The Post-Merger “Golden Hour”

The first couple of months after a merger are critical to its success. Getting it right requires careful pre-planning.

By Sean Larkan

Within the health industry trauma and emergency clinicians will tell you that the critical period for a patient following a serious injury is the first hour, the so-called "golden hour."This is when decisions must be taken as to the type and seriousness of the injury, the nature and urgency of the care they may need and also about triage issues - getting the patient to the right facility on time.

The same can be said of mergers. The first three or four months, the merger "golden hour," is equally important. The important thing about this period in relation to mergers is that a lot of planning and thinking needs to take place pre-merger, but in relation to what happens immediately post-merger. It is too late if this happens once the merger has taken place, unfortunately a not uncommon scenario.

In the excitement of searching out merger partners, evaluating them and eventually consummating a deal, often not enough attention is given to pre-merger planning for the important things that need to be done in this critical period. It can make or break a merger and directly impact merger morale.

Here are some things to bear in mind:

• undertake a pre-merger cultural audit of the two parties. While it is true that respective leadership teams often do not have the stomach for this exercise it can be critical in determining possible issues down the line. Most of these do tend to be cultural in nature and it is important that these are identified upfront to ensure they are properly managed and ideally eradicated. At Edge we have developed a simple, effective cultural diagnostic for this purpose.

• in part flowing from such a cultural audit, develop, agree and communicate to all key parties (usually partners and senior support staff) post-merger guiding principles which should address items such as:

• warning everyone that there are going to be differences; these should be discussed frankly but positively and ideally embraced. In many cases they can even be leveraged.

• reminding everyone about the importance of collaborative behavior and the need to build constructive relationships. At the heart of this is to encourage straight talking and avoiding assigning blame or finger-pointing when issues invariably arise.

• the need to manage one's own internal stakeholders within one's organization or operational area. This is particularly important amongst operational units and support services. The key managers in these areas need to be reminded of the importance of building trust, which can be broken down by mixed messages, broken commitments and unpredictable, inconsistent behavior.

• the key role of leaders and senior managers and a reminder that it is what they do not what they say which matters. They should set the example of working to achieve success for their counterparts in the other firm and to build the self-esteem of others. When issues arise there should be a focus on the issue and not on the individuals concerned.

• the need to get to know how the other party works and makes decisions, how they allocate resources and share information and to openly explore any challenges and differences which may be evident.

While some of these principles are more easily said than implemented, it is important they are discussed and explored pre-merger, to ensure that at the very least they are at the forefront of everyone's thinking. A simple, clear 'one-pager' covering these guiding principles can go a long way to pre-empting a lot of unnecessary issues.

• carry out a risk review in relation to the merger. In the euphoria following merger decisions the parties often overlook this important step. It is not a difficult one and will ensure you have pre-warning of key issues, their potential impact and the level of risk or likelihood of them eventuating. Some consideration can also be given to possible mitigation steps. This often results in necessary steps (frequently in relation to clients or critical people issues) being undertaken at a very early stage.

• appoint the right leadership and management to key post-merger roles and ensure that energy and most importantly, communication, is maintained in this critical first three or four months, post-merger. Invariably they will not have been involved in the hurly burly and excitement of pre-merger talks and in consummating the deal - they need to be brought fully on board and their responsibilities and accountabilities clearly outlined.

• typically, systems integration is given attention pre-merger. However, it is vital that financial integration and all related activities be given particular focus. How smooth these systems operate post-merger, even in the early months, has a direct impact on partner and firm perceptions and morale around any merger.

These may seem like obvious steps, and some of them are. However, too often they are not given enough attention, pre-merger. Some active planning and decision-making during this period can ensure the merger 'golden hour' sets the scene for a successful fusion.

Contact the author, Sean Larkan