

The Thinking Environment and Merger Integration

by

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The essence of successful integration of acquisitions is reaching an understanding of the cultures of the organisations, developing action plans (change programmes and transition management plans), being aware of the potential areas of conflict and the areas of mutual benefit, dealing with the expected issues (good and bad) and being flexible to deal with the unexpected (again good or bad). It is about understanding what other people are thinking and assuming about what's going on and what the future holds for them and for the people and company they have worked with, perhaps for many years.

Assumptions, especially incorrect assumptions can and will destroy any goodwill, and eat into the heart of the relationship between the two sets of people. This will disrupt the transition plans and the integration process.

All of the integration tools (eg MBTI, integration plans, change programmes, transition strategies etc) rely on high quality thinking and people's perception of what is real.

In many mergers, particularly hostile takeovers, the circumstances are far from those which promote good thinking. In fact, almost always the environment is such that people are building their defences, protecting their own interests, and generating hostility and resentment. This destructive formula, built on incorrect assumptions, has hampered and will continue to hamper and even destroy the successful integration on which the merger benefits are based.

The circumstances of a merger often mean that the situation is not conducive to the high quality thinking and listening essential for the successful integration of the organisations. Factors such as

- emotions running high,
- conflicts of interests,
- the feelings of victor and vanquished,
- no time to give attention,
- tension at all levels of the organisation,
- poorly presented or disseminated information,
- lack of toleration of, indeed outright hostility to, the other organisation's way of doing things,
- and lack of acknowledgement of the value of people

all close down thinking and breed untrue assumptions about the circumstances. These untrue assumptions build suspicion and lack of trust which in turn hinder the ability of people to work together.

All this unhinges the integration process and makes thinking out solutions to the integration issues difficult if not impossible, (especially the unexpected issues that due diligence did not show up - and there will be many of these).

Successful integration requires a willingness and ability of individuals and groups to think clearly and for themselves. No matter who is involved - the Boards and CEO's of the merging companies, the A Team, the B Team, the Integrating Team or the employees (to name but a few) - a prime skill and essential requirement for the successful integration of a merger is that all involved are in a position and frame of mind to think with quality and for themselves.

Nancy Kline's book "*Time To Think*" postulates the ideal conditions that promote quality thinking. Kline calls this thinking model "The Thinking Environment". Her "10 Components", "Thinking Partnerships", "removal of limiting assumptions", and "meetings in a Thinking Environment" are all highly relevant to the integration process. The application of this practical framework will ensure that merger integrations are successful.

I have successfully used the Thinking Environment, or got other people to use the elements of the model in most M&A transactions I have managed.

An example was in the acquisition of a video duplication company the acquiring team discovered that a whole section of the due diligence was found to be adversely inaccurate due to information supplied by the target. Emotions were running very high (not conducive to sorting out the situation). I got everyone in the team to say what they felt, and this moved them through their emotions to get everyone thinking with quality again. The issues were resolved and the people on both sides were able to work TOGETHER to move forward.

Another example occurred in the acquisition of a competitor. All of the roles were duplicated in the organisations, and the acquired employees assumed that they would all be made redundant. In fact one of the reasons for the acquisition was that the quality and experience of some of the acquired employees was far superior to those in the acquirer. Using Thinking Partnerships, acknowledgement of the skills of the people and carefully planned distribution of information, a mass exodus of employees was avoided and the benefits of the acquisition were realised.

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