

M&A's Are a Trending Topic

Business is booming! And by business, we mean M&A's. Tax reforms, the regulatory climate, increasing cash reserves, etc. are all creating an atmosphere perfect for mergers and acquisitions in the United States. In a recent research survey, 79% of dealmakers expect to increase the number of deals they close in the next 12 months, compared to only 70% last year. As the trend escalates, these dealmakers get more optimistic and continue fueling the fire.

This Trend Will Continue For ... Who Knows How Long?

This uptick doesn't look like it'll be slowing down anytime soon. Leading experts predict that technology acquisition, growing customer bases, and expanding products/services will continue driving the acceleration of M&A activity. The refreshing perspective of new talent and the positive changes that come with M&A's make them imperative for success, attracting more and more organizations to the movement.

Many Are Jumping the Gun Trying to Hop on the Bandwagon

As M&A's increase, many will struggle throughout the transition and some will inevitably fail. The biggest areas of difficulty are often cultural misalignment, poor communication, concern for being "absorbed," and fear of territorial/scope loss. These issues must be tackled proactively with clear plans and structures set in place. Poorly managed M&As can impede the fulfillment of objectives on all levels, especially when it comes to maintaining valuable talent.

The Usual Pitfalls

Leading experts have determined the top reasons why M&A transactions don't reach their expected outcomes. Among corporate and private entities, 1/3 of them determined that execution and integration gaps were a major internal factor that led to failure. Those gaps, and several other frequently cited reasons for why M&A's fail, can all be solved with organizational effectiveness.

Organizational Effectiveness is the Way to Overcome Obstacles

Mergers and acquisitions require organizational effectiveness to achieve their objectives and reach their full potential. This approach best integrates new people and manages the change/culture component of successful M&A outcomes. It also effectively controls organizational risk and people risk throughout the integration. This method has been shown to provide about 60% more positive outcomes and successful deals.

Enforcing Organizational Effectiveness

- **Operationalize your process and enable your workforce to develop.** Clearly define all new systems and processes, then give your employees time to learn and adjust to them. All decisions must be specific and logical, keeping employees in mind as important moving pieces throughout the process.
- **Prioritize cultural integration, focusing on bringing everyone together in the same vision.** None of the parts should feel “erased” or “overtaken.” Developing a new, stronger culture will foster a more team-oriented and open-minded attitude for change.
- **Create a clear organizational structure that makes sense to everyone.** Positions may shift, teams may be repurposed, and leadership responsibilities may change. Throughout these adjustments, maintain structure and coordinate exactly when and how they will occur.
- **Preserve effective leadership and communication.** This transition process will heavily rely on leaders to set good examples. Effective leaders will adjust to the M&A quickly and help others to do the same. Effective communication will prevent confusion and misunderstandings across the organization.

Active Engagement Fosters a Commitment to the Future

Think sensibly about how to keep critical talent from becoming disengaged in the future, and how to attract new talent as well. Involve stakeholders and leaders early on so that they can determine the future state of the organization. Inform employees what the future will look like for them, how their jobs will change, and what success looks like after the M&A. Keep everyone’s mindset on the benefits and the vision – the WHY this is happening and WHAT its expected value is.

Strong Teams Form a Solid Foundation

Accelerate the adjustment of new teams, quickly changing sizes, leadership, and purposes. Forge transparent and authentic interactions among team members and from leadership to build the strongest new relationships. Assist teams with targeted team activation workshops centered around the new mission, trust building, and generating norms around transparency and accountability.

A New Culture is An Opportunity to Improve

Reshape potentially colliding cultures in a way that retains what is most valuable for the future and eliminates cultural attributes that could limit value creation. Quantify cultural norms through structured pre- and post-M&A assessments, aligning cultural strengths with behaviors needed for success. Ensure leaders are visibly modeling the values of the new culture so that employees can build trust and commit to the transformational changes.

The Finish Line

After the M&A runs its course, reflect on the organization's mission to inform the new operating model. Design critical functions around the core operating model while identifying areas with increased risk for stumbling, change fatigue or resistance, and integrative complexity. Most importantly, remember the benefits and positive outcomes that await on the other side of the M&A's progression.