

## REFERENCES AND RESOURCES

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### **Final Note:**

The Boston College Center for Work & Family extends its thanks to Denise Montana, Former Director of Global Work Life Effectiveness of Citigroup for sharing her thoughts and expertise and helping to shape this issue of the BalanceSheets.

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### General Information

*This series is a joint project of the Boston College Center for Work & Family, in Boston, MA, One Small Step, in San Francisco, CA, and the Midwestern Work-Family Association, in West Lafayette, IN, with participation by Work/Life Balance of Philadelphia, PA.*

**The Boston College Center for Work & Family (Center)** is home to the national Work & Family Roundtable and the regional New England Work & Family Association, which together represent over 165 employers. These corporate partnerships provide a sounding board to ensure the Center's research responds to the needs of the workplace, and create a valuable opportunity for corporate leaders to convene to shape corporate and public responses to the demands of the workplace, family, and community in order to enhance employee effectiveness.

**One Small Step (OSS)** The Bay Area Employer Work & Family Association promotes the development of employee and family supportive initiatives in San Francisco Bay Area workplaces. Through conferences, publications and other services, OSS assists its nearly 100 members and other employers in taking at least "one small step" to respond to employee, family and business needs. OSS was founded by The United Way of the Bay Area in 1986 and currently operates under the auspices of the Northern California Council for the Community.

**The Midwestern Work-Family Association (MWFA)** advocates for quality work environments that are consistent with business objectives. MWFA was created through a partnership of The Center for Families at Purdue University and leading midwestern employers. With research, education, and outreach, the Center for Families at Purdue University strengthens services to families provided by employers, legislators, and others.



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# balance

# Xsheets

A series of information sheets for employers interested in helping employees balance their work, family, and personal responsibilities

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***“At Golin/Harris International, we continually look for ways to learn from, build on and enhance the acquired company’s existing people practices and culture consistent with our existing corporate culture. We take specific measures to preserve the human capital within the acquired organization; it’s this talent and experience that led us to the acquisition in the first place.”***

*John Robak, Senior Vice-President,  
Corporate Human Resources,  
Golin/Harris International*

***“While the accountants and auditors are reviewing the books of the company, it is important to look at the practices, beliefs, and values of the two companies to decide whether they are indeed compatible. It’s here that human resources professionals can make a crucial contribution.”***

*Stephen Wall, Managing Principal,  
Right Manus Consultants*

This series produced with the support of:



## The Role of Work/Life During Mergers and Acquisitions

Immediately after a merger or acquisition, all eyes are on the bottom line. Top executives will be focused on combining financial systems to communicating with shareholders, analysts, and the Board of Directors. Meanwhile, business is expected to go on as usual. Employees are expected to show up every day and get to work. Often no one is communicating with them, they are probably feeling confused about what their job is, and anxious to know whether or not their job will last. It is during the critical months before and after a merger or acquisition that the work/life department can step in and provide assistance while setting a model for integration. Work/life as the virtual conscience of the new organization can work to make sure that all the good parts of the cultures and workforce strategies of both entities are retained and enhanced.

### An Untapped Resource

The United States is caught up in the fifth major takeover wave in its history. Over the past decade, merger and acquisition activity in the U.S. totaled some \$6.5 trillion. (BusinessWeek Online, January 2000). Leading experts point to the intangibles such as human capital and cultural compatibility as leading determinants of a successful merger/acquisition.

However, organizations have done little to address the culture and people issues that actually improve the odds for a successful merger. (High Technology Mergers and Acquisitions: Managing the People Side to Accelerate Growth, 1999, The Hay Group)

- Only 28% of key executives in the high-tech industry say that they have done a good job of assessing the culture of the merging organizations before the deal
- Just 26% of key executives say that they had effectively put the right people in the right roles after the merger
- And even fewer, 15%, said that they had successfully communicated the vision and goals after the union.

## **THE PSYCHOLOGICAL RIPPLE EFFECT**

Ultimately, mergers and acquisitions are about power and growth. Integration of assets, systems, and technology will become the primary agenda. However, at their essence successful mergers and acquisitions are determined by their ability to combine cultures and integrate human assets. Although employees are not involved in the negotiation or execution of a merger or acquisition, they will feel its impact. There is a psychological ripple that permeates the entire organization. (Cartwright & Cooper, 1996)

Dr. Phil Mirvis has looked at the psychological effect of a merger on employees using the Kubler-Ross model of personal bereavement. (Negotiations after the sale: The roots and ramifications of conflict in an acquisition. 1985)

### **Stage One: Disbelief and denial**

An employee's first response may be shock. 'This will never happen.' Even after the deal is done, the employee may refuse to believe that their work will change.

### **Stage Two: Anger through resentment and rage**

As reality sets in and change becomes inevitable, employees may get angry or frustrated. 'Why do we have to do that – our way always worked – they can't make me do it!'

### **Stage Three: Emotional bargaining beginning in anger and ending in depression**

As anger turns to fear and frustration turns to uncertainty, employees may begin to blame or doubt themselves. 'What if they don't need me – what if my skills aren't up to par?' Additionally, some employees may become nostalgic for the past. It is important to note, that many employees get stuck at this stage, and may become depressed and unproductive or simply choose to leave the organization.

### **Stage Four: Acceptance**

In this final stage, the employee will begin to recognize that change is inevitable. After time, they may see the benefits of change. At this point, the employee begins to reengage in their work, and in the new organization.

Different employees progress through these stages at different rates. Some seem to jump seamlessly to acceptance. These "easy adapters" as they may be called can be of help to you; they can become change agents. Those employees who may become fixated in anger or depression need to be reached out to; without contact and support it is likely that they will become disengaged from the workplace. You stand to lose good talent.

## **WHAT STEPS CAN THE WORK/LIFE PROFESSIONAL TAKE?**

### **Step 1 Share Information**

There are tremendous opportunities for learning in a merger or acquisition. The work/life field has been built on the values of collaboration and sharing of information. It is highly likely that your work/life (or HR) colleagues in the parent or acquired organization have struggled through many of the same workforce issues as you have. By working together to combine the best of what you both have, you demonstrate the power of collaboration to the new organization.

### **Step 2 Consult**

Often the Human Resources or Work/Life Department has the closest relationship with the employees. You and your staff know the demographics, work/life struggles, and concerns of your workforce. Connect with the HR professionals in the parent or acquired company and ask them about their culture. Learn

about the needs of their workforce. Together you are well positioned to develop a strategy for integrating these two cultures.

### **Step 3 Review and Re-evaluate**

Take this opportunity to step back and identify existing programs or policies that may be useful for improving productivity and morale immediately. Many work/life programs such as back-up child care, resource and referral, and others are quick to implement and send a good message.

### **Step 4 Influence**

During a merger or acquisition, there will be many changes. Programs and positions will be eliminated due to budget cuts or restructuring. Decisions will have to be made to maintain the status quo of the parent company or to adopt systems and initiatives from the acquired organization. Use your knowledge of demographics and social trends to influence this decision making. Benchmarking data of your competitors can also be a powerful tool.

### **Step 5 Provide Data**

The period immediately following a merger or acquisition is full of uncertainty. Use this opportunity to support key decision-makers with data about their "new" workforce. Be prepared to make the business case for your work/life programs and support your observations with fact.

### **Step 5 Communicate**

For many employees, the scariest part of a merger or acquisition is the unknown. Employees may feel out of the loop and very vulnerable. Honest and on-going communication can alleviate this feeling of being in the dark. Balance your communications with frankness about potential negatives, but also take the time to focus on the positives.

## **CONSIDERING THE HUMAN SIDE**

At Arbella Insurance Group, headquartered in Quincy, MA, open communication is a strategic part of the acquisition process. "We carefully compare our benefits, policies, and procedures to that of the new organization," reports Lisa Jessick, Team Manager, Human Resources. "We are as honest as possible with our communication and work to explain the advantages and disadvantages of the change."

When The Benjamin Group, a technology-focused public relations firm headquartered in Campbell, CA, was acquired by BSMG Worldwide in 1999, "our strong work/life culture was an important component in the acquirer's decision," reports Sheri Benjamin, Founder and CEO. At the root of this small company's culture is "The Code" - a set of 5 tenets explaining the company's culture and commitment to employees. Since the acquisition, Benjamin's parent company, now renamed Weber Shandwick Worldwide, has heavily involved Sheri and her culture team in worldwide company culture and development initiatives, and has adopted some of Benjamin Group's practices as well. For example, many components of Benjamin Group's reward and recognition programs are being used throughout the parent company. In addition, Sheri regularly teaches a Work/Life Success class in other Weber Shandwick offices throughout the U.S.

When Dow Chemical Company and Union Carbide Company (UCC) merged, it was clear that both work/life strategies could benefit from combining their strengths. UCC had a solid R&R program and DOW had good guiding principles on flexibility. Ginnie Hough, Global Work/Life Specialist, reports that while heritage work/life staff from both organizations have made strides

to bring the two cultures together, Dow's global approach and UCC's US approach have left them with many points to reconcile.

At Golin/Harris International, headquartered in Chicago, IL, acquisitions have been a major part of their growth strategy, and they work to develop a sense of shared unity and commitment to Golin/Harris. A customized employee integration survey was developed to capture employee opinions during the first crucial few weeks. Immediate extension and participation in select work/life programs is offered. For example, Golin/Harris extends its sabbatical program to the newly acquired employees and grandfathers them to their original start date.

When International Paper, headquartered in Stamford, CT, acquired Champion International, management was very vocal that Champion had been acquired for more than its physical assets. "We chose them for their human assets as well," says Cissy Clark, a Strategic Project Specialist at International Paper. "During the months immediately following the acquisition we sent special teams into Champion to learn more about their culture and what they were doing well. Communications were key to the integration. A part of those communications was to survey those employees on how successful they thought the integration had been, as well as to include them in our Global Employee Survey which measures employee engagement."

When Kraft Foods Inc., headquartered in Northfield, IL, acquired Nabisco, communications was essential. Michelle Kozloski, Director Work Life at Kraft Foods North America says, "when you merge two organizations, it's important to quickly begin the communication process to ease the minds of employees who are joining the new structure. We were able

to provide our new employees with information about Kraft's commitment to Work Life and assure them of our support and flexibility. Communication is essential in order to build trust during a time when employees are experiencing the transition of an acquisition."

When WearGuard and Crest Uniform prepared to merge and become WearGuard-Crest, we had one company with a significant commitment to work/life and another company who had not addressed work/life in any formal way. A cookie cutter approach to work/life wasn't going to work. We could not assume that the existing programs of one organization would readily meet the needs of employees in both companies. The key to our success in addressing work/life issues was taking the time to recognize and respond to differences in culture, resources and employee needs. We're working together to develop a work/life strategy that meets the needs of our new organization. (Note: prior to the merger both were independent divisions of their parent company, ARAMARK)