

ture and the managers who will actually execute the integration. To achieve strategic clarity, *acquired* companies need to address a number of important questions including:

- Are customer expectations for reliability, quality, and service going to change because of this acquisition?
- Are you prepared to ramp up volume, if necessary?
- Do you need to transfer knowledge of your products to the acquiring company's sales force, technical support and channel partners?
- What changes need to be made in your existing products?

*Acquiring* companies have important questions to address as well:

- Does this acquisition represent a new product extension, a new capability to be incorporated within a product, or an entirely new product direction?
- Will you continue to sell the acquired company's products to competitors if that was the case at the time of acquisition?
- Do you have any internal efforts under way that compete with the acquired company, and if so, how do these organizations now change?
- Are your sales personnel trained to answer questions about the acquired company and their products?

The answers to these questions are not obvious and sometimes not even known by the most senior management. Yet, the clearer that managers on both sides of an acquisition are about the strategic implication of the acquisition, the more likely they are to achieve their strategic objectives.

During the initial phases of the acquisition, virtually all of the communications that relate to the deal will discuss in some detail why this deal makes sense for both companies, and what its underlying strategic objectives are. These are written at the 30,000-foot level, however, and often provide little specific direction to individual managers or departments. Further, throughout the initial Shock Wave period, acquired employees are primarily focused on their own personal situation. Just as people who are in shock after an

accident remember little about what happened during the accident, people in an acquired company will remember little about the broad strategic statements made during the acquisition process.

Finally, if you want acquired employees to develop commitment to a new set of goals, get them involved in clarifying those goals. If behavioral science has taught us anything, it is that to build a sense of ownership and accountability in today's professional environment, you need to involve people in decisions and actions that directly affect them. Too often, in a misguided attempt to appear to be in control, the acquiring company pontificates from on high to the acquired company about its plans and strategies. Rarely, in that case, do people in the acquired company embrace those objectives.

### Re-engaging the Acquired Workforce

Acquired workforces often lose energy, motivation, and productivity. A number of factors contribute to this dynamic. The Conquering Syndrome, for example (which we discussed earlier), can be very demoralizing. Another factor is the sense of uncertainty that exists up and down the management chain of the acquired company. In the early stages of an acquisition, employees know that their boss is not fully committed to the new organization, and neither is their boss's boss, and so on up the chain. As an acquiring executive, you should be sensitive to this attitude. But you also must make it clear that, after a suitable transition period, you expect people to make up their minds about their new employer. You want their complete commitment and, more than that, you want their complete *enthusiasm*.

Factors that contribute to poor morale and low commitment include the following:

- *Loss of Identity*. This inevitably comes with one company's integration into another. When news of an acquisition arrives, the virtues and actions of the acquiring company are irrelevant. What matters is that employees liked working for a company that had a certain *esprit de corps*, and that company is gone. As awareness of this reality sets in, employees experience the range of emotions associated with any loss, including loss of a loved one: denial, anger, bargaining, depression, and eventual acceptance.<sup>2</sup>