

Do M&A well

Next?

If you recognise some of the issues raised here, or would simply like to have a conversation about your own experiences and plans, we'd be delighted to do so.

Please contact keith.wells@brandwell.uk.com and we'll arrange a time.

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Do M&A well

If it's so important, isn't it worth doing well?

M&A is often seen as both a driver and indicator of economic health. It has become a key element of corporate strategy (and in some sectors, the only element). It is one route, and sometime the quickest, route to growth and to market leadership.

And yet still something like 70% of deals fail to deliver the value they promise. Mostly because the so-called 'soft' aspects are undervalued and underplayed.

M&A deals are complicated. Getting them to work is difficult. Any number of factors go into the process, but only one is responsible for any ultimate failure: forgetting that it's all about the people. They are where the promise is kept, and where the value is created. Not in Excel or PowerPoint, but in culture and commitment.

If you want people to follow you into this new business, you have to give them reasons to believe.

There are four things you have to do, and they all begin with 'e'.



Engage

Who are the people most critical to the eventual success of the new business?

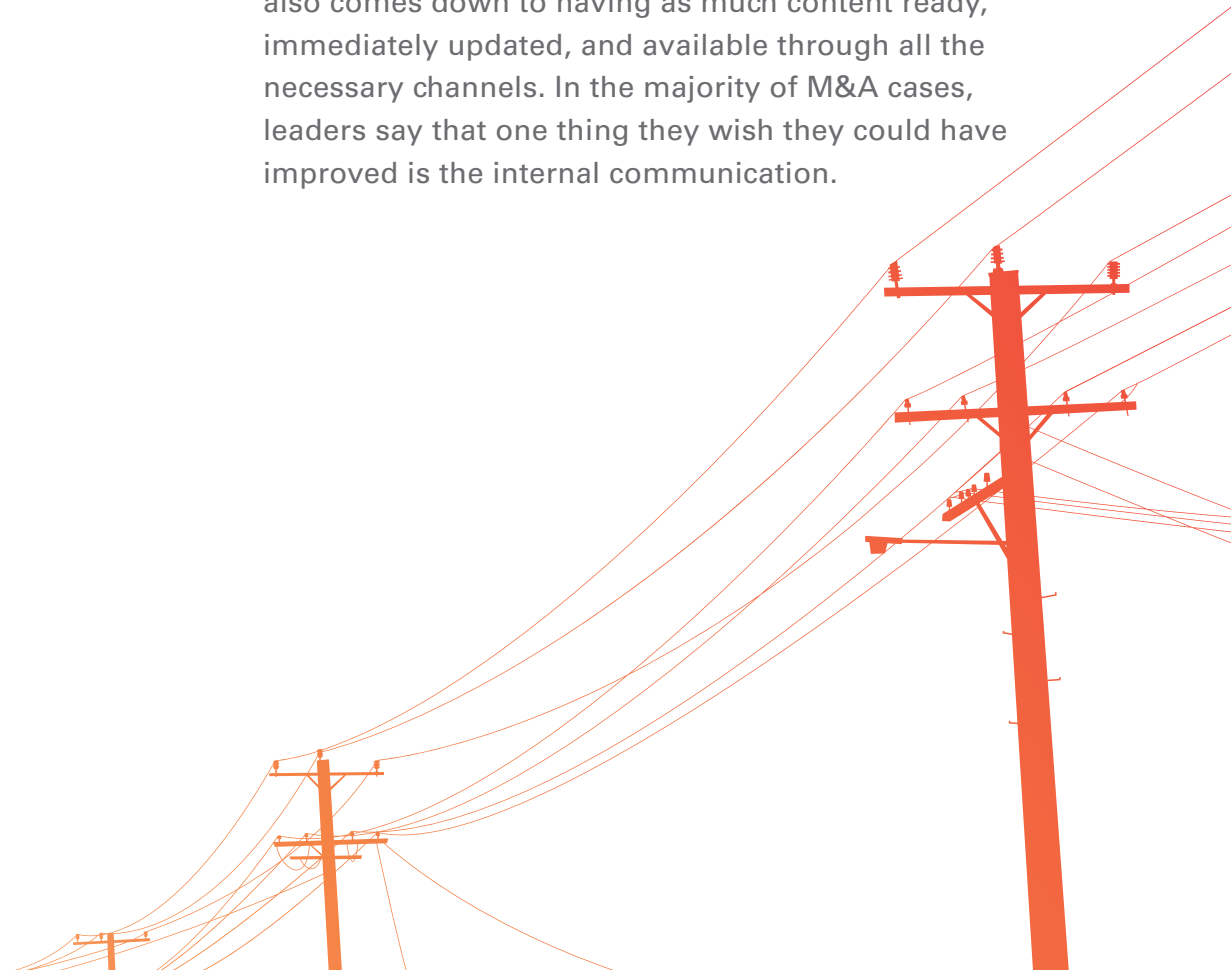
Start talking to them, earlier than you would have planned. They might not all be the most senior people, but they will be the influencers and best communicators in your organisation. Some will be outside the business: key clients, shareholders, opinion formers. As the M&A process evolves, you'll need support at all levels and in all places to make it a success. And, if anything goes wrong during that process, you'll need the benefit of the doubt.

Are you being more open than usual, or less?

This is a case where "more is more". Your senior team must show their confidence and their enthusiasm for the new business-to-be and share that with everyone they spend time with. The impression you need to create, and carry through, is that this is a positive move for the business. The stronger the sense of "one team" approaching the deal, the greater the chance of success.

Are you prepared to communicate more than you've ever done before?

Not only in terms of attitude and willingness, this also comes down to having as much content ready, immediately updated, and available through all the necessary channels. In the majority of M&A cases, leaders say that one thing they wish they could have improved is the internal communication.



Excite

What is your vision for the new business?

Not “What do you hope to be capable of?” or “What synergies do you hope to realise?” but a bold statement. Surprise your people. Stretch their imagination. Don’t describe a business, make an idea vivid. And that’s the key word – ‘idea’. The best, enduring and most valuable businesses are driven by an idea, not limited to functionality, and that is what excites people. Rather than see the ‘deal’ and numbers in any M&A situation, leaders should share the potential of a new, captivating idea that compels people to follow and to commit.

Why should the world welcome you?

What are you going to do, what new ideas or contribution are you going to create? If you had only one verb to describe your business’s impact on people, what would that verb be? (And if its one either of the merging businesses could use already, or that one of your competitors could also claim, maybe this M&A deal isn’t such a good move.)

What’s expected of me?

What’s in it for me?

These are two of the most important questions to bear in mind as you go through the M&A process. They are fundamental to people’s acceptance, enthusiasm and commitment to the new business; and they should be in the forefront of your mind as you share your narrative for the new business. There is a rational dimension to these questions (which we’ll deal with in the next ‘E’ section) but even the most logical technocrats have emotions, and you need to appeal to this side just as strongly. If you can link personal ambitions, principles and narratives to the corporate, you will create deeper, intuitive bonds between your people and your business.



Explain

Why should you have all the answers?

The truth is, you can't. And that's not what leadership is all about, anyway. Part of engaging with your people is in your honesty in addressing the most difficult questions. If you wait for everything to be resolved before you tell anybody anything, you will never be ready. Yes, you need to have the overall vision clear and the basics of how you expect the new business to be. But you will build more support among your people if you explain the timetable for key processes and decisions, and make that your constant reference point.

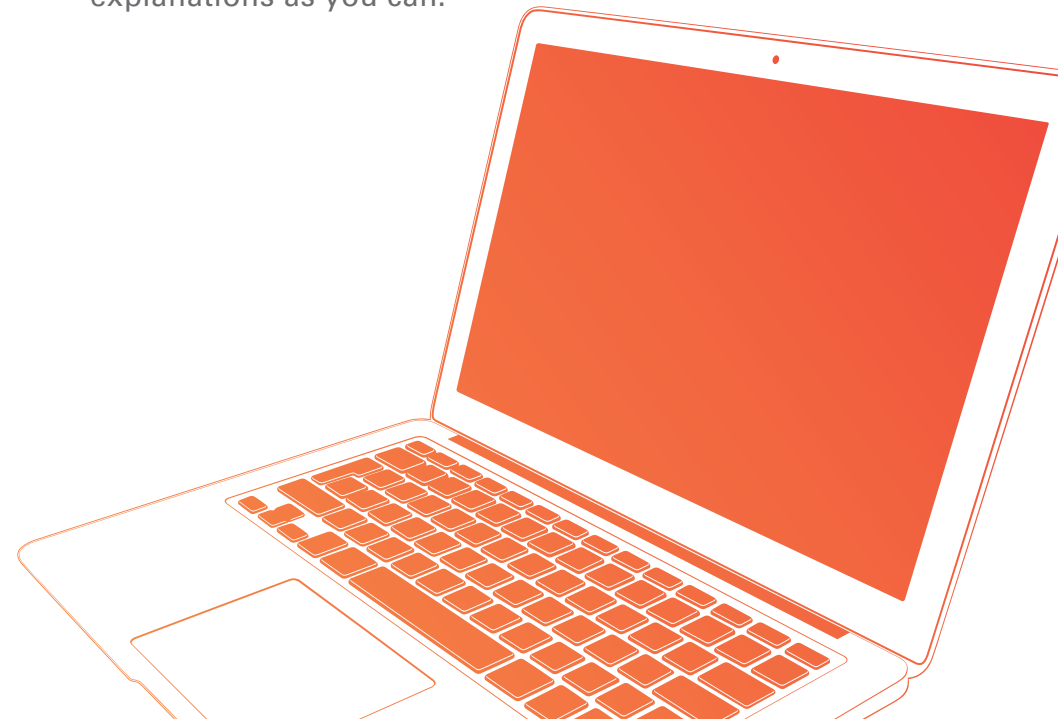
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What's in it for me?

The rational side of these questions is looking for honest, practical information on the things that matter most to people. Any kind of change programme can be difficult and exhausting, so simple sign-posting and time-tabling helps keep a sense of perspective and progress. Identifying the new leaders and structures gives people points of recognition and anchoring. This is all about clarity, so don't make unrealistic or vague promises or targets.

Who's going to do what?

This is an intensely important question, because it combines the practical, the personal and the emotional. It starts with the leadership positions, which are critical in establishing the direction and credibility of the new organisation. Other key roles will set the tone and highlight the priorities of the business, they will also help people understand where they fit in the future structure. Be as clear and as quick with these explanations as you can.



Excel

Set your new standards

If your new business isn't going to be better than either of the legacy businesses, why create it? Absolutely everything about the integration has to be done to the highest possible standards: not only will that stop the sniping, it will also encourage people to believe in the logic and promise of the new entity.

Keep those standards before, during and after

The earlier you can start planning for integration, the better. Bringing key people into the process can only help smooth its implementation, and increase people's commitment. The intensity will increase as The Day gets closer, and people's energies will naturally drop immediately after. But the post-merger integration is at least as important as any other dimension or time: the deal might be done, but the work certainly isn't.

Don't be afraid to improve

Research and feedback are vital to any business performance, and an M&A process is no exception. Ask people how they're feeling, what you've done well and less well, check on their understanding and commitment. And then act on what you learn: creating a virtuous cycle of improvement will only enhance your leadership team's performance and reputation, and the success of your new business.