A.F. Buono, "Consulting to Integrate Mergers and Acquisitions," in L. Greiner & F. Poulfelt, *The Contemporary Consultant: Insights from World Experts* (Thomson/South-Western, 2005, pp. 229-249).

CHAPTER 13

Consulting to Integrate Mergers and Acquisitions

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Over the past decade, a quick perusal of the business section in most newspapers suggests that, while merger and acquisition (M&A) activity may have been at a high point, many M&A deals were experiencing severe digestion pains.

- "ABC Corporation announced yesterday that quarterly earnings would miss Wall Street estimates because of weakness in its brokerage operations. ABC, which has posted erratic earnings during its struggles to integrate its operations after several acquisitions, reported another drop in earnings …"
- "At its annual meeting last week, XYZ Company announced that it is jettisoning some of the most distinctive pieces that TargetCo brought to the merger in an attempt to reduce its exposure and regain its focus in the industry."

And on it goes.

The poor performance of combined firms continues to raise questions about the efficacy of mergers and acquisitions as a value creation strategy. While the criteria to evaluate the success of M&As vary considerably (e.g., share value, or post-merger profitability, or market share growth, or R&D innovation and new products), it appears that roughly one-third of all M&As fail outright and another third fall short of their operational, financial and strategic objectives.[1]

Echoing a 1985 cover story "Do Mergers Really Work?" a 2002 *Business Week* analysis (17 years later) concluded that both merging and acquiring companies continue to make the same mistakes, destroying shareholder value in the process.[2] As a result, while recent years have witnessed one of the biggest M&A booms in history, it has also been one of the largest waves of divestments and spin-offs.[3]

Dynamics of M&A Consulting

To a large degree, organizations use consultants during mergers and acquisitions for the same reasons that most companies use consultants – to draw on their unbiased analysis; to benchmark organizational processes against a range of best practices; to gain perspective and see the "big" picture; and to provide training and related implementation support.[4] The highly complex nature of the M&A process, however, leads client firms to seek out a broad range of consulting services that go well beyond those typically delivered by general management consulting firms.

Transaction Advising versus Merger Integration Consulting

Within this context, it is useful to distinguish between management consultants and transaction advisors.[5] Sometimes, the initial transaction advisors are actually management consultants hired by the firm to plan its acquisition strategy and then locate an acquisition target that fits with the proposed M&A strategy. More often, large companies run their own acquisition efforts and then hire transaction advisors to consummate the deal.

Transaction advisors, which include investment bankers, attorneys and tax specialists, offer technical assistance leading up to the deal itself – a process typically characterized as "from contact through contract." Clearly, the complexities associated with pre-deal decision-making (scouting for deals, due diligence assessments, forecasting value) and combination-related negotiations (which lead to general agreements on the value and details of the deal) are important determinants of M&A success.[6] For example, if an acquirer pays too much, it may never earn its money back. Clients rely on specialists who recommend how to proceed or turn back based on their expert advice.

However, these experts often overlook, ignore or underestimate the problems of post-merger integration. This omission is understandable since the guiding assumption underlying much of their pre-deal work suggests that, "if a deal is done well, the deal is done." Most transaction advisors are paid on a contingency fee basis tied to the value of the deal. So, while these advisors may strive to be objective and careful, it will come as no surprise that they often are fairly optimistic about the synergy prospects from the combined parties. Finally, most transaction advisors are hired to focus on narrow but complex technical issues rather than on broader strategic, cultural and political dynamics associated with the integration of two companies. Thus, they may lack perspective for anticipating what may turn out to be a major issue after the merger.

From a post-combination and integration perspective, this is where the real management and leadership challenges begin. Unlike the transaction advisor role where the advisor's judgment serves as the basis for a decision, merger consultants are called upon to identify, frame and clarify issues, while guiding and facilitating the decision process. Even with this consulting assistance, M&A integration decisions are best made by those executives intimately involved in the two organizations. They are the ones whose destinies are linked to the long-term success of the combined entity.

Merger integration consultants tend to embed their expertise in a process consultation mode. My experience suggests that the consultant's most effective interventions, rather than playing guru and "being right," evolve around what Maister and his associates refer to as the "trusted advisor." [7] This approach seeks to support and facilitate management in making their own decisions about integration.

An underlying dilemma, however, is that it takes time to become a "trusted advisor" in the eyes of a client. Given the frenetic pace that typically accompanies an M&A, consultants do not have much time or latitude to gain credibility. Instead, it is usually their past reputation that carries the most weight going in, and then the consultant must be quickly adept at bringing forth issues and helping the management to plan specific steps in the integration process. The initial skill and speed with which this is done often determines the consultant's fate and opportunities for a continuing relationship.

Throughout this process, it can be difficult to maintain the level of objectivity that, as consultants, we strive for. As much as we might not like to admit it, there is a certain element of excitement and gratification that comes from being part of the inner circle of advisors deciding on the fate of an organization.[8] Following months of preparatory work on building competency in acquisition integration, for example, I recall being part of a pre-acquisition working session with the senior-level integration team as the target of an impending acquisition was announced. As a buzz of excitement quickly spread through the room, I found myself getting caught up with the fervor – thinking "so that's who *we* are acquiring" – as the meeting turned to specific strategic and operational planning issues.

Thus, while much M&A consulting involves pre-merger financial and strategic analysis, along with deal support, this chapter will instead focus more fully on post-merger issues of integration that are so often neglected. Our discussion will address the specific challenges that merger integration consultants face, and consider ways of dealing with these issues.

Integration Defined

Compared to the financial orientation of many past mergers and acquisitions, where being over-leveraged was the main risk, the recent M&A boom reflects deals that are more strategically driven. Today's deals are influenced by technological advances and R&D investment needs, the increased importance of accelerating speed to market, attempts to broaden geographical presence, and the need to react to industry overcapacity and related global pressures for cost-cutting. A basic shift for acquirers has clearly occurred, away from purchasing companies outside the acquirer's business space to pursuing targets more closely related to its core business. The main risks associated with these latter day M&As, therefore, have much more to do with concerns around assimilation and integration,[9] pressures that have created a vital need for highly focused, post-combination strategies and plans.

At the same time, we need to be clear about what the word "integration" means and implies. It does not mean that all acquired companies should be completely absorbed into the acquiring company and thereby cease to exist. Rather, there are degrees of integration. Some acquisitions, like those made by Johnson and Johnson, are left as freestanding entities retaining their former company names. However, they are brought on board in terms of strategic planning, operations budgeting, compensation and the cultural values specified in J&J's credo. On the other hand, if the acquisition is small and its purpose is to fold its product line into the acquirer's existing product array, then the absorption is likely to be more complete. In either case, there are integration issues that, while different, can spell the difference between success and failure.

Lack of Preparation

There are many factors that account for the disappointing track record in M&A performance – from paying too much for a target company, to choosing the wrong partner, to misperceiving the potential synergies. However, the combination of misunderstood cultural differences and poorly conceived integration strategies is typically a potent factor contributing to failure.[10]

All too often, the reality is that the acquiring company's management is ill prepared to face the complex implementation dynamics once the deal is signed.[11] Studies indicate that even those firms that do develop systematic processes for selecting and dealing with acquisition targets, few actually operationalize and follow these plans.[12] A KPMG survey of 750 of the largest deals during the latter 1990s concluded that, while acquirers typically had a fundamentally good strategy, there was an over-reliance on the financial model that drove the deal. As a result, poor integration planning and execution of the combination itself undermined the companies' ability to enhance shareholder value.[13] Similarly, a global survey of 115 M&A transactions by A.T.Kearney revealed that 53 percent of the respondents saw post-merger integration as the greatest failure risk.[14]

No Single Best Strategy

Integrating two previously autonomous companies is an exceedingly complex and idiosyncratic process. Based on over 20 years of experience in studying and working with companies going through the M&A process, it has become very clear to me that such combinations are riddled with uncertainties, paradoxes and dilemmas. Merger integration consultants do encounter some fairly common consulting challenges, regardless of the M&A assignment. At the same time, there are several challenges that are created by the characteristics of the specific M&A in question, and still other issues that can easily emerge during the consulting assignment itself.

Yet, despite the reality that there are different types of mergers and acquisitions, we often group all M&As together.[15] The underlying hope, it seems, is that there is a core set of "best practice" strategies and tactics that will facilitate their success. But that hope is too general and idealistic! The strategy underlying a specific merger or acquisition dictates the unique aspects of the level of integration (financial, strategic, operational) necessary, the speed through which the integration should be achieved, and the ways in which the integration should be planned and implemented. Complete operational integration raises the most challenges and is clearly the most difficult to accomplish.

M&A Stages and Consulting Roles

As depicted in Exhibit 13-1, consulting roles during mergers and acquisitions evolve around three different but overlapping phases: 1) pre-combination preliminary planning, 2) early integration implementation during combination, and 3) post-combination aftermath.[16]

During the pre-combination preliminary planning phase, the consultant's interventions need to focus on ensuring that senior managers have a deeper understanding of and are clearly aligned with the strategic rationale for doing the deal. Emphasis should be placed on broadening the client's perspective and awareness for the need to include non-financial factors in the analysis (e.g., cultural factors, human resource capabilities, IT systems), and then to assist the client in assessing the implications for post-integration needs and outcomes. In essence, the focus should be on drawing out what it will take to make the merger or acquisition a success.

In the next stage of combination, early integration implementation efforts concentrate on the transition itself, drawing out ways to enhance inter-firm cooperation, bringing the two organizations together, and working through merger syndrome-related problems and concerns.

Finally, during the post-combination aftermath period, the focus shifts toward tracking the combination, supporting ongoing integration initiatives, and assessing and attempting to correct dysfunctional reactions and behaviors.

Although there are different foci within each of these three stages, the emphasis of consultants should be continuously placed on enhancing the capability of organizational members from both sides to: (1) clarify and understand the intent of the combination and the requirements for integrating the two companies; (2) deal with the anxieties and uncertainties that accompany the M&A process; and (3) refocus their energies on combination-related goals and objectives (see *Consulting Insights*).

Ideally, the consultant's interventions should span all three stages. However, much M&A consulting is far more piecemeal and reactive, as different consultants are brought in to help resolve a particular problem that emerges in one aspect or another in the overall M&A process. In the pre-combination stage of preliminary planning, transaction advisors typically drive the process without the involvement of merger integration consultants. Unfortunately, merger integration consultants are often not brought in until problems arise late in the post-combination aftermath stage, long after the merger or acquisition has been consummated. At this point, clients often have unrealistic expectations about what can be accomplished from their consultants.

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PRELIMINARY PLANNING *(Pre-Combination)*

▪ Strategy and selection	▫ Vision casting and strategy setting ▫ Inter-firm fit: Partner/target evaluation ▫ Broadened due diligence foci (e.g., culture, HR practices, marketing, operating systems, IT) ▫ Synergy and revenue enhancement analyses
▪ Announcement	▫ Stakeholder analysis ▫ Communication strategy: Internal and external
▪ Creation of integration plans	▫ Level of integration analysis ▫ Assessment of business and cultural impediments to integration success ▫ Initial organization structure planning ▫ Initial transition plans, selection of integration manager, and formation of integration teams ▫ Key talent retention program(s)
▪ Focus on immediate feelings and concerns of organizational members	▫ Stress reduction and merger sensitization workshops ▫ Focus groups

EARLY INTEGRATION IMPLEMENTATION *(First 1 – 6 Months)*

▪ Enhance inter-firm cooperation	▫ Orientation meetings and realistic M/A previews ▫ Two-way communication (meetings, hotlines, newsletters) ▫ Intergroup mirroring and teambuilding
▪ Focus on transition and integration	▫ Transition teams and steering committee ▫ Refine and implement integration plans ▫ Focused reward systems (material and symbolic) ▫ Focused use of organizational rituals
▪ Work through merger syndrome-related problems and concerns	▫ Focus groups and survey feedback ▫ Coach senior and middle management to model desired attitudes and behaviors

POST-COMBINATION AFTERMATH *(Next 6 – 18 Months)*

▪ Track the combination and support integration initiatives	▫ Integration audits ▫ Build capabilities ▫ Exit interviews ▫ Continued integration activities and transition-related rituals
▪ Assess and attempt to correct dysfunctional behaviors	▫ Confrontation meetings and team building initiatives ▫ Focus groups and survey feedback

Exhibit 13-1 Illustrative Merger and Acquisition Integration-Related Consulting Interventions

Temporal Constraints

There are three time-related factors that shape the challenges that consultants face when intervening in a merger or acquisition. The first set of issues is shaped by *when* the consultant is brought into the process. Consultants are faced with very different challenges depending on the stage of their intervention. Working with a client during the pre-combination preliminary planning phase (e.g., facilitating an initial integration planning assessment) is very different from intervening during the early integration implementation period (e.g., getting leaders to clarify strategic intent after the fact). All too often, merger consultants are only called in during the post-combination aftermath stage with the intent of “fixing” a particular problem (e.g., the exodus of key personnel).

Consulting Insights: The Focus of M&A Integration Consulting

An increasing number of consulting firms – from virtually all of the large consultancies to a broad array of smaller, boutique firms – have begun to offer merger and acquisition integration support. While the specific proprietary tools and approaches may vary, the essence of their offerings is essentially the same – to provide early planning and intervention to facilitate the combination of the two client organizations. As examples, Accenture emphasizes “strategic due diligence,” focusing on identifying and testing “future value levers” of a deal, and analyzing what will need to be accomplished during post-M&A integration to make the transaction a success. McKinsey & Co. stresses sources of future revenue growth, supported by strategic assessment and the need to identify and retain key talent that will enable the organization to meet those growth goals. Bain & Company highlights the need for a “strategic implementation plan,” focusing on establishing the post-merger organizational structure, resolving back-office technology issues, and maintaining “seamless customer interfaces” throughout the process. Towers Perrin emphasizes the alignment of human resource capabilities with merger-related goals and objectives, change management and communication strategies, and determining an appropriate timeline and set of integration processes for the merger. Mercer stresses a strategic perspective on integration processes, suggesting “how you combine should be driven by why you combine.” While the pace of mergers and acquisitions may ebb and flow over the years to come, as research by senior consultants from A.T.Kearney forecasts, the continued consolidation of firms and industries is “unstoppable, … continuous and inevitable.”

The second time-related factor is whether the consulting assignment is a long-term engagement or an isolated, “hit-and-run” project. When working with two organizations over an extended period of time, it can be difficult to maintain an unbiased perspective vis-à-vis the two companies. I have found that it is all too easy – even at an unconscious level – to develop an allegiance to certain managers and one of the organizations. This can readily influence what you “see” and how you interpret different situations. On the other hand, in a short-term engagement, the consultant's problem becomes one of obtaining sufficient information about the details of the merger or acquisition. Everyone is very busy on many different sub-aspects of the merger, and it is very hard to track down a lot of data and opinions in a short time.

A third underlying problem facing consultants is that they are not around all the time, which makes it difficult to penetrate the aura of game-playing and veil of secrecy often surrounding the M&A process. As third parties, consultants may not be as intimately involved as may initially appear – even in long-term assignments. For example, in one of my engagements, I underscored that I should be kept involved in the decision process on an ongoing basis. But as the acquisition unfolded, however, I found that I was not privy to a host of key decisions taking place when I was absent – financial and operational – that created a very different context for what the organization was attempting to accomplish. It is difficult to carry out an accurate diagnosis and offer meaningful advice when operating from a partial understanding of what is happening.

Common Integration Issues

In some mergers and acquisitions, holding on to key people, especially technical talent, is one of the keys to success. In another, the people in the target firm might be less important to retain, and the emphasis, for example, should be placed on integrating the information systems of both companies. In still another, if a company acquires a firm in the same industry due to excess capacity, key challenges include which operations to shut down, which employees to lay off, and how to effectively resize the organization. Considering the different goals and outcomes associated with these disparate strategies, each of these combinations places different pressures and requirements on the integration process – and on consultants intervening in the system.

What Comprehensive Due Diligence Really Means

As part of the strategy and partner selection process, a key factor in successful pre-M&A integration is comprehensive due diligence. Clearly, financial, legal and regulatory analyses – in essence, risk assessment –dominate most due diligence efforts. Although financial projections typically accompany such assessments, the basic focus is usually placed on the history of the target firm more than its future potential.[17] Comprehensive due diligence, however, incorporates a much broader array of concerns, including sales and marketing strengths and weaknesses, human resource capabilities, supplier networks and commitments, and so forth. The key is that due diligence assessments should emerge from the strategy and vision for the merger or acquisition in question.

The greatest challenge for management consultants in this area is related to the technical complexities involved in each dimension of due diligence assessment. Transaction advisors drive the process. For example, accountants focus on such tasks as the valuation of assets and liabilities, the tax consequences of the combination, and fulfilling regulatory reporting requirements. Lawyers concentrate on jurisdiction and incorporation issues, securities law ramifications of structuring the deal, anti-trust concerns, and so forth. The underlying assumption that consultants must challenge is that favorable judgments about financial, legal and regulatory aspects means that the strategic benefits of the merger will necessarily fall in line with the numbers. The reality of a merger or acquisition is often quite different from the M&A deal that exists on paper.

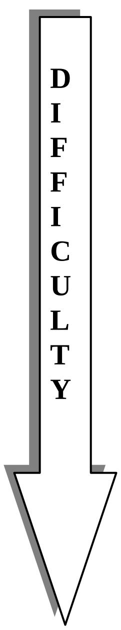
The idea of comprehensive due diligence can be overwhelming because time pressures, legal restrictions and limited resources prevent organizations from fully following idealistic "best practices" recommendations. Consultants can, however, emphasize the importance of *strategic* due diligence by getting the acquirer to closely examine and clarify the strategic intent of the acquisition, and then to spell out all of the likely factors that have to fall into place to make the strategy happen in practice. Usually, a check list is required to prompt the acquirer to think of non-obvious criteria, such as the target company's talent pool, technical capabilities, its organization structure, cultural values, and prevailing management philosophy toward decision making.

Capturing Merger-Related Synergies

As suggested by John Bogush, managing director of KPMG (now BearingPoint), complexity in M&A integration revolves around the key strategic drivers rather than the size of the combination per se.[18] The strategic intent of the acquisition might be to reduce manufacturing and distribution costs, gain access to new customers or new markets, or obtain technical talent or gain access to new technologies. Given the underlying objectives sought after, the strategic due diligence review should focus on the probability of attaining these desired synergies.

Recent studies by Towers Perrin and PricewaterhouseCoopers found, however, acquiring firms tend to fall well short of achieving desired synergies in such areas as growing market share, enhancing brand strength and reputation, and accessing talent capabilities and “know-how” in the target company.[19] Depending on the extent to which “softer,” more intangible synergies are a driving factor (see Exhibit 13-2), the marketing and human sides of the integration process become increasingly critical.[20] While companies may have a relatively clear understanding of why they selected a particular acquisition target, there is significant uncertainty as to exactly *how* to capitalize on the intended synergies through integration.[21]

“Hard” Synergies/ Relatively Easy to Attain



“Soft” Synergies/ Relatively Difficult To Attain

Financial Engineering
- Managing the cost of capital (e.g., refinancing target’s debt, pooling working capital requirements)
- Managing tax benefits

Cost Reduction
- Consolidation
- Elimination of duplication (jobs, facilities)
- Economies of Scale

Revenue Enhancement
- Bundling product lines
- Enhancing brand strength and reputation
- Combining customer segments (cross-selling)
- Cross-utilizing distribution channels
- Growing market share

Process Improvement
- Transferring/combining core competencies and/or best practices
- Integrating human capital
- Enhancing product development processes
- Creating next generation products

Exhibit 13-2 Illustrative Merger and Acquisition Synergies

From a consulting perspective, it may seem to be relatively straightforward work to assess the extent to which tangible assets might be transferred from one firm to another. Yet, political dynamics, cultural overtones and a general “win-lose” mentalities among M&A partners can readily complicate what might appear to be relatively clear-cut issues.

USAir’s acquisition of Piedmont Airlines provides a good illustration of these tendencies. Prior to the acquisition, USAir’s reservation system and customer service were so poor that customers deemed the airline “Useless Air.”[22] Yet, rather than engaging in an analysis of the relative disadvantages and costs associated with maintaining USAir’s system compared to building on Piedmont’s capabilities, which were noted to be much better, USAir's power politics prevented the combined airline from taking full advantage of potential operational synergies. Acquiring companies tend to impose their own systems on target firms rather than engage in a true joint diagnosis and analysis of the situation, a tendency that external consultants need to counteract.

Synergy-related challenges are particularly acute in those industries where intellectual capital is one of the determinants of organizational success. Ultimate M&A success in high technology companies, for example, can take years and successive generations of new products. In several of my consulting experiences, I have found that the lingering effects of previous mergers or acquisitions further exacerbate current combination integration efforts. Hewlett- Packard’s acquisition of Compaq, for example, is complicated by Compaq’s hangover from its acquisition of Digital Equipment Corporation. Within Compaq, organizational members still differentiate themselves as “Digital Classic” and “Compaq Classic” employees. Such stereotyping suggests that Compaq’s acquisition of Digital is still not complete – which adds a layer of complexity to H-P’s acquisition of Compaq.

Technology firms often believe that they can take the best of each other’s businesses, and thereby generate end-to-end packages that will be attractive to a wider range of consumers. However, simply repackaging existing products and product lines is rarely sufficient. Rather it is the second and third generation products – through the innovation and creativity that a merged group of experts can create – that ultimately translates into long-term success. Thus, rather than simply acquiring patents, products or facilities, an underlying key to success lies in getting the talent in each organization to adopt a cooperative attitude and a willingness to collaborate on new products and processes. An early exodus of key personnel – “brains with legs” and “frogs in a wheelbarrow” (they can jump out at any time) as they are often referred[23] – can quickly create problems for the combined organization. The turnover and departure of key personnel following America Online’s acquisition of Netscape, for example, delayed the scheduled release of Netscape’s browser for two years.[24]

Retaining Talent

Depending on the nature of the merger or acquisition and its underlying strategy, different levels of attention must be focused on the human element of the combination. Yet, even in those acquisitions where the strategic intent is to keep the target’s core talent, it is crucial that these plans are made clear and explicit and announced as soon as possible. The uncertainty and anxiety that go along with being acquired can be debilitating and literally drain value from an acquisition.

As part of its diversification strategy, for example, SteelCo acquired a petrochemical company (Petro) and focused its initial energies on capturing short-term, financial gains.[25] Based on initial diversification planning, the positions of the technical experts, engineers and scientists at Petro were not threatened. In fact, SteelCo had mainly acquired the firm to secure the expertise of these technical employees. During the early integration implementation period, however, SteelCo’s senior management focused on attaining immediate costs savings (the “hard” synergies depicted in Exhibit 13-2), consolidating basic functional areas and support groups – such as human resources, finance and legal. They never explicitly communicated their intended strategy to the organization or reached out to the target’s technical core.

Petro's technical staff interpreted the changes and terminations in other sections of the company as "a sign of things to come" and began bailing out of the company. Even the scientists who were willing to "give SteelCo's management a chance" found themselves under significant pressure from colleagues and co-workers to exit the firm. By the time SteelCo realized what was happening, it found itself in control of the petrochemical company but without the core of technical professionals that made Petro a desirable acquisition target. Consultants are often brought in at this point to help the organization "stop the hemorrhaging," but such efforts are frequently too little, too late.

Who is the Client?

Inter-firm dynamics can also raise questions about who the "client" really is, as multiple parties jockey for position and attempt to exert their influence. While many of us might like to think that the "system" is our ultimate client, we are often faced with divided loyalties as parts of the system clash with each other. Our contact clients (i.e., the individual(s) who bring us into the organization) may be different from our primary clients (those who ultimately "own" the problem or issue). Similarly, our primary clients may also be different from our "intermediate" clients (the individuals or groups that we interview and interact with as part of the intervention).[26] Since the needs and expectations of each of these "clients" may be quite different, what we think we know about a client is, at best, a hypothesis that needs to be tested constantly.

Intervention Strategies and Techniques

The nature of possible consulting interventions in M&As varies widely, influenced by the specific task at hand, the intent of the merger or acquisition, and the timing of when the consultant enters the process. Given the heightened anxieties, insecurity, mistrust and power dynamics that accompany the M&A process, intervening in one raises many unique challenges. It is hard to decipher real motives and deal with the inevitable conflicts that arise (e.g., creating collaboration v. undermining internal opposition, or ensuring objective analysis v. protecting vested interests).

Most useful prescriptions about the consulting process emphasize the need to develop rapport and a collaborative relationship with one's client. As in any large-scale change intervention, one of the basic challenges is to motivate employees to re-focus from their own self-interest to the collective interests of the combined entity. Earning the trust and confidence of organizational members in a merger environment, however, is quite challenging, as is generating valid data for understanding people's reactions about what is happening both to and around them.

As indicated in Exhibit 13-3, public exchanges are often characterized by goodwill and a cooperative spirit, with senior management emphasizing the promise of the merger or acquisition. But just under the surface, people are experiencing quite different feelings. Referred to by some observers as the *merger syndrome*,[27] these reactions reflect high levels of anxiety and stressful reactions. Heightened self-interest and preoccupation with the combination, culture clashes, and restricted communication and crisis management orientations are all too commonplace realities. The result is a host of problems emerging at the individual and organizational level. Most client resistance stems from feelings of vulnerability and losing control.

MANIFESTATIONS

Feelings	**Individual Level**	**Organizational Level**
Hope & Promise	Raised Expectations	Initial Goodwill & Collaboration
▪ Stress & Insecurity	▪ Sense of Loss	▪ Lowered Commitment & Productivity
▪ Tension & Anxiety	▪ Feelings of Grief	▪ Increased Dissatisfaction & Disloyalty
▪ Disorientation & Confusion	▪ Eroded Trust	▪ Increased Turnover
	▪ Preoccupation with M/A	▪ Leadership & Power Struggles
	▪ Idealization of the Old Culture	▪ Culture Clashes & Stereotyping
▪ Fear & Anger	▪ Rumor Mongering & Worst Case Scenarios	▪ General Increase in Dysfunctional Behaviors
	▪ Personal & Marital Discord	

Exhibit 13-3 Typical Human Reactions in Mergers and Acquisitions

As an M&A consultant, it is important to realize that organizational members tend to be very sensitive to literally everything around them, including the terminology used to describe the combination. The idea of a "merger," for example, is frequently stated and interpreted as a merger of "equals". Yet, in most instances, one of the merger partners is "far more equal" than the other. The reality is that most mergers are actually acquisitions. In merger after merger, for example, it is not uncommon for the majority of one of the partner's management teams to be terminated. If the intent is to assimilate one company into another, companies should resist the temptation to characterize the combination as a merger of equals. Perpetrating the ideal of "equals" only breeds confusion, contempt and mistrust on the part of those being acquired when expectations are not fulfilled – and M&A consultants can quickly be drawn into this turmoil.

Given these heightened emotions and reactions, people going through a merger or acquisition tend to be very guarded and are often less than forthcoming. They withhold or distort critical information when interacting with their M&A counterparts and related stakeholders – including consultants. Even attempts to model authentic behavior on the part of the consultant – putting into words what you are experiencing as you work with a client, trying to build a base of trust and commitment – can be met with skepticism and even cynicism. A unique dilemma faced by consultants in this environment is that efforts to gain trust and commitment from one member of the two organizations can quickly create doubts and suspicions on the part of the other member. In essence, organizational members grapple with such concerns as whose "side" is the consultant really on, and whether the real client is that "other" organization.

Listening Deeply

As a way of dealing with this dilemma, a guiding approach that I have used throughout many types of interventions over the years is one of "listening deeply" to all parties affected by whatever the intervention. This includes many discussions and interviews where I use my technical understanding of M&A dynamics and processes to get others to reflect on integration and implementation challenges. In doing so, I try to assess and compare reactions and perceptions across organizational members; and then attempt to get individuals to listen to each other with greater attentiveness, compassion and understanding--especially on issues where there are strong differences of opinion.[28]

As objective third parties, consultants often meet with top executives and managers from different divisions or sides of the companies to discuss and assess their reactions – positive and negative – concerning the merger or acquisition and its future business prospects. As part of this interaction, I attempt to learn about the organization's cultural system, emotionally encompassing as much as possible in order to help describe and interpret it to its members. An underlying goal is to facilitate their understanding and knowledge about the breadth and depth of their own culture and its ramifications for the combination they are envisioning.

Within this listening and clarifying context, I often serve in a coaching capacity, helping the management team to understand the likely outcomes and reactions to various decisions and events. A key here is the extent to which the consultant can help the client to learn from his or her experiences and feelings, and then to build on these insights to adapt better to the merger. An underlying challenge – especially when working with senior-level managers – is to get people who are far more action-oriented than introspective to engage in this level of analysis.

Given the anxieties and political dynamics that are an inherent part of the M&A process, drawing these feelings out can be a challenge. Thus, in many instances, identifying what needs to happen may be relatively straightforward; working with the emotions of two organizations to actually make it happen is not.

Clarifying Strategic Intent

It is a given that the strategic rationale underlying the merger or acquisition in question should be fully understood by the senior management team. As such, consultants typically advise their clients that it is critical to fully think through their M&A strategy, understanding the risks as well as the potential benefits. Given the aura that permeates deal-making, however, there are times when actually accomplishing this task can be very difficult.

In a recent consulting engagement, for example, the CEO of an acquiring company and I decided that I should play a devil's advocate role during an acquisition-planning session with the firm's senior management team. I had previously undertaken a series of one-on-one interviews with each member of the team. Drawing on this information, the intent was to ensure that everyone fully understood the rationale underlying the acquisition and the potential difficulties involved. A key goal was to reach consensus on whether the firm should move forward with its acquisition plans.

During the planning session, I continually raised a series of questions and concerns, pushing each member of the team to clarify his or her thinking about the combination and what the company was trying to accomplish. The team ultimately reached consensus on the strategy and decided to move forward with their acquisition plans. In our debriefing discussion after the meeting, however, the CEO was furious, feeling that I was being overly negative and that I was attempting to lead the team to reject the acquisition. All of our pre-meeting talks about the irrational exuberance that often accompanies M&A game-playing and the need to step back for a critical look at the proposed acquisition seemed to have been lost amid the CEO's emotional fervor to see the deal through.

Facilitating Integration Decisions

Merger and acquisition integration encompasses a broad array of change-related challenges, including: meshing operating systems; determining new roles and responsibilities; combining corporate functions and processes; setting priorities; enhancing cross-organization teamwork and collaboration; and forging a new organizational identity. All of this needs to be accomplished while maintaining sufficient flexibility to maneuver around inevitable roadblocks and barriers.[29] A general rule of thumb I have found is that the integration process typically takes more time and costs more than initially anticipated – a message that clients rarely want to hear.

Part of the consulting role in M&As is that of problem finder, bringing to the surface potential problems that can derail integration plans. This very activity, however, can create resistance as already stressed-out organizational members are reluctant to take on what they see as yet another challenge. A related difficulty is that while integration planning is typically conducted at the highest corporate levels, its implementation is invariably a line responsibility. This essentially requires organizational members at all hierarchical levels to “think big” while “acting small,” focusing on the details and implementation intricacies associated with successful combination.[30] Thus, one of the consultant’s goals is to facilitate the problem-solving process and decision-making activities that are within each individual’s and team’s sphere of influence. At the same time, it is critical to provide a broader perspective on how these different decisions relate to each other and to the overall integration challenge.

As a way of creating supportive conditions for M&A integration, I recommend that, as early as possible, organizational members should be provided with the basic knowledge they need to reduce change-related anxieties. Such information should facilitate the ability of people to take care of personal and professional needs, identify with the merger or acquisition partner, and accomplish job-related tasks. Thus, organizational members need information on roles and positions, compensation, reporting relationships, organizational policies, and initial transition assessments and planning efforts.

Some common techniques that I use include: (1) holding orientation sessions and disseminating information packets; (2) get-acquainted “town meetings” with cross-organization and cross-function mixes of employees that allow people from the two organizations to meet and interact with each other; and (3) executive and top management visits to selected key sites to answer questions and “walk around,” getting to know the merger partner or acquisition target better. Such visits and appearances, however, must be carried out with sensitivity and caution. As one of the partners in a merger I worked on a few years ago lamented, “I felt little more than a used car, with the other management team kicking my tires.”

Working with Integration Managers

One finding that has clearly emerged from studies of M&A activities is the importance of establishing a dedicated senior integration manager as early as possible. These individuals oversee merger integration teams and task forces, helping to create guidelines, metrics and accountability measures. They attempt to provide sufficient coordination so task forces do not go “off track” and that specific needs and details do not “slip through the cracks.”

In general, integration managers are internal consultants, helping to guide the M&A process on a daily basis, and serving as a conduit between the organization and its upper management.[31] Of course, this same person is usually a member of the acquirer team, and that can result in getting involved in the politics of the organization, which in turn can constrain how they might approach different situations and limit the willingness of organizational members from the acquiree to share their true feelings. Thus, in many instances, I have worked with these individuals as an external consultant, acting as a resource and sounding board for their decisions.

In working with integration managers, there is a distinct difference between the "on-stage" role that consultants often fill – operating in public, in open forums – and the "backstage," confidential roles involved in working intimately with a client.[32] As part of my "on-stage" role, for example, I often facilitate focus groups, conduct merger-syndrome workshops, and work with integration planning teams to discuss and analyze integration-related plans and activities. Working directly with integration managers, however, tends to reflect more of a "backstage" role, involving private conversations and exchanges. In these situations, consultants often engage in attachment-oriented behaviors – communicating empathy, respect, and regard -- the goal being to help the integration manager cope with the surrounding uncertainty by giving encouragement and comfort as well as practical assistance and technical guidance.

Over time, these interactions create the conditions for the consultant to become a "trusted advisor." An underlying dilemma, however, concerns how others perceive this role and relationship in the organization. Since much of the information involved in such "backstage" discussions can be very sensitive, people are often wary about being too open with the consultant, concerned about how far confidentiality might really extend. Thus, merger consultants must walk a fine line when working with integration managers. It is important to develop trust and close ties with them, while also attempting to maintain one's position of objectivity and openness to others in the organization.

Serving as Morale Auditor

Consultants can also serve as a "morale auditor," providing a basis for an organizational "health check" and focusing on helping employees better understand and manage merger-related stress. Of course, the idea that the human side of mergers and acquisitions must be attended to is not a novel idea. Yet, one of the frustrating realities of M&A consulting is that, in far too many instances, such "people issues" continue to be placed relatively low on the list of success measures, despite their eventual importance in driving the new business forward.

Most managers understand these dynamics on a cognitive level. A problem I've often faced, however, is that they are not prepared to deal with the emotional realities of the situation. Moreover, the romance of deal-making, coupled with impatience to get the deal done, often make it difficult for M&A consultants to be fully heard over the recommendations of transaction advisors. Thus, even when pre-combination transition planning teams are created, they continue to be disbanded too early. Merger or acquisition communication plans, which are often well intentioned and thoughtfully planned at first, quickly begin to deteriorate. Many of the insights that are generated through systematic assessments of acquisition targets or merger partners fall into a literal interorganizational void due to time pressures and internal politics. It is far too easy for managers to get overwhelmed by the day-to-day pressures in a merger, with limited ability to step back and carefully think through next steps and action plans. Moreover, since a merger or acquisition is often seen as a one-time event, most managers think about getting them over with rather than attempting to understand how to do them better.[33]

Within this context, I find merger-syndrome workshops and focus groups to be very useful because they: (1) acknowledge the reality of peoples' fears, anxieties and uncertainties, (2) provide them with direction for M&A-related changes, and (3) prepare them for the stresses and tensions that accompany such transitions. It is important to ensure that the voice of the merger partner or acquisition target is clearly heard, allowing people to vent their feelings, concerns and frustrations. It is even more important, however, to use these activities as a bridge for people to move on.

A key dimension of these workshops, which is often overlooked in their planning, is the need for an explicit link to priority "business" initiatives that reflect immediate, short-term results. Organizational members typically become increasingly focused inward, especially on their own concerns – "me issues." As a result, there is less of a focus on business-related activities, meeting the needs of customers, and staying attuned to changes in the marketplace. Thus, as a way of building momentum for the merger or acquisition, it is useful for the participants to identify specific projects that could produce business results in 100 days or less. Focusing on these projects, cultural and psychological impediments can be identified, along with specific strategies for dealing with them. Successfully accomplishing these projects not only enhances operations but also begins to contribute to a new mindset as to how people view the combination.

Dealing with Culture

There is no other area of an M&A that is more frustrating for their consultants than culture change. But not every merger or acquisition necessarily requires the same cultural integration strategy. In some instances, and probably too often, the acquiring company will seek to totally integrate the target into its operations, including an attempt to assimilate the culture into its own. In others, firms may follow a cultural pluralism strategy, attempting to build on cultural differences in the target company. Ed Liddy, Chairman and CEO of Allstate, has noted that although his company has made a number of acquisitions they do not try to "Allstate-ize" all of them.[34] In some instances, Allstate completely integrates the target firm. In others, the strategy is to keep the acquired firm operationally separate, leaving it to rely on the unique characteristics – whether product, channels or key people – that made the company attractive in the first place.

Rather than trying to change an organization's culture – which can take years to accomplish – a key to successful integration focuses on significant behaviors and interactions instead. While organizational cultures often clash during a merger or acquisition, the cultures themselves are not the problem. Rather it is the relatively low level of understanding of how one's culture – and the culture of the merger partner or acquisition target – shapes and influences behavior.

The well-known example of Hewlett-Packard's "Stepford Wives" and Apollo Computer's "Hell's Angels" provides a good illustration.[35] When H-P initially acquired Apollo, its managers experienced difficulties integrating Apollo into its operations. It was easy to point to the distinctly different cultures of the two organizations as an intractable problem. An intergroup mirroring exercise during a consulting engagement, however, drew out the Stepford Wives-Hell's Angels analogy. Discussion centered on how members of the two organizations approached typical business challenges. Instead of attempting to change the cultures, the intervention focused on increasing mutual understanding about how the cultures of each organization had shaped their behavior. Once this became clear and greater mutual respect realized, the focus turned to creating appropriate behaviors for how they could work together in the future, rather than trying to change their underlying values.

Hired by the Acquired Organizations

Despite the growing appreciation for the type of interventions discussed above, there are still numerous instances when consultants are contacted by the *acquired* firm rather than the acquiring company. The acquiree is often in a difficult situation because of how it is being treated by the acquirer. For example, a survey by Pittiglio Rabin Todd & McGrath, a global management-consulting firm to technology-based businesses found a number of common problems among unsuccessful acquirers. They communicated less than one-quarter of their integration activities to target company members and key stakeholders, did not have a dedicated transition team in place, and did not have a clearly understood and supported strategy for the new entity.[36]

In these situations, consultants are faced with several unique challenges. I typically try to initiate an explicit strategy to increase open interaction between the firms (e.g., data-sharing strategies, joint action-planning, and offsite team-building meetings). But I have found that target firm executives are often uneasy about initiating such efforts. Since the acquiring firm did not undertake the initiative in the first place, these individuals are typically apprehensive about either (1) going to the parent company for guidance, or (2) having the acquirer find out that they have brought in a consultant to assist them with the change process.

While the prevailing view among many consultants is that long-lasting change will only occur when intervention begins at the top, there are some things that can be done at lower organizational levels. Of course, given these constraints, interventions focus more fully on facilitating coping strategies and adaptation. Emphasis is placed on providing support for target firm members, enabling them to: (1) conceptualize and understand their sphere of influence; (2) facilitate their assessment of potential opportunities that exist in ambiguous situations; and (3) capitalize on "small wins" that these individuals and their co-workers can initiate and experience.[37]

One of the most effective ways to assist organizational members in this process is by guiding them through a series of questions that help them come to terms with their situation and their spheres of control. The essence of these questions is to prompt employees to identify (1) the exact nature of their situation; (2) what it will take to resolve any problems and/or concerns; and (3) whether they currently have or might be able to generate sufficient resources to deal with these issues. The objective is to enable individuals to distinguish between those aspects of their work environment that they can and cannot control, as well as alerting them to issues that they can manage through direct action, behavioral change or even a change in attitude.[38]

As organizational members concentrate on those areas where they are able to exert some influence, they can be encouraged to work constructively on possible solutions. When one set of issues is resolved, the next solvable problem often becomes more visible, encouraging organizational members to become more proactive in dealing with this issue. It is important to realize that in complex organizations such "small wins" do not necessarily connect in a neat, linear or sequential form, with each step reflecting a demonstrable movement toward a predetermined goal. This approach, however, can begin to develop momentum toward inter-firm cooperation and more positive attitudes.[39]

Clearly, there are limitations to this approach. One decision by the acquiring organization can quickly undermine what the target company and its members have attempted to do. Thus, in these instances, "helping" is limited to enhancing the ability of the client in the target firm to better handle their feelings of frustration and helplessness.

The Future of M&A Consulting

Merger and acquisition integration will remain an ongoing challenge for organizations – with each one having its own unique and idiosyncratic dimensions. Management consultants can play a valuable role in guiding and accelerating the integration process and by creating appropriate structures and processes to facilitate the complex process of successfully combining two previously autonomous organizations.

The overarching reason why firms enter into a merger or decide to acquire another company is the belief, albeit frequently naive, that the combination will allow the new entity to attain its strategic goals more quickly and less expensively than if the firm attempted to do it on its own. Yet, far too many M&A deals are dominated by the content of financial analysis, a focus on historical data rather than future sources of revenues, and power plays that turn strategy into gamesmanship. Many companies still seem to meander through the post-combination integration process, literally paralyzed by the myriad dysfunctions that surround them.

Despite the poor performance and track record associated with merging and acquiring firms, future projections suggest that M&A activity will become more far-reaching and more complex than anything we have experienced thus far.[40] Many will take place across national boundaries and cultures. These deals will continue to be strategically driven, requiring a level of integration that makes key challenges as much cultural and psychological as they are financial and operational. Thus, from a consulting perspective, post-M&A integration will continue to become an increasingly important service.

A likely change is that merger integration consultants will share the table more frequently with transaction advisors, and earlier in the process of due diligence. Consulting engagements will become longer term, going beyond isolated interventions that focus on one particular problem of M&A integration. Management consultants should make it clear that combination integration is an iterative process, not a one-time endeavor or a discrete stage of the deal that begins once the final documents are signed. Effective integration planning and implementation must begin earlier during the pre-combination preliminary planning stage and evolve to permeate the day-to-day realities of organizational life for both parties.

One thing will not change. To achieve success, M&A consulting interventions will need to be guided by flexibility and openness, as consultants work closely with management teams during pre-combination preliminary planning, early integration implementation, and post-combination aftermath stages. These efforts will focus on constantly tracking the combination, recalibrating plans as needed and facilitating the human dynamics associated with the change.

Notes to the Chapter

[1] See, for example, R.W. Coff, "Human capital, shared expertise and the likelihood of impasse in corporate acquisitions," *Journal of Management*, 2002, *28* (1), 115-137; P.M. Elsass and J.F. Veiga, "Acculturation in acquired organizations: A force-field perspective, *Human Relations*, 1994, *47* (4), 431-453; and M. Lubatkin, "Mergers and the performance of the acquiring firm," *Academy of Management Review*, 1983, *8* (2), 218-225.

[2] Compare the two *Business Week* cover stories: "Do Mergers Really Work?" June 3, 1985 and "The Merger Hangover: How Most Big Acquisitions Have Destroyed Shareholder Value," October 14, 2002.

[3] See "Establishing strategic guideposts for corporate buyers in the 21st century," *Mergers and Acquisitions,* 2001, *36* (5): 18-27.

[4] See A. Werr and H. Linnarsson, "Management consulting for client learning?: Clients' perceptions of learning in management consulting," in A.F. Buono (Ed.), *Developing knowledge and value in management consulting*

(Greenwich, CT: Information Age Publishing, 2002), pp. 3 – 32; and L.E. Greiner and R.O. Metzger, *Consulting to management* (Englewood Cliffs Prentice-Hall, 1983).

[5] See, for example, A.R. Lajoux, *The art of M&A integration* (New York: McGraw-Hill, 1998), pp. 49-53.

[6] See, for example, R.G. Eccles, K.L. Lanes and T.C. Wilson, "Are you paying too much for that acquisition?" *Harvard Business Review*, 1999, *77* (4), 136-146; and M.N. Clemente and D.S. Greenspan, *Winning at mergers and acquisitions* (New York: Wiley, 1998).

[7] See D.H. Maister, C.H. Green and R.M. Galford, *The trusted advisor*. New York: Simon & Schuster, 2000).

[8] David Nadler talks about a similar dynamic when consulting with CEOs and Boards of Directors in Chapter 9 in this volume.

[9] A.F. Buono, "Technology transfer through acquisition," *Management Decision*, 1997, *35* (3), 194-204; D. Carey, "Lessons from master acquirers: A CEO roundtable on making mergers succeed," *Harvard Business Review*, 2000, *78* (3), 145-154; and P. Pritchett and R.D. Gilbreath, *Mergers: Growth in the fast lane* (Dallas: Pritchett & Associates, 1996).

[10] A.F. Buono and J.L. Bowditch, *The human side of mergers and acquisitions: Managing collisions between people, cultures, and organizations* (San Francisco: Jossey-Bass, 1989); and D. Kidd, "Who goes, who stays? Many mergers do not create the shareholder value expected of them," *Harvard Business Review*, 2001, *79* (1), 9.

[11] A.F. Buono, J.W. Weiss & J.L. Bowditch, "Paradoxes in acquisition and merger consulting: Thoughts and recommendations," *Consultation: An International Journal*, 1989, *8* (3), 145-159.

[12] See A.L. Velocci, "Merger experiences yield valuable lessons," *Aviation Week & Space Technology*, 2001, *154* (19), 80-81; and P. Haspeslagh & D.B. Jemison, *Managing acquisitions: Creating value through corporate renewal* (New York: Free Press, 1991).

[13] Reported in *Mergers and Acquisitions*, "Establishing strategic guideposts."

[14] M.M. Habeck, F. Kroger & M.R. Tram, *After the merger* (London: Financial Times/Prentice-Hall, 2000), see pp. 3-5.

[15] For a thoughtful discussion of M&A strategies and their ramifications, see J.L. Bower, "Not all M&As are alike – and that matters," *Harvard Business Review*, 2001, *79* (2): 93-101.

[16] Exhibit 13-1 has been influenced by a number of sources, including M.L. Marks, "How to Treat the Merger Syndrome," *Journal of Management Consulting*, 1988, *4* (3), 42-52; M.L. Marks and J. Cutcliffe, "Making mergers work," *Training and Development* Journal, 1988, *42* (4), 30-36; and Buono and Bowditch, *The human side of mergers and acquisitions.*

[17] For a fuller discussion of the shortcomings of traditional due diligence efforts, see Clemente and Greenspan, *Winning at mergers and acquisitions*, Chapter 1.

[18] Reported in *Mergers & Acquisitions*, "Establishing strategic guideposts for corporate buyers."

[19] See J.A. Schmidt, "The correct spelling of M&A begins with HR," *HR Magazine*, 2001(June), 102-108; and M.L. Feldman and M.F. Spratt, *Five frogs on a log: A CEO's field guide to accelerating the transition in mergers, acquisitions, and gut wrenching change* (New York: HarperBusiness, 1999).

[20] Exhibit 13-2 draws from R.G. Eccles, K.L. Lanes and T.C. Wilson, "Are you paying too much for that acquisition?" *Harvard Business Review*, 1999, *77* (4), 136-146; and R. Coff, "Human capital, shared expertise, and the likelihood of Impasse in corporate acquisitions," *Journal of Management*, 2002, *28* (1), 115-137.

[21] A good illustration of this can be found in P.H. Mirvis and M.L. Marks, "The human side of merger planning: Assessing and analyzing fit," *Human Resource Planning*, 1992, *15* (3), 69-92.

[22] Reported in Marks, "Making mergers and acquisitions work."

[23] Reported in M.P. Ennen, "The war for talent: Physicians in management consulting," *Journal of the American Medical Association*, 2001, *285* (17), 2252.

[24] See Coff, "Human capital, shared expertise, and the likelihood of impasse in corporate acquisitions."

[25] This case is drawn from Buono and Bowditch, *The Human Side*, Chapter 8.

[26] E. Schein, "Managerial consulting: Who is our client? Who should be our client?" Distinguished speaker presentation, Management Consulting Division, Academy if Management, Cincinnati, Ohio, August, 1996; see also E. Schein, "The concept of 'client' from a process consultation perspective: A guide for change agents," *Journal of Organizational Change Management*, 1997, *10* (3), 202-216.

[27] See P.H. Mirvis and M.L. Marks, *Managing the merger: Making it work (*Englewood Cliffs, NJ: Prentice-Hall,

1992).

[28] The discussion of listening deeply is based on A.F. Buono and A.J. Nurick, "Intervening in the Middle: Coping Strategies in Mergers and Acquisitions," *Human Resource Planning*, 1992, *15* (2), 19-33; and H.F. Stein, *Listening deeply* (Boulder, CO: Westview Press, 1994).

[29] For an in-depth discussion of these integration challenges see Buono and Bowditch, *The Human Side*; Clemente and Greenspan, *Winning at mergers and acquisitions*; and Haspeslagh and Jemison, *Managing acquisitions*.

[30] See Clemente and Greenspan, *Winning at mergers and acquisitions*; and Habeck, et al, *After the merger* for a fuller discussion of these dynamics.

[31] A good illustration can be found in R.N. Ashkenas and S.C. Francis, "Integration managers: Special leaders for special times," *Harvard Business Review*, 2000, *78* (6), 108- 116.

[32] The distinction between onstage and backstage roles is drawn from P. Mirvis, "Midlife as a consultant," in P.J. Frost and M.S. Taylor (Eds.), *Rhythms of academic life* (Thousand Oaks, CA: Sage), pp. 361-369.

[33] R.N. Ashkenas, L.J. DeMarco and S.C. Francis, "Making the deal real: How GE capital integrates acquisitions," *Harvard Business Review*, 1998, *76* (1), 5-15.

[34] Reported in D. Carey, "Lessons from master acquirers," p. 152.

[35] A fuller discussion of the H-P/Apollo culture clash can be found in A.F. Buono and A.J. Nurick, "Intervening in the middle: Coping strategies in mergers and acquisitions," *Human Resource Planning*, 1992, *15* (2), 19-33; Mirvis and Marks, *Managing the merger*; and T.L. Legare, "The human side of mergers and acquisitions: Understanding and managing human resource integration issues," *Human Resource Planning*, 1998, *21* (1): 32-41.

[36] Reported in Velocci, "Merger experiences yield valuable lessons."

[37] See Buono and Nurick, "Intervening in the middle."

[38] A good illustration of this dynamic can be found in M.L. Marks, *From turmoil to triumph: New life after mergers, acquisitions, and downsizing* (New York: Lexington Books, 1994), pp. 162-165.

[39] This approach is an application of K. Weick, "Small wins: Redefining the scale of social problems," *American Psychologist*, 1984, *39* (1), 40-49.

[40] For an intriguing assessment of the future of M&A activity, see "Merger outlook: You haven't seen anything yet" in Habeck, et al, *After the merger*, pp. 1135-140.

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