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Leadership Strategies During Mergers and Acquisitions

Change is never easy, but it can be especially difficult for those affected by mergers and acquisitions. Emotions range from fear and confusion to acceptance and excitement. If you are a manager facing these circumstances, the manner in which you interact with your staff can mean the difference between retaining a group of motivated and loyal employees and having a team whose apprehension jeopardizes their productivity or willingness to stay with the company.

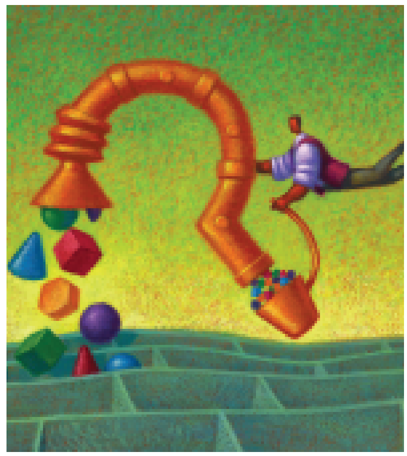
Mergers affect many financial leaders, and you aren't alone if you find yourself in this situation. The latest research from FactSet Mergerstat shows that merger and acquisition announcements rose nearly 15% in 2004. To succeed as a leader under these circumstances, keep the following management strategies in mind.

Communicate regularly

Early communication is critical in any merger or acquisition situation. If employees receive initial word of the change without immediate follow-up information, the rumor mill will undoubtedly start turning. People may suspect that management is trying to hide bad news such as layoffs by not revealing further details. This can damage morale and lead to turnover.

Even if you don't have all of the facts yet, discuss all of what you are allowed to reveal, including issues that are under consideration and the timeline for decisions. For instance, you might share that the integration of the two accounting departments is under review and that all plans will be disclosed by the end of the month. Be careful not to speculate about outcomes. Your credibility with your staff may suffer if the end result isn't as you openly projected.

When you do have news to report, be honest, direct, and inform people immediately. Group meetings are best for matters that affect everyone on your team, such as the need for employees to relocate to the new company's location. Informing all



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employees at the same time will minimize the potential for gossip and spread of misinformation. Use personal discussions for private issues such as individual layoffs or shifts in job responsibilities.

Get staff involved

The more your employees feel a part of the merger or acquisition, the more supportive they will be of what lies ahead. Be sure to solicit their ideas and feedback. For instance, if the two companies involved use different enterprise resource planning (ERP) systems, you might ask for your staff's thoughts on the pros and cons of each one. You may be surprised at how open to change employees are if they participate in the decision-making process.

Also provide an outlet for accounting staff to share their concerns or questions about coming changes. You might encourage one-on-one discussions or schedule a group meeting to talk specifically about the matter. Listen carefully to what is said; you may identify areas where additional communication is necessary, such as questions about how the corporate culture may change.

Give a realistic assessment

Help to build support for the change by pointing out benefits that are expected to accompany it. If your firm is being acquired by a larger organization, for example, there may be greater advancement opportunities for your employees. Or maybe staff will gain exposure to Sarbanes-Oxley compliance projects by joining a publicly held corporation.

Yet be careful not to go overboard trying to convince employees the merger or acquisition is good for everyone. With most business restructuring, there will be a mix of positives and negatives. Even if the news is generally good for your team, there may still be some uneasy feelings about what's happening. If your staff members feel trepidation about change, their resistance may increase if you are overly upbeat. It's better to be honest about obstacles and then talk about how the company—and specifically your department—plans to overcome them. For instance, if layoffs are planned, discuss the services that will be provided to those losing their jobs as well as what remaining employees can expect in the coming months.

Stay focused

The merger or acquisition will certainly command much attention in your group, but make sure that core responsibilities aren't overshadowed by the upcoming event. Be sensitive to the situation, but stress the importance of meeting everyday demands.

Make an active effort to monitor workloads since they may change quickly once the merger or acquisition is announced. Consider bringing in temporary or project accounting professionals for support if recent developments have placed an extra burden on your team. This will help avoid burnout among employees and keep existing projects on track.

The manner in which you interact with employees during periods of change can determine whether the transition is a smooth one for your accounting group. Strive to keep your staff informed, encourage feedback, be honest about what's ahead, and make sure people stay focused. Not everyone may be supportive in the end—particularly if jobs are affected—but you can help make the most of a challenging situation and ensure the best possible start for the newly expanded company. ■

Max Messmer is chairman and CEO of Robert Half International Inc. (RHI), parent company of Robert Half® Finance & Accounting, Accountemps®, and Robert Half® Management Resources. RHI is the world's first and largest specialized staffing firm placing accounting and finance professionals on a full-time, temporary, and project basis. Messmer's most recent books are Motivating Employees For Dummies® *and* Managing Your Career For Dummies® *(John Wiley & Sons, Inc.).*