

N°13-5 – July 2013

Editorial

My mission is difficult. It is to try and destroy two well established preconceived ideas:

1- **mergers are always a buyer's story.** Like in History at large (always written by the winners), M&A are easier journeys for the teams of the acquiring company than for the managers and employees of the acquired one.

2- **there's no preventing the cultural shock.** Right after the deal is signed, we always hear things like "yes, they're different, they are doing this differently but we'll deal with it in due time. For the moment, let's go for the essential: clients, processes, legal stuff, industrial choices..."

If I am ready to fight against these two "stereotypes", it is because we consider that it is the core of our intercultural and management consulting job. In addition, we are lucky to have a clear real life proof of the contrary.

As a matter of fact, we are advising a customer whose activities have been totally taken over by a foreign group. Strong of its management team, its industrial excellence and its very favorable image in the market, our customer has been taking many initiatives in the integration process. By doing so, the acquired company, Group B, has offered a fantastic added value to what is soon to become a new AAA Group, so shaping the profile and the culture of the new group. **Done with the 1st stereotype?**

Rather than waiting to be in a state of crisis 2 or 3 years after the merger, our customer decided to put the human factor at the front. HR dynamics is dealt with the same priority as R&D, P&L and other strategic issues. Please, read the result in the article next column. **Done with the 2nd stereotype?**

Since this mission is still under way, due to its potential interest for you, we decided on writing it now, only changing the names to preserve anonymity. Enjoy the reading.



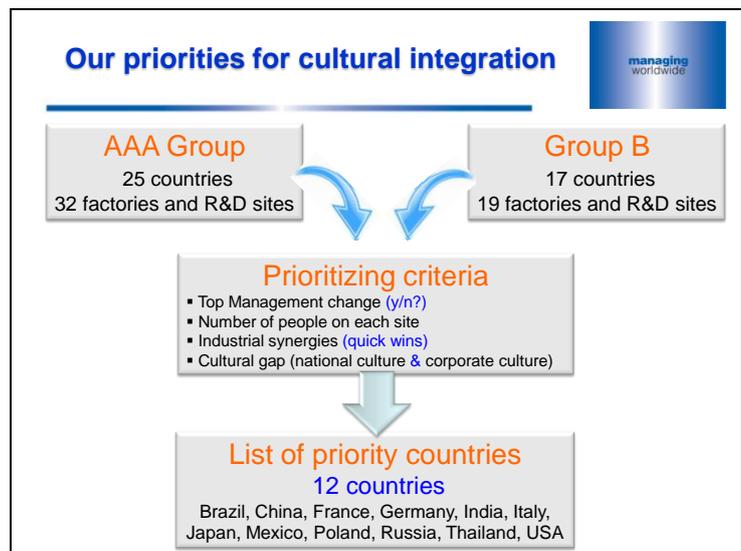
Laurent Lepez, Associate Partner

"The smoothest merger ever"

When the acquired company takes the initiative!

1-Where and what are the priorities?

When "AAA Group" acquired "Group B", there were many obvious synergies. AAA were fully confident in the Group B management team who had successfully established their company as a very creative, high-quality player in the market. The B management team were subsequently granted a good deal of autonomy and "equal status" in the new entity. AAA and B co-determined the list of priority countries where the merger should first take place. In addition to customer, process, and P&L considerations, human dynamics were considered to be a core criterion for success.



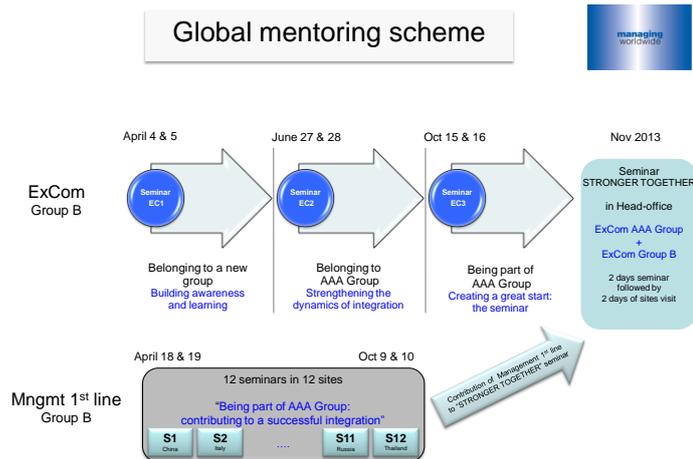
2-ExCom + Management first line mentoring scheme

Once the list of 12 priority countries was determined, Group B, "the acquired company" started taking lots of initiatives. The former CEO (now Group EVP of the new entity) and HR Director were concerned about two things: first, helping the B Executive Committee to assume full responsibility for driving business in line with the level of autonomy that had been granted, and motivating them in their new role as part of the new entity's Senior Management team. Second, making sure that the first line managers in each of the 12 sites feels he/she is a key actor to make the whole process a smooth merger.

"The smoothest merger ever" (continued) When the acquired company takes the initiative!

4-All managers from 1st to 4th line have been involved from the beginning

In order to reach this goal, the following integration mentoring scheme was designed: 3 seminars for the B ExCom team + 12 local seminars for first line management, paving the way to a major joint event between AAA and B teams called "STRONGER TOGETHER".



The 12 local seminars were designed with a focus on cultural differences, both national and corporate, as well as on building a sense of identity. While mainly dedicated to 1st line management, they have also provided an opportunity for roughly 20 people belonging to the 2nd to 4th lines of management to participate in a face-to-face Q/A session with their CEO. The CEO is now running his own roadshow to provide more structured information about the new group and the integration road map to all lines of management.

5-Direct input to the AAA top management

During the local seminars, participants were given the opportunity to deliver direct messages to the AAA Group's top management team if they wanted to do so. These were recorded as short video clips and will be broadcast during the "STRONGER TOGETHER" seminar in November.

3-From "a loss of identity" to "a new common culture"

Everywhere in the Group, employees and managers had questions such as "Now that we are not Group B anymore, what's our new identity? What is the AAA corporate culture like? Is it compatible with the values we care most about?"

With evident sincerity, speaking about business as well as human feelings, here are the questions which B managers have been working together to answer:



6-Expected results: No certainties but a gut feeling

As we are only halfway through the integration program, it is probably too soon to predict the final outcome. Nonetheless, everyone who has been involved to date has a positive gut feeling. This sentiment has been communicated through statements such as: "I have never seen this in my previous long :-)" *career.* "We're impatient to jump in now." "The smoothest merger ever!". Comments such as these make us inclined to think that the merging of the 2 organizations is on the right track to deliver on the 2013 objectives, make the best industrial choices and deliver the best products to customers...all thanks to the human dynamics that have been generated.

World café

