the integration process will be more valuable to the company than sitting around like a lame duck.

THERE'S NO QUESTION that mergers and acquisitions leave many victims in their wake. But you don't have to be one of them. By proactively evaluating your situation and seizing leadership opportunities created by M&A, you can set your own trajectory. For some managers, like Mary Holt and Jason Richards, it's *onward and upward* to higher-level jobs in the combined company. For other employees, like Tom Hall, it's *inside and ready* with enhanced skills and visibility, poised for the next available promotion. Even those who soon find themselves out of a job believe that embracing the M&A process leaves them better equipped to succeed in different organizations—or perhaps, like Rob Michalak, to return to their former one with an even higher profile.

A MERGER SITUATION FORCES YOU TO WORK PRODUCTIVELY WITH OTHERS. IT'S A GREAT LABORATORY FOR SHOWCASING AND SHARPENING YOUR COLLABORATION SKILLS.

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