

People-related “must do’s” for the first 100 days

The Watercooler Conversation

“Did you hear the news? We’ve been acquired.”

“I just heard, and I’m not surprised. We were all expecting it, I just didn’t know it would happen so soon.”

“So what happens next? Do we all still have a job and do we still report to Bob? He’s been a great mentor for me and I know how close you both are even outside of work. Do you think we’ll be able to sell the acquirer’s products along with our own? That would be a plus for my career aspirations.”

“Just be happy you have a job for now—if I guessed we will probably have less than more as a result of this integration, and let’s be clear, it’s an acquisition—not a merger.”

“True. I hope that I maintain my job, title, pay, continue reporting to Bob, and keep all my benefits. I also can’t afford to move locations and I hope I can keep using my Mac laptop.”

The deal has closed and you are welcoming the target company employees into your organization. What happens after “Day 1”? How do you engage with this group of employees and help them integrate into their new organization without disrupting the business? How do you deal with the watercooler chatter?

In the Deloitte 2015 Integration Report,¹ almost 30 percent of respondents said that their integration fell short of success, with the top reasons being the inability to deal with unexpected challenges and lack of preparedness. In this same survey, respondents also concurred on the key drivers for successful integration: executive leadership support, involvement of management from both sides and a robust communications program.

Regardless of which approach a company selects, ensuring a smooth transition from the beginning of the integration has a high correlation with overall success of an integration.¹ Below are some critical people-related should-haves in the first 100 days of an integration to support success:

1. Provide a positive and seamless employee onboarding experience—address the “what’s in it for me” factor
2. Be visible, accessible and aligned—the combined leadership team must share the same vision, strategic objectives and values
3. Actively engage with employees—get them excited about the future of the combined organization
4. Be mindful of the longer-term future—deal with the present while moving toward the future state

In this article, we will examine key drivers for successful integration and offer lessons from client experiences about how they addressed people-related challenges in the first 100 days of integration.



Provide a positive and seamless employee onboarding experience- address the “what’s in it for me” factor

One reason that M&A transactions may fail is poor preparation for the critical post-merger period¹. Issues often overlooked in the planning phase of an integration include not only onboarding acquired employees so they can be successful in their new day-to-day roles, but also preparing for difficult conversations with employees by being as transparent as possible.

A successful onboarding program can make a complicated process feel simple and effortless. It starts with acknowledging that there is no such thing as “business as usual,” and it’s not necessary to pretend otherwise. Start by addressing the elephant in the room: What’s happening to people’s jobs, roles, titles and reporting structures? To the extent possible, address these questions before Day 1 and reinforce the message during the first 100 days. Also, create a positive—and seemingly effortless—employee onboarding experience coordinating across the organization with a dedicated team focused on onboarding. This team will play an integral role in supporting employees by providing the tools and resources they need to perform their jobs in the new company and environment.

Employees will need to know basic information, such as where to go, how to access the building, where to sit, and how they will be paid. Simple enough, but beyond this there’s a collection of additional transitions that employees will need to make. These include: transitioning to a new benefits plan, being trained on corporate policies, using new IT systems, aligning to changes in performance expectations and management processes, and systems. These transitions may require a change in behavior as well. For example, the way employees will be evaluated may change and it’s critical for an employee to understand performance expectations to eliminate surprises at year-end. A successful onboarding program will account for these changes and proactively address them.

Day 1 is your biggest recruiting day. This is when you recruit and re-recruit your people. Set the tone effectively by considering the following:

- Deliver inspiring messages about the future company vision, talent, and benefits to employees for both the acquirer and target
- Utilize multiple communications vehicles to reinforce excitement
- Conduct celebration-related events to highlight Day 1 as a significant milestone
- Provide people leaders and managers with expectations, tools, and resources to share information and feedback

The following checklist can help the onboarding team to onboard employees during the first 100 days.

- **Policies**—Provide sufficient communications, documentation and training, as appropriate. For example, policy changes in the first 100 days could include information about insider trading, code of conduct, gifts & entertainment, travel, etc.
- **Offer letters**—Provide reminders for employees to review and acknowledge receipt of their offer letters
- **Payroll**—This must work flawlessly so employees are paid on time
- **Benefits**—Assist employees to understand new benefit options so they enroll by the deadline. Successful organizations have hosted a series of benefit information sessions with employees who will be required to enroll in new benefit plans. Give enough lead time to process benefit enrollments to begin coverage on time; keeping in mind the nuances between regions for organizations that have a global presence

- **Day-to-day job functions**—Provide information required for employees to continue operating effectively in their roles

- How to use newly required systems
- How to collaborate with employees throughout the organization using technology
- How to access new facilities
- How to locate information about cross-company product lines for the salesforce if cross-selling is applicable

While these tactical steps seem easy enough to complete, they also have potential to go wrong. A coordinated, well-planned and well-executed integration is critical for success.

Be visible, accessible and aligned - the combined leadership team should share the same vision, strategic objectives and values

Leaders can influence and manage how organizations are integrated. Successful integration may require leadership to accept and commit to the new organization before the employees – then set an example and expectations for the employees to follow their lead.

To ensure leaders are prepared to achieve integration priorities, the combined leadership team should be aligned on the strategic vision and path forward for the new organization early in the process. Organizations often host leadership summits bringing their combined leadership teams together to align on the combined company vision, strategic objectives, and values as well as other important business topics. These are then cascaded throughout the organization. In addition to a leadership summit, business leaders should engage in tactical execution planning that focuses on how to influence and support the first 100 days as individual leaders and collectively as a leadership team.

Employees want to hear from their leaders just like the media wants to hear from athletes following a win at a sporting event. Sharing specific information and being as transparent as possible, will go a long way to inspire and motivate employees who are wondering about their opportunities in the new organization. Employees want to understand the combined company vision, stay informed through regular updates about the integration progress, and receive direct, tactical communications from their functional leaders regarding actions that directly impact employees. While it is important to have leaders champion the change, mid-levels managers are important influencers as they can hold the key to whether employees will stay or go. Mid-level

managers have more information than their employees about what the road looks like ahead, and are often more approachable for employees than senior leaders (it's not often that employees will ask senior leaders about job security or how to access new IT systems). Not all leaders and managers know how to lead well so be prescriptive about how they should act and what they should say. It's important to provide enough resources, tools and support to drive the integration and make it stick with employees.

The Watercooler

"Who is going to lead our function? Will we still have enough influence and authority over our products and sales approach? And what do you think of our new CEO? Does he/she 'get us' and how we operate?"

"I guess we'll have to wait and see. I just hope our leaders have enough courage to stand up and help preserve our values and pride and ownership over our products. I hope the acquiring leadership team understands what matters to us most."

Actively engage with employees - get them excited about the future of the combined organization

More and more, it is critical to pay attention to the employee experience, and even more so during times of change, such as an integration. The Human Capital Trends 2016 report² found that employee engagement is a business imperative for leaders at all levels – above all, the CEO – and no longer something to be measured just once a year by taking a look in the rear-view mirror. Engagement is an aspect of workplace life that should be continuously monitored in a proactive way. It is about the future of an organization; a measure of corporate health and a key window into the potential for future issues and workers' support for change.

Continuously monitoring employee engagement through mechanisms such as pulse surveys and focus groups will give companies insight into trending issues and employee concerns. Successful companies may implement a two-way feedback mechanism and a demonstration that leadership is willing to listen to concerns and engage in a dialog with employees. According to the Human Capital Trends report², there is a new generation of "pulse" survey tools and open anonymous feedback systems that can allow employees to share their experience on a near-real-time basis. The thoughtful use of such tools can create a true "listening environment" for employees while giving leaders critical insight into what's working and what's not working throughout the integration. This helps leaders to adjust their communications approach accordingly.

The Watercooler

"I can't decide if being acquired is a good or bad thing."

"It's usually a bad thing, but let's give it a chance and see what leadership says and more importantly does. Let's see what type of tone they set."

Be mindful of the longer-term future - deal with the present while moving toward the future state

Once you reach Day 100, you are just getting started. It's important to take the momentum that you have built with an eye toward the longer-term future. A great deal of focus is put on Day 1 and the first 100 days, as it should be. However, employees will decide if they want to stay or go. Those who stay will likely expect to see how the vision and goals set in the first 100 days actually come to life. Completing the entire integration often takes months beyond the First 100 Days. A longer term transition plan, "Day 2" is essential for moving toward the end state. Identifying owners and timelines for future efforts, such as fully integrated HR services, will continue the integration process over the longer-term and create a new, combined organization that realizes the vision and goals announced on Day 1.

The Watercooler

"We heard a lot on Day 1 from the CEO and leadership team, but where have they been?" Is everything that they said on Day 1 still going to happen?

"I haven't seen much change since Day 1. It was probably just a "feel good" speech to create excitement. Who knows what might happen next."



End Notes

1. The Integration Report, "Putting the Pieces Together", Deloitte LLP, March 2015, www2.deloitte.com/content/dam/Deloitte/us/Documents/mergers-integrations/us-ma-integration-report-030415.PDF
2. Global Human Capital Trends, "The New Organization: Different by Design", Deloitte LLP, March 2016, www2.deloitte.com/content/dam/Deloitte/global/Documents/HumanCapital/gx-dup-global-human-capital-trends-2016.pdf

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