

Much has been written, discussed, and taught about lessons learned in mergers and acquisitions. However, they bear repeating because most executives still get it wrong.

Pre-merger due diligence focuses on numbers and some key people. Merger planning is often accompanied by hoopla and manufactured energy. But businesses today are no longer pre-fabbed puzzle pieces that can be fit together. Businesses depend primarily on people, not systems. People respond to a wide variety of subtle clues, innuendoes and grapevines, etc.

Lesson One

The biggest mistake I have seen is to call an acquisition a merger. While there are tax reasons to merge, employees on both sides do not understand it that way. The rationale that comes down from above is, "We want to make the 'losers' feel like 'winners'." This nice-guy tactic always backfires: Even the janitor knows who came out on top! The downside risk is the monumental, up-front loss of confidence in management: "They don't tell us the truth, so why should I listen?"

The first lesson is—don't hide the truth. Acknowledge the facts and move on! Get on to the more important, honest, real reasons for the buy-out. If they include the workers and staff as critical components, say so and walk the talk.

Lesson Two

The second mistake is not being able to clearly articulate the "new" (even if it's the same) Vision, Mission and Goals. Many executives may "know" these in their gut, but aren't able to articulate them in clear, coherent, simple, consistent ways. They use Wall-Street-speak instead of tell stories about them that penetrate and resonate with all levels of staff. The business risk is that a huge amount of time is wasted before clear direction is achieved (if ever). Far worse is that the time vacuum is filled with overheated rumor and griping (even to outsiders), leading to loss of energy, morale and productivity. The costs are significant. The second lesson is that outside help is often crucial. Professional, experienced, objective consultants can significantly improve the communication. They do this by:

- Proposing and testing new messages, words and compelling, appropriate stories
- Translating the messages to different levels and groups. Language means different things to IT, accounting and marketing. Different levels of management speak and hear differently—there's Board-speak and Boss-speak
- Doing objective surveying; getting honest feedback
- Surfacing embarrassing questions before they are asked of the boss, and helping with satisfactory answers
- Giving straight talk to both executives and staff, and being able to do it anonymously
- Setting timetables and accountabilities for repeated communication
- Designing teams and designating team leaders

Lesson Three

A third killer is not staying the course, or thinking it's over before it's over. This is like stopping to take the medicine as soon as you start to feel better—and suffering a relapse. Many people are resistant to change and are just waiting for the first slip-up. "I told you so." "They're not serious." "We can go back to our old ways now." The downside risk here is having to start all over again, often from scratch. This involves rebuilding the teams, re-creating the vision-mission-goal communication. The extra time and loss of momentum is a huge financial and psychological expense.

The key solution is to have active, empowered teams moving real business projects forward. They must be given visible power to question the "Why" and to change the "How." They, as part of their jobs and performance, must be continually interacting with all levels of staff, all departments and divisions (even those deemed "not affected"), all customers and all suppliers. And they don't need tons of false praise: the experience of being on the forefront with management's ear and full support is usually enough for the right people.