5 Steps to Overcome M&A Fears

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The more gratitude in a company, the better it performs

Any major change in the workforce is disruptive and frightening for employees. And a recent survey from Deloitte shows change is happening at a more rapid pace, with 79 percent of respondents expecting the number of deals they close in the next year to increase. Studies report that a majority of the workforce will ignore or reject a major change. With most mergers and acquisitions (M&A), this rejection is seen in the performance of the merged organization, which usually falls short of projections. This can largely be attributed to the fear and uncertainty the average employee feels when an M&A is announced.

Employees fear their positions may become redundant, the new organization will not appreciate their skills and contributions, or that the company culture will change drastically. These fears lead to reduced employee engagement and lost productivity in daily tasks as people become consumed by worry.

ADDRESSING THE HUMAN AND CULTURE FACTORS

To allay these fears and positively impact employee engagement during a time of upheaval, leadership of both companies must look beyond the technology, departmental, and other functional integrations and focus on the emotional and psychological needs of the employees for validation, consistency, and a clear plan for the future.

The need for validation is rooted in employees' fear that a new boss from the "other" company may not appreciate their expertise or efforts or even fully understand the value of the job function being performed. All employees in any situation need validation that their efforts are appreciated and valued, but this becomes more true in the uncertain atmosphere surrounding M&A.

Leaders can ease this uncertainty by connecting culture to shared purpose, which motivates and empowers employees to do the best work of their lives. In fact, data from the Workhuman® Analytics & Research Institute shows that optimistic workers are 38% more likely to recommend working at your company, 25% more motivated to work hard, and 40% more likely to believe your company is a best place to work.

Employees fearful of culture change or job loss often try to regain control of their personal situations by preemptively resigning. Top performing employees who may feel trapped between the two companies never fully engage in the merged entity, resulting in reduced productivity. By continually reinforcing values and behaviors that are important to the future company's success, leadership will also manage these retention challenges more effectively.

"The dirty little secret about M&A is that the human dimensions and culture are at least as important, if not more critical, than the strategy, the price, and the positioning."

RON ASHKENAS
Partner Emeritus at Schaffer Consulting

CONNECTING CULTURE TO SHARED PURPOSE

The need for validation, consistency, and a clear plan for the future can all be addressed through a social recognition program, easing the transition period and keeping employees engaged and performance high. Outlined below are five steps to smoothing the M&A transition process through recognition.

1. Merge the two companies' vision and values into a new statement that is meaningful to employees from both organizations. Then use the social recognition program as a positive communication tool of the vision and values to all employees. When done correctly, recognizing behaviors, actions, or attitudes that are tied to a specific value will help those values come alive for all employees, creating a more meaningful and memorable impact. Designate recognition ambassadors within both merging companies to encourage and demonstrate appropriate use of the recognition program.

2. As with any strategic program, secure executive sponsorship of the recognition program, but be sure to include key senior leadership from both companies in the initial roll-out. By seeing familiar and trusted leaders encouraging positive appreciation moments throughout the merged organization, employees from both companies will begin to notice and acknowledge the valuable efforts and contributions from their colleagues in the other company.

3. Any strategic program requires measurable goals to track success. Frequency, timeliness, and appropriateness of the rewards are critical in recognition programs. In the special case of M&A, specific goals should be included to track the progress of the merger of the two cultures into one of appreciation across the global workforce.

4. Prior to program launch, confidentially survey employees on current job satisfaction; engagement level in their current roles; level of concern with the M&A relative to job retention, potential culture change and leadership; understanding of the values of the merged entity; and how those values translate to daily behaviors. Conduct the survey again periodically to measure improvements in these and other predetermined critical-to-success areas.

5. Launch the program soon after the M&A is announced to engage all employees in this new culture of shared purpose, help them understand their continued value to the merged organization, and unite all employees behind the new vision and values.

“Change can make the future look less certain, which gives your competitors a great opportunity to try to snatch your best people. Make sure you know who your high performers and high potentials are, then think about proactively engaging them.”

MARK ROYAL
Senior Director, Korn Ferry Hay Group

Are you concerned about the potential impact of a planned merger or acquisition on the productivity of your employees and the performance of the merged organization? Our experts are ready to help you manage the M&A impact on your organization by connecting your culture to shared purpose.

Contact a Workhuman representative today.

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