

Communications for Mergers and Acquisitions

Managing the people side of change

When the decision has been made for two companies to merge, for one owner to buy out the other, or for the exodus of a principal stakeholder, the complexities, emotions and pending change of the normal business practices can hinder effective communication and impact the value of the business transaction.

A well planned and implemented communications strategy will contribute to the transaction by ensuring that pertinent information is shared with all of those involved in a timely manner so appropriate decisions can be made by staff and stakeholders. Effective communications will impact the transaction in a positive manner ensuring the negotiated value of the business deal.

During this time of change there are several important negotiations going on *'behind the scenes'* between lawyers, accountants and the company principals. But, *'on the scene'* there are often fearful conversations about what that change will mean to staff, shareholders and key stakeholders.

- Will the value of the business remain the same?
- Will staff have difficulty accepting a new work process?
- Will staff need more education to meet new technology requirements?
- Or will individual's employment status change?

The conversations on the pending changes will be discussed formally as well as informally – inside the business environment but also outside of the business. People are too often ill-informed and their productivity and motivation can be impacted or they may make decisions as drastic as selling shares or leaving their employed positions.

By keeping people informed in a timely manner, they are able to make their decisions based on factual information and not gossip or speculation. Don't let the communications process be left out or the after-thought when things start to go awry.

Let the lawyers provide the legal advice and let the accountants do the accounting but engage the communications specialist to do the communicating that will lead staff, stakeholders and shareholders to understanding and acceptance. Effective communications during times of change will eliminate misunderstanding, alleviate tensions and assure that the negotiated value of the transaction is not hindered by ill-informed people making rash decisions.

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Communications Tips for Mergers and Acquisitions

A detailed and ongoing communication strategy and tactical plan will ensure that all of those impacted by the transaction have the correct information to make appropriate decisions. There are four essential elements to be considered:

1. The senior leadership team provides consistent and ongoing communications throughout the transaction and adjustment period
2. Face-to face communication is paramount
3. Open dialogue is supported and encouraged
4. The pulse of the organization is constantly monitored

1. Leadership – Championing the Change Process

The tension factors will be running high among senior leaders as will their time commitments and often they may feel more tempted to say as little as possible regarding the pending transaction when in fact the opposite is what is required for a smooth transition. Commitment from all leaders in the organization to provide consistent and ongoing communications is critical. They need to explain what is known and what is not known on a regular basis. They also need to be visible and accessible to help build trust, understanding and support for the transaction. Messages need to be carefully coordinated and timed accordingly even if the message is an unknown. Senior leaders championing the communications efforts enable the organization to openly provide as much accurate information as possible and discourage misinformation.

2. Face-to-Face Communication

During times of change, face-to-face communication is of the utmost importance and value. Managers at all levels must be ready and available to respond to employees questions. This can be done in group settings, during walk-about through the organization or in one-on-one meetings. Open communication ensures quick action can be taken on rumours or gossip before they can take on a life of their own. A well prepared communications strategy will build in specific tools and tactics such as regular briefings, toolkits, web sites – internal and external, information packages, etc. that facilitate and encourage open two-way dialogues and outline follow-up steps that may be needed.

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3. Ability to Ask Questions

Face-to-face communications also means that leaders must listen to what the employees are saying and allow them to ask questions and get answers in a timely manner. Quick responses to questions asked will help in building trust, credibility and goodwill. An Internet site with specific section for the merger information enables the questions to be directed to the appropriate senior leader for response. Questions and answers can be posted regularly along with trends in the types of questions. This will enable the communications group to track trends and determine hot spots that the senior leadership team may need to be aware of and address.

4. Monitor the Pulse

Being able to monitor and track employees understanding, level of comfort, and support for the transaction is critical to ensuring the communication activities being initiated by senior leaders and the communications team are meeting everyone's needs. A short random-sample survey can provide this type of detail. The surveys can be conducted on a regular basis to track the pulse of the organization, flag hot spots, and determine the effectiveness of each of the communications tools being implemented. Monitoring the pulse of the organization during this time of change will also provide valuable information that may be utilized for other communications activities in the future.

Effective communications during mergers, acquisitions or times of change can move an organization from a singular, top-down direction of information to a more integrated, cyclical approach that engages everyone in the organization and one that builds goodwill, credibility and trust. A place where employees enjoy working, want to be and actively participate in the growth and evolution of the organization.

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