# INDEX

A Abbott, Don, 232, 270 Accountability for deliverables, 366 Acquisition companies: conducting gap analysis with target company, 228, 254; effect of poor staffing by, 219-220; ignoring hiring processes during mergers, 225; importance of organization before mergers, 225, 232; improving integration practices of, 402-403; integrating members in task forces, 138; preserving target company value, 353, 355; principles of integration for, 112-113; rating M&A capability and readiness of, 403, 409-411; serial equisitions by, 9-10; structure and stating by, 221, 223-224; survey of integration results for, 394-401; symptoms of merger repair needed, 337. See also Mergers and acquisitions; Target companies Action items lists, 162–163 Aligning: executives, 26; human capital, 324-327; integration, 112; integration management office communications, 123; legal counsel and advisory teams, 354 AOL, 41, 333 Arapoff, J., 80-81

Armenakis, A., 46

Lajoux), 348, 360, 328-399, 402
Ashkenas, R., 14, 138, 233, 399
Assessment Survey, 250
AT&T, 296
Atlantic Fiectric, 319

B
Parbin, C., 44, 197–198
Farney, J.B., 40
Bateh, J., 103
Bauman, R.P., 236
Bedeian, A., 46
Belkin, T., 39
Ben & Jerry, 14

Art of M&A Strategy, The (Smith and

Best, A., 34, 260
Best practices: Evaluate stage, 51; Formulate stage, 32, 33; importance in integration, 133; Integrate stage, 43; integrating with prudent speed, 45; learning from, 17; Locate stage, 36; Motivate stage, 47; rating training in, 403, 411–412; staffing integration teams, 141–142; using prudent speed, 43–44, 45; willingness to accept, 349–350; work flow, 128, 129. *See also* Rapid assessment tools

Body Shop, The, 14

Bergh, D., 260

Berkshire Hathaway, 336

Borland Software, 200–201 Bouchikhi, H., 14 Bower, J., 75, 297 Brahma, S.S., 44, 83 Brett, J.M., 39 Brittain, S., 46, 83 Brock, D., 260

Brotherhood of Locomotive Engineers, 333

Brown, J., 74

Bruner, R., 336

Bucerius, M., 43

Buckingham, M., 198

Buffet, Warren, 336

Business performance: achieving projected synergies in, 26; assessing ongoing operational measures, 270-272; collaboration by companies, 14; complaints about customer service, 100; conscious separation used in, 14; documenting objectives for future, 152, 154; impact of cultural integration on, 296-297; integration's effect on integration, 47-49, 50; linking integrated staffing to business strategy, 222; maintaining target company's talent base for, 223; measuring M&A success with, 260-263; risks in mergers and acquisitions 2-4; staggered rates of declining 93-95. See also Business strategies; Costs; Risks

Business plan: identitying effects of merger on, 368; providing oversight with, 161

Business strategies: analyzing stakeholders and messaging for, 177–179; assessing strategic objectives, 176–177; deal strategies, 6–8, 9–10, 112; developing integration strategy framework, 173–175; effectiveness of, 352, 353; evaluating target organization's, 367–368; identifying integration issues for, 368–370; improving executive guidance in, 123–124, 403, 406–408; linking structure and staffing to, 222, 225, 227–231; M&As for business

growth, 9–10, 21, 89–90; making during Formulate stage, 31–32; "Making Strategy Work" model, 316–319; target company's fit in, 33–34, 35. *See also* Communications planning framework; Integration strategy framework

 $\mathbf{C}$ 

Cadbury, 41 Calandro, J., Jr., 336 Calendar for staffing decisions, 236, 239 Canadian Financial Executives Research Foundation (CFERF), 2-3, 5 Candidates: evaluating, 248, 249-252; human resources reviews of, 244, 245; identifying, 244, 246-247; rating competency of, 246, 247-248 Cannella, A.A., Jr., 197, 260 Capron, L., 260 Carow, K, 260 Cary, D. 296 Cassiman, B., 48 Castaneda, M.E., 103 Cendant Corporation, 37

Chakrabarti, R., 5 Change management: about, 89-90, 107-108; addressing "me" issues, 92-95; assessing effectiveness of, 353, 356; communicating about integration, 97–99; correcting staffing mistakes, 226, 236, 239; creating focused initiatives, 101-102; dealing with resistance to change, 98, 102-106; developing executive leadership for, 119, 120, 122; dynamics in M&A, 90-92; establishing fair processes, 240-242, 254; focusing on customers, 99-100; fundamentals of, 92; guidelines for rapid merger repairs, 339-340; leadership for, 96-97, 122-123; making timely decisions in, 16, 100-101; rapid assessment tool for, 109-110; speed required in, 95

Change order log, 163 Charter for integration teams, 146–147, 365–371 Chase Manhattan Bank, 14 Chatterjee, S., 31, 40, 74 Chiu, D., 34 Chrysler, 335 Cisco Systems, 9, 393 Citicorp, 41, 333 Clarkson, R., 226

Cleary, M., 100–101 Clemons, E.K., 102

Closing: announcing structure and leadership after, 225, 232–233, 234; checklist for, 162; communication protocols before, 182–183; pre-close integration planning, 128, 143, 165, 395, 398

CNN Money, 334 Cody, T., 198 Coffman, C., 198 Collaboration by companies, 14 Colombo, M., 48

Communications: aligning resources to integration management office, 123; announcing new structure and leadership, 225, 232-233, 234; avoiding killer phrases in, 19-21, 22; consistent and creative, 188-189; coordinating releases with target company, 185; establishing campaign plan for, 179-182; evaluating feedback to, 187; face-to-face, 190; fostering team, 17-18; importance of, 97-99, 169, 170; ineffectiveness of, 169-172; information-transfer plans for, 369; initial employee, 188; interorganizational, 163-164; lessons in, 191; master synergy-tracking matrix for, 281, 283-284; methods for distributing M&A, 181-182; openness in staffing, 172-173, 226, 235-236, 237, 254; organizing future, 155; overview of, 192–193; planning framework for, 175-187; pre-closing protocols for, 182-183; rapid assessment tool for, 194-195; redesigning levers for cultural integration, 307; responding to blowback about, 185-187; setting up stakeholder feedback, 267-268; social

media for, 190; task force logistics for, 370; timeliness of, 173; training managers and presenters for, 183–184. *See also* Communications planning framework

Communications planning framework: analyzing stakeholder messaging, 177–179; approach for, 175; assessing objectives and implications, 176–177; establishing campaign plan, 179–182; illustrated, 176; providing overview of deal, timeline, issues and risks, 177

Compaq, 3, 186-187

Competency: acting on assessment of M&A, 356–357; enterprise-level model for merger, 351–356; rating candidate's, 246, 247–248; rating leadership, 403, 413, 416; understanding target company's core, 2.22–223, 253

Comprehensive Staffing Process Model, 244, 248–253

Conectiv, 319-321

Conrail, 333

Conscious separation, 14

Contact rosters, 163

Control: manager's guide to, 211

Corporate culture: assessing during due diligence, 73–79; conducting due diligence process for, 38; critical in integration, 57; Cultural Comparison Matrix, 76; definitions of, 297; measuring cultural integration, 262, 263, 272–278; ways to measure integration of, 278. See also Cultural integration

Costs: estimating transition, 153, 155, 368, 385–387; of losing key talent, 198; lowering integration, 26; of reductions in force, 222

Creasy, T., 5

CUC International, Inc., 37

Cultural Comparison Matrix, 76

Cultural integration: continuous management of, 308–309; driving with organizational levers, 303; impact on

deal performance, 296–297; importance in M&As, 295–296; management of, 297–300; managing cultural levers, 289–300; measuring, 262, 263, 272–278; overview, 309–310; performing cultural due diligence, 78–79; questions for redesigning cultural levers, 304–307; rapid assessment tool for, 311–312; redesigning cultural levers, 301; sticking to implementation plan for, 307–308; 3D approach to, 300–301; timeline for, 302

Cultural Integration Planning Matrix, 299, 307–308

Cultural Progress Check, 273–277 Current State of M&A Integration Effectiveness, The (Galpin and Herndon), 133, 141

Customers: assessing proposed M&A, 37–38; defection of, 99–100; doing what is right for, 205; maintaining focus on, 27, 99–100

D

Daimler, 335

Datta, D., 260

De Man, A., 48

De Monaco, Larry, 80-81, 233

"Deal-count paradox", 347, 360

Deal Flow Model: about, 52, 53; Evaluate stage, 28, 30, 49–51; Formulate stage in, 28, 29, 31–33; guiding acquisitions with, 27–28, 31; illustrated, 28, 29–30; Innovate stage, 28, 30, 47–49, 50; Integrate stage, 28, 30, 40–44; Investigate stage in, 29, 34–38, 39; Locate stage in, 28, 29, 33–34, 36; Motivate stage, 28, 30, 44–47; Negotiate state, 28, 29, 38–40, 41; rapid assessment tool for, 54–55

Deals: announcing, 125–127, 183–184; assessing value of, 23–24; checklist on closing, 162; coordinating with integration management office, 147; cultural integration for successful, 296–297; delivering integrated

process for, 128–129; determining integration for each transaction, 14–15; developing integration plans for, 152, 173–175; eight Cs for, 8–9, 22; ensuring completion of right, 353, 354; examples of successful M&As after, 357–359; executive deal sponsors in, 134, 164; failure to implement, 4–6; first sixty days after, 127–128; identifying integration level of, 12–13, 16; managing integration of, 25–27; maximizing value of, 15–17, 22; strategies for, 6–8, 9–10, 112; struggling with same challenges in, 347–348; tailoring integration team for, 134. *See also* Closing; Deal Flow Model

Decision making: speedy, 16, 100–101; structure and starting, 221

Delaware Supreme Court, 296-297

Dell, 393

Delmarva Power, 319

Deloitte 2

DeMonaco, L., 14, 138

Del Visi, A.S., 197, 198

Denning, S., 298

Diligence management office (DMO), 354

Discovery phase, 125–127

Documentation: compiling master synergy-tracking matrix, 281, 283–284; consolidated project plan, 157–160; developing integration plans, 150–155; documenting integration plan changes, 163; of hiring decisions, 244; weekly task force updates, 149–150

Dow Chemical, 18

Dubuque, K., 100-101

Due diligence: about, 57–58, 84–85; assessing organizational culture in, 73–79; conducting, 15–16, 65–67; effectiveness of, 353, 354–355, 395, 398; executing for structure and staffing, 225, 226; fumbling transition to integration after, 350–351; human capital assessments, 15–16, 38, 83–84; identifying integration risks with, 70–72; impact of lost talent, 201–202;

integration planning for, 142; as iterative process, 63–65; key areas of, 58, 59–61; preventing surprises with, 58–63; prioritizing synergies in, 68–69; process in human resources, 79–83; rapid assessment tool for, 86–87; reasons for not conducting, 58; required on staffing estimates, 221; reviewing findings in Investigate stage, 29, 34–38, 39; target/partner firm participation in, 68–69; value erosion due to failures in, 37

Due diligence teams: creating rapid results, 65–67; identifying impact of lost talent, 201–202; working with integration management office, 147

Duysters, G., 33, 48

### E

Eckerd, 334

Economist, 200

Edify, 357–358

Edmondson, G., 41, 335

Education. See Training

Eight Cs, 8–9, 22

Employees: addressing security of, 202-203; allocating to integration projects, 165; establishing fair processes for, 240-242, 254; feeling included, 204; feeling they are doing the right thing, 205; focusing on "me" issues, 92-95, 198-199; helping in due diligence process, 67-68; identifying and retaining key, 44-47; knowledge fees for departing, 239-240; motivating, 202, 203; need for control of, 204; openly communicating decisions to, 172-173, 226, 235-236, 237, 254; resistance to change of, 97-99, 102-106; responding to concerns of, 27; retaining, 197-201; rewards and recognition for, 204-205; understanding core competencies of, 222-223, 253; welcoming to new company, 188. See also Rerecruiting employees; Retaining employees

Equistar Chemicals LP, 188
Ernst & Young, 1–2
Evaluate stage: illustrated, 28, 30; pitfalls
and best practices, 51; process in, 49–51
Executive steering committee: effectiveness in governance roles, 403, 413, 414;

role of, 134, 135, 136, 164

Executives: aligning during integration, 26; bartering for job assignments, 225; clarifying task force issues needing, 153-154, 391; developing integration strategy framework, 173-175; effectiveness in governance roles, 403, 413, 414; executive deal sponsor, 134, 164; guiding business processes and strategies, 123-124, 403, 406-408; ignoring need for merger repair, 343-344; ineffective communications by, 172; leadership failures of, 119, 120-124, 348-349; rating capability and readiness of, 403, 409-411; role in implementing mergers 27-28, 134, 135, 136, 164; Survey Executive Summary, 393-416; taking leadership role in integration, 119, 120-124; timely reviews of communications by, 182, 183; understanding target's core competencies, 222-223, 253; unwilling to use best practices, 349–350; using merger integration scorecard, 284, 286-290

# F

Face-to-face communications, 190 Facilities requirements: identifying initial, 153; task force assessments of, 369, 384–385

Failures: effect of due diligence, 37, 350–351; executive leadership and merger, 119, 120–124, 348–349; in implementing deals, 4–6; in structure and staffing, 223–224. *See also* Merger repair

Fair processes, 240–242, 254 Farah, J.E., 103 Feedback: evaluating communication, 187; forwarding to executives, 268; fostering team, 17-18; getting on integration process, 268-269; resistance as, 103; responding to communication blowback, 185-187; stakeholder, 267-268 Financial assets: due diligence process for, 15-16; impact of cultural integration on, 297; measuring integration effect on, 262, 263, 278-284, 285 Fiorina, Carly, 187 Ford, J., 103 Ford, L., 103 Formulate stage: illustrated, 28, 29; pitfalls and best practices of, 32, 33; strategic decisions during, 31-32 Francis, S., 14, 138, 233 FRANK updates, 188-189 Franklin, D., 89 "Fumble at the goal line" tendency, 350 - 351

G Galpin, T.J., 4, 5, 6, 26, 42, 44, 46, 61, 77, 95, 96, 97, 101, 119, 133, 141, 169–170, 172, 174, 199, 221, 295, 317-318, 348, 393-416 Gap analysis, 228, 254 Garrison, B., 48 Garrone, P., 48 GE Capital, 14, 18, 19, 80, 233, 324-327 General Electric, 9,08 General Reinsurance Corporation, 336 Gilbert, N., 3 Goldberg, Ken, 347, 358 Gonzalez-Molina, G., 198 Goulet, P.K., 34, 35, 41, 43, 75, 296, 297 Governance: assessing effectiveness of, 352, 353, 403, 413, 414; customizing model of, 134; model for team, 135 Grahma, S.S., 197 Gray, Len, 313 Green, A., 44, 46, 197–198, 201 Greenspan, D., 314–315 Greenwood, R., 74

Grimpe, C., 48 Guerrera, F., 41, 333 Gupta-Mukherjee, S., 5

Hagedoorn, J., 33 Hambrick, D.C., 197, 260 Hammer, J., 259 Harrison, J., 34, 260 Hartnett, K., 100-101 Harvard Business Review, 102 Harvard Pilgrim Health Care, 239 Haslett, S., 98 Hayward, M., 260 Heffernan, M., 2, 3 Hemmer, Jeff, 219, 232, 284, 286 Herndon, M., 4, 5, 6, 26, 44, 61, 95, 96, 97, 101, 119, 133, 141, 169–170, 172, 174, 199, 221, 295, 348, 393-416 Heron, R. 260 Hewitt Associates, 58 Hewlett-Packard, 3, 186-187 Hewlett, Walter, 186 HFS, Inc., 37 Hinigs, C.R., 74

Hiring: comprehensive model for, 244, 248-253; correcting mistakes in, 226, 236, 239; developing position descriptions for, 244, 245; identifying and rating candidates, 244, 246-247; ignoring standard procedures during mergers, 225; Japanese compensation trends for, 325; rapid assessment tool for staffing decisions, 255-257; reviewing decisions for, 244; streamline model for, 243-244, 245, 246-247; training managers for M&A, 226, 236, 238, 253. See also Candidates; Rerecruiting employees; Structure and staffing

Hodge, K., 112 Hogarth, R., 3-4 Homburg, C., 43 Human capital: aligning compensation, 324-327; building human resource

Hitt, M., 34, 260

service center, 321–324; due diligence process for, 15–16, 38, 83–84; identifying key talent, 83–84; integration case studies in, 319–327; overview, 327–328; rapid assessment tool for, 329–330; rating company's management of, 403, 413, 416. *See also* Employees; Key talent; Structure and staffing

Human resources function: adapting organizational influence systems, 317–318; aligning compensation, 324-327; building service center for, 321-324; due diligence process for, 79-83; getting input on staffing reductions from, 222; ignoring hiring processes during mergers, 225; input on structure and staffing, 233-235; integration roles for, 313-316; making secret staffing decision, 225; "Making Strategy Work" model, 316–319; overview, 327-328; participating in reviewing candidates, 244, 245; rapid assessment tool for, 329-330; redesigning benefits and compensation, 319-321. See also Hiring; Human capital; Structure and staffing Hunger, J.D., 3

Ι

Inclusion: employees' need for, 204; manager's guide to, 210–211
Information-transfe: plans, 369
Infrastructure. See Integration teams
Innovate stage: illustrated, 28, 30; pitfalls and best practices, 50; process in, 47–49
Integrate stage: illustrated, 28, 30; pitfalls and best practices in, 43, 45; processes in, 40–44; using prudent speed in, 43–44, 45

Integration: achieving faster, 25–27; adhering to goals and objectives, 17; avoiding cultural missteps in, 74–75; basing on M&A competency assessment, 356–357; building long-term improvements for, 340–344; burnout during,

72; collaboration by companies, 14; communications in, 97-99, 169-172; concurrent events in, 116; defining approach to, 16-17; determining for each deal, 14-15; documenting changes to plans, 163; due diligence and, 58-63, 350-351, 395, 398; effect on innovation, 47-49, 50; estimating transition costs, 153, 155, 368; focused initiatives for, 101-102; getting firsthand feedback about, 268–269; identifying issues in, 368-370; importance of corporate culture in, 57; improving practices for, 402-403; ineffective, 4-6; killer phrases to avoid in, 19-21, 22; level of, 12–13, 16, 22; prioritizing activities by projected synergy 68-69; process- vs. event-driven, 114; process of, 261, 263; questions on issues and risks for, 370; requiring timely decisions, 100-101; roles for human resources function, 313-316; spectrum of, 10-11; speed of, 43, 44, 111-113; staffing needed for, 355-356; stakeholder feedback during, 267-268; strategic guidance during, 403, 406-408; strategy framework for, 173-175; surveying effectiveness of, 400-401; symptoms requiring merger repair, 331-332, 336-338; task force planning model for, 147-149; tools for assessing, 263–267; troubled M&A, 333–334; value erosion in, 399–400; web-based collaboration tools for, 415. See also Integration planning; Merger Integration Work Streams Model; Structure and staffing

Integration management office: aligning communication resources to, 123; identifying integration issues, 368–370; ongoing operational measures for, 270–272; organizing structure of, 123, 136; scope of work of, 147; staffing of, 353, 355–356; verifying synergy capture, 280–281, 282. *See also* Integration manager; Task forces

Integration manager: appointing capable leadership, 17; communicating with executives, 268; fostering team communication and feedback, 17–18; getting firsthand feedback, 268–269; maximizing deal value, 15–17, 22; participating in due diligence process, 15–16; role of, 155; training in communications, 183–184

Integration planning: Cultural Integration Planning Matrix, 299, 307–308; developing as-is analysis of target company, 366–368; launching teams' planning process, 142; maximizing pre-close, 128, 395, 398; risks in pre-close, 143, 165; template for, 373–391; work flow for initial, 116, 119–121. *See also* Due diligence; Integration teams

Integration Process Assessment, 264–267 Integration Roles for the Human Resources Function, 314

Integration strategy framework: effectiveness of, 353, 355; improving mergers with, 403, 406–408; need for, 173–175

Integration teams: adopting best practices for M&As, 349-350; alignment and coordination of advisory, 354; building, 226, 240; charter components for, 146–147, 365–371; communications by and to, 17-18, 185-187; coordinating activities for, 143-144; creating rapid results due diligence teams, 65-67; defining work flow and operating rules, 374–382; designating leader, 134, 137, 164; determining detail in task force plans, 150-152; developing consolidated project plan, 157-160; doing day-job and integration work, 403, 406; identifying oversight vehicles for, 160–162; kickoff meetings for task force leaders, 144-149; launching planning process for, 142; managing, 155; model for, 135; organizing, 166–168; providing integration updates, 188-189; Rapid

Action, 339; reviewing synergy capture, 284, 285; sharing information in, 143; staffing, 141–142; structure of, 134–141; timeline for, 155–157, 158; tools for core, 162–164; top-level leadership, 121–122; training, 183–184, 353, 354; transition timeline for, 387–391; using, 17; using task forces and, 17; verifying synergy capture, 280–281, 282; weekly task force updates to, 149–150, 162; when to seek legal counsel, 144. *See also* Task forces

Interview Guide, 252 Intervoice, 357–358 Intuit, 393

Invention phase, 127–128 Investigate stage: illustrated, 29; pitfalls and best practices in, 39; process in,

34–38 Investorp edia, 333 Ireland, R., 34, 260 Issue logs, 163

Icsues: addressing "me", 92–95, 198–199; identifying integration, 368–370; needing executive attention, 153–154, 391

J Jackson, P., 236, 239 Jackson, S., 44, 83 Jayaraman, N., 5 Jean Coutu Group Inc., 334 J.M. Smucker Company, 48 Job workbooks, 240 Joyce, E., 41, 333

K
Karelaia, N., 3–4
Kearney, A.T., 2
Keil, T., 9
Kettelhut, M.C., 98, 105
Key action items list, 161
Key talent: addressing risk of losing, 127;
capturing knowledge of departing, 226, 239–240; due diligence to assess, 83–84,

225, 226; feeling they are doing the right

thing, 205; identifying, 44–47, 201–202; maintaining loyalty of, 204; "me" issues for, 92–95, 198–199; need for control by, 204; retaining, 44–47, 197–201; rewards and recognition for, 204–205; understanding core competencies of, 222–223, 253; value of maintaining target company's, 223. *See also* Employees Kick off meetings: meeting agendas and minutes, 162

Kickoff meetings: agenda for, 145; creating charter at, 146–147, 365–371; structuring for task force leaders, 144, 146

Killer phrases, 19-21, 22

Kim, W.C., 240-241

Kimberly, J.R., 14

Knowledge bounties, 239

Kraft, 41

Kristensen, H., 40

Krug, J.A., 46, 83

Kwoh, L., 49

#### L

Laamanen, T., 9

LaFasto, F., 198

Lahovnik, M., 33

Lajoux, Alexandra Reed, 348, 360, 398–399, 402

Lau, R., 34

Lauer, Len, 334

Lawrence, J.T., 236

Lawrence, P., 102

Leadership: announcing post-closing structure and, 225, 232–233, 234; appointing capable integration, 17; assessing effectiveness of, 353, 356; communications and, 169; designating integration leaders, 134, 137, 164; effect of terminating all, 224; failed mergers and executive, 119, 120–124; getting commitment from senior managers, 16; getting multiple inputs on staffing ideas, 233–235; identifying M&A project, 96–97; improving strategic guidance, 403, 406–408; objectives

for task force leaders, 139–140; rating management competencies of, 403, 413, 416; redesigning behaviors for cultural integration, 306; required for change management, 122–123; selecting top-level teams for, 121–122; task force leaders, 139–140, 144–149; understanding core competencies of target company, 222–223, 253; wait-and-see approaches to staffing by, 223–224. *See also* Executives; Integration manager; Task forces

Legal counsel: alignment and coordination of, 354; getting input on staffing reductions from, 222; inputs on structure and staffing from, 233–235; setting time for integration planning with, 142, 143; when to seek, 144

Leighton, 226

Levers: driving cultural integration with organizational, 303; managing cultural, 289, 300; questions for redesigning cultural, 304–307; redesigning cultural, 301

Liao, S., 34

Locate stage: assessment process in, 33–34; illustrated, 28, 29; pitfalls and best practices of, 36

Lockheed Martin, 393-394

Longo, S.C., 98, 103

Lord, M.D., 48

L'Oreal, 14

Loyalty of employees, 204

Lubatkin, M., 74

Lublin, J.S., 37, 296

Lucas, L., 41

Lundqvist, S., 100

Lyondell Petrochemical, 18, 188, 228, 232,

259, 284

Lytle, A.L., 39

## M

M&A. See Mergers and acquisitions M&A Leadership Council, 393

437

M&A Partners Enterprise-level M&A Competency Model, 351-356 M&A process manual, 19 M&A Software Solutions, 403, 413 Machalaba, D., 74, 220 Maellaro, R., 46 "Making Strategy Work" model, 316-319 Management: aligning executives, 26; continuous attention on cultural integration, 308-309; creating focused initiatives, 101–102; creating rapid results due diligence teams, 65-67; cultural and organizational levers available for, 297-300; developing communications matrix for, 233, 234; getting feedback on integration, 268-269; getting support of senior, 16; identifying M&A project leadership, 96-97; ignoring need for merger repair, 343-344; incompatibility among, 72; refining due diligence process, 63-65; reviewing staffing ideas, 233-235; underestimating impact of cultural integration, 297; understanding resistance to change, 102-106; wait-and-see approaches to staffing by, 223-224. See also Executives; Integration management office;

Managers: guide to control, 211; hiring employees, 226, 236, 238, 253; providing guide for retention and rerecruitment, 208–212; training for communications, 183–184. See also Integration manager

Marks, M.L., 31, 34, 91, 260
Marley, M., 3, 42
Marquez, J., 200
Maslow, Abraham, 202
Mauborgne, R., 240–241
May, D., 98, 105
McAfee, 394
McCarthy, Kelly, 188
McKinsey & Company, 5, 295
Measuring M&A success: adhering to goals and objectives, 17; complexity of, 262; cultural integration, 262, 263,

272–278, 296–297; examples of successful M&As, 357–359; financial measures, 262, 263, 278–284, 285; integration measures for, 261, 262–269; need for, 259–260; operational measures for, 261–262, 263; overview, 290–291; performance used for, 260–263; rapid assessment tool for, 292–293; systematic application of due diligence and integration, 359; using merger integration scorecard, 284, 286–290

Meeting agendas and minutes, 162 Meier, D., 49, 261 Mercer Bing, C., 41, 43 Merger Integration Process Assessment, 342–343

Merger integration scorecard, 284, 286–290

Merger Integration Work Streams Model: about, 130; components of, 117–118; Delivery phase of, 128–129; deploying, 124–125; determining integration speed, 111–113; Discovery phase of, 125–127; executive leadership roles in, 119, 120; illustrated, 115; Invention phase of, 127–128; planning required for integration, 116, 119–121; rapid assessment tool for, 131–132; types of work streams, 113–114, 116–119

Merger repair: acting on M&A competency assessment, 356–357; building long-term improvements, 340–344; enterprise-level competency model for, 351–356; examples of troubled M&A integrations, 333–334; failed transitions between due diligence and integration, 350–351; ignoring need for, 343–344; overview, 344–345; overview of, 360; rapid action projects for, 339–340; rapid assessment of, 338, 345–346, 361–363; results using, 357–359; symptoms of company needing, 337; symptoms requiring, 331–332, 336–338 Mergermarket, 1

438

Index

Trim Size: 7in x 9.25in

Mergers and acquisitions (M&A): achieving faster integration in, 25-27; adopting best practices for, 349-350; Deal Flow Model for, 27-30; deal strategies for, 6–8; defining integration approach, 16–17; examples of troubled integration in, 333-334; factors in ineffective, 4-6; failing to protect, 348-349; friendly and unfriendly negotiations, 39-40; fumbling between due diligence and integration, 350–351; growth strategies using, 9-10, 21, 89-90; increasing number of, 1-2; model for competency in, 351-356; organizational dynamics in, 90-92; process manual for, 19; rate of change with, 89-90; rating capability and readiness in, 403, 409-411; reasons for, 8-9; riskiness of, 2-4, 22; struggling with same challenges in, 347–348; sustaining process for, 18-19. See also Integration; Measuring M&A success; Merger repair

MetLife, 394 Microsoft, 9, 393 Miles, L., 100

Millennium Inorganic Chemicals, 270 Millennium Petrochemicals, 228, 232, 284

Miller, Ken, 48

Mirvis, P.H., 31, 34, 73, 91, 260

Morale, 93-95

Morris Air, 296

Motivate stage: illustrated, 28, 30; pitfalls and best practices in, 47; process in, 44–47

# $\mathbf{N}$

Napier, N., 13, 14

National Bureau of Economic Research (NBER), 2

NCR, 296

Negotiate state: illustrated, 28, 29; pitfalls and best practices, 41; processes in, 38–40

Nelson, E., 37

New York Central, 334

NewCo Rating Form, 246–247 Nextell, 334 Nielsen, Tod, 200 Nikandrou, I., 25 Nohria, Nitin, 169 Nomura Securities, 199–200 Norfolk & Southern Railway, 14, 333 "Not Invented Here" syndrome, 349–350

## 0

O'Brien, B., 296

Office Depot, 185

Oxy Vinyls LP, 279

Pablo, A.L., 13

Office Max, 185
Ogden, D., 296
Onboarding phase, 238, 253
One-Page Synergy Capture Report, 285, 287–289
Operations: assessing merger's effect on daily, 270–272; measures for assessing, 261–262, 263
Organization Design Parameters, 229–231
Ornaghi, C., 33
Oversight vehicles, 160–162

### D

Packard, David W., 186-187 Palmer, A., 41, 335 Papalexandris, N., 25 Paramount Communications, Inc. v. Time, Inc., 296-297 Partner firms. See Target companies Peck, S., 5 Pennsylvania Railroad, 334 Performance. See Business performance Planning. See Communications planning framework; Integration planning Policies: evaluating for transition, 369; redesigning cultural levers for, 304 Porter, M., 260 Power and relative dominance, 72 Prince, T., 3, 42, 332 Pritchett, P., 226 Productivity. See Business performance

439

Prouty, Jack, 188, 222, 348 Puia, G., 260 Pulley, Mike, 279 PWC, 5, 25

### O

Quaker Oats Company, 3, 333

#### R

Ranft, A.L., 48

Rapid assessment tools: change management, 109–110; cultural integration, 311–312; Deal Flow Model, 54–55; due diligence, 86–87; human capital integration and HR function, 329–330; measuring M&A success, 292–293; Merger Integration Work Streams Model, 131–132; merger repair, 345–346, 361–363; organizing task forces, 166–168; rapid communications, 194–195; realizing deal value, 23–24; structure and staffing decisions, 255–257

Rapid results due diligence teams, 65–67 Rapid Results! (Schaffer and Ashkenas), 339–340

Rappeport, A., 41

Raveh, A., 74

Reductions in force, 222

Rerecruiting employees: action plan for, 207, 213; creativity in, 212–213; developing plan for, 267; manager's guide to retaining and, 208–212; options and considerations for, 213–214; overview of, 215; rapid assessment tool for, 216–217; tips for, 238; understanding human motivation, 202, 203. *See also* Structure and staffing

Rerecruitment Needs Pyramid, 203, 205, 215

Resistance Pyramid, 104

Resistance to change: actions countering, 105–106; dealing with, 102–106; lowering, 98; Resistance Pyramid, 104

Retail Business Review, 335

Retaining employees: action plan for, 206, 207, 213; addressing security of, 202–203; effective strategies for, 199–201; feeling they are doing the right thing, 205; focusing on "me" issues, 92–95, 198–199; identifying key talent, 201–202; keeping knowledge of departing talent, 226, 239–240; maintaining loyalty of key people, 204; merger retention rates, 197–198; need for control by, 204; options and considerations for, 213–214; overview of, 215; rapid assessment tool for, 216–217; rewards and recognition, 204–205

Retention and rerecruitment action plan, 206, 208–212

Retention and Rerecruitment Planning Matrix, 207, 213

Rewards and recognition: importance of, 204-205; manager's guide to, 211; paying departing employees for knowledge, 239-240; redesigning at Conectiv, 319-321; redesigning cultural levers for, 304-305

Risks: due diligence for identifying, 34–38, 70–72; found in innovation stage, 49; lowering by assessing strategic fit, 33–34; merger and acquisition, 2–4, 22; in pre-close integration planning, 143, 165; questions evaluating, 370

Rivers, C., 39

Robert Half International, 219

Robinson, D, 226

Rouse, T., 100

Row, M.C., 102

Royal Nedlloyd Group, 318

Rucci, T., 198

Rules: redesigning cultural levers for, 304; task force template for assessing, 374–382

S

Safeway, 335

Sales, A.L., 73

Sample campaign plan, 180

Sara Lee, 48 Saxton, T., 260 Schaffer, R.H., 339 Schein, E., 75, 297, 298 Schmidt, M., 44, 197-198 Schoenberg, R., 50, 260 Schrempp, 335 Schroeder, H., 91 Schuler, R., 44, 83 Schweiger, D.M., 34, 35, 41, 43, 74, 75, 197, 198, 296, 297 Score Sheet Matrix, 251 Security: employees' sense of, 202-203; manager's guide to, 210 Seque Software, 200-201 Serial acquisitions: growth strategy of, 9 - 10Service level agreements (SLAs), 182, 183 Shenkar, O., 74 Sherman, S., 98 Shrivastava, P., 12 Silva, Eric, 228, 232 Singh, H., 25 Smith, Ken, 348, 360, 398-399, 402 SmithKline Beecham, 236 Snapple Beverage Corporation, 3, 333 Society for Human Resource Management, Southern Pacific Rail Corporation, 74, 219, Southwest Airlines, 29 Sprint, 334 Srivastava, K.B., 44, 83, 197 Staffing. See Structure and staffing Stahl, G., 35, 74 Stakeholders: assessing messages to, 178; getting feedback from, 267-268; identifying, 177, 179 State of M&A Integration Effectiveness Survey, The (Galpin and Herndon), 133, 172, 221, 348, 393-416 Stay bonuses, 203

Streamlined Staffing Process Model,

243-244, 245, 246-247

Streeter, B., 9

Structure and staffing: announcing post-closing, 225, 232-233, 234; bartering for executive assignments, 225; basing on strategic planning, 225, 227-231; calendar for, 236, 239; catching and correcting mistakes, 226, 236, 239; comprehensive model for, 244, 248-253; conducting gap analysis for, 228, 254; costs of reductions in force, 222; designing new, 221, 228–231; due diligence required for, 225, 226; effect of ineffective, 219-220; estimating requirements for, 369; evaluating target organization's, 367-368; failures in, 223-224; ignoring hiring processes during mergers, 225; improving, 402, 403-405; linking to business strategy, 222; maintaining fairness in, 240-242, 254; making synergy estimates about, 221; multiple inputs on decisions about, 233–235; open communications about, 172–173, 226, 235–236, 237, 254; principles for improving, 225–226; rapid assessment tool for, 255-257; rating company's management of, 403, 413, 416; redesigning cultural levers for staffing, 305; retaining knowledge of departing talent, 226, 239-240; secret initiatives for, 225; starting team-building process, 226, 240; streamline process model for, 243-244, 245, 246–247; training hiring managers for M&As, 226, 236, 238, 253. See also Integration teams

Stull, M., 5

Subteams, 138, 140, 141

Successful M&As. See Measuring M&A success

Summary Position Description, 245
Survey Executive Summary, 393–416
Synergy: company's meaning of, 278–279,
280; compiling master synergy-tracking
matrix, 281, 283–284; defining targets
for, 365–366; educating staff in kinds

of, 278–280; effectiveness in achieving, 353, 355; estimating proposed structure and staffing, 221; finding easiest targets for, 153, 383–384; integration needed for, 42; listing in task force charter, 147; measuring, 161, 284, 285; organizing initial actions for, 153, 154; prioritizing activities by projected, 68–69; projecting opportunities for, 368; reports of captured, 285, 287–289; task forces developing, 140; uninformed estimates about, 221; verifying capture of, 280–281, 282

Synergy charter, 279

System requirements: identifying initial, 153, 154; task force template for assessing, 384–385

SystemSpecs, 314

#### Т

Talent. See Key talent Tarba, S., 39

Target companies: as-is analysis of, 366–368; assessing competitors as, 38; comparing cultural compatibility with. 73–79; conducting gap analysis between acquisition and, 228, 254; coordinating communication releases with, 135; finding strategic fit of, 33–34, 35; human resources due diligence process with, 80–81; integrating members in task forces, 138, participating in due diligence process, 68–69; preserving and leveraging value of, 353, 355; symptoms of merger repair needed, 337; understanding core competencies of, 222–223, 253

Task force leaders, 139–140, 144–149
Task forces: assessing work flow and operating rules, 374–382; creating charter, 146–147, 365–371; defining deliverables for, 366; developing integration synergy, 154; documenting integration plans, 150–155; establishing, 134, 137–141, 165; estimating transition

costs, 385–387; finding easiest synergy targets, 153, 383–384; integrating members of both companies in, 138; leaders of, 139–140, 144–149; linking to other, 370–371; model for, 135; oversight vehicles for, 160–162; planning model for, 147–149; rapid assessment tool for organizing, 166–168; systems and facility requirements assessments, 384–385; timely communications by, 233, 234; transition plan template for, 373–391; weekly updates from, 149–150, 162. *See also* Integration teams

Taylor, P., 334

Teams. See Integration teams

Thatcher, M.E., 102

Thompson, J.D., 12

Thornton, E., 41, 335

3D Approach to Cultural Integration, 300–301

Time, 226-297

Time Warner, 41, 333

Tineline: cultural integration, 302; developing transition, 153, 155, 387–391; high-level, 155–157, 158; staffing decision, 236, 239

Timeliness: of communication reviews by executives, 182, 183; of communications, 173; confidence built with, 242; decision making and, 16, 100–101; importance in current acquisitions, 7–8; integration speed and, 43, 44, 112–113; making structure and staffing decisions with, 221; required in change management, 95; for structure and leadership announcements, 225, 232–233, 234; taking rapid merger repair action, 339–340

Tools: for assessing integration process, 263–264, 267; for core team, 162–164; web-based collaboration, 415. *See also* Rapid assessment tools

Towers Perrin, 315

Towers Watson, 81, 98

Training: determining need for future, 155; educating staff about "synergy",

278-279; hiring managers for M&As, 226, 236, 238, 253; integration teams, 183-184, 353, 354; lowering resistance to change with, 105; managers and presenters for communications, 183-184; projecting future needs for staff, 155; rating effectiveness of, 403, 411-412; redesigning cultural levers for, 305-306

Travelers, 14, 41, 333

### U

Ulrich, D., 198 Union Pacific Corporation, 74, 219-220 USA Today, 187

Value: assessing deal, 23-24; effect of acquisition announcements on stock, 3; of maintaining key talent, 223; maximizing deal, 15-17, 22; preserving and leveraging target company, 353, 355. See also Human capital; Value erosion Value erosion: failures in due diligence and, 37; losing key talent, 198; surveying integration with, 399-400 Vaslow, J., 100

Vazirani, N., 49, 260

Veuglers, R., 48 Voigt, A., 35, 74

Wall Street Journal, 2, 3, 5, 37 Walsh, J.P., 46 Watkin, C., 45, 83 Web-based collaboration tools, 415 Weber, Y., 39, 74 Welch, D., 41, 335 Welch, Jack, 98 Wheelen, T.L., 3 Whittington, J.L., 25-55 Wilkinson, Ben, 319 Wingrove, C., 41, 43 Withenshaw, J., 197 WM Morrison, 335 Wong, K.F., 34 Work flow: documenting plan for, 152; staggering rates of declining perfor-

assessing, 374-382 Work streams: types of, 113-114, 116-119. See also Merger Integration Work Streams Model

mance, 93-95; task force template for

Zollo, M., 25, 49, 261