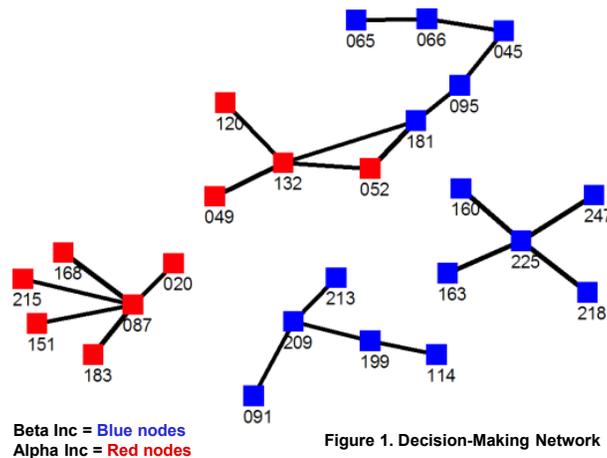


MERGER AND ACQUISITION SUCCEEDS BY IDENTIFYING SABOTEURS AND EXPEDITERS

**A case study by Seity Insight*

Why

When "Global ABC" acquired "Alpha Inc." in 2008 and "Beta Inc." in 2009, each business initially operated independently (see Figure 1). But, senior executives from Global tasked the two acquired companies' management teams with developing an integrated product-strategy plan to combine the organizations by mid 2011. Their process involved collaboration across business units to establish inter-organizational collaboration, and to create solutions to integration-related problems.

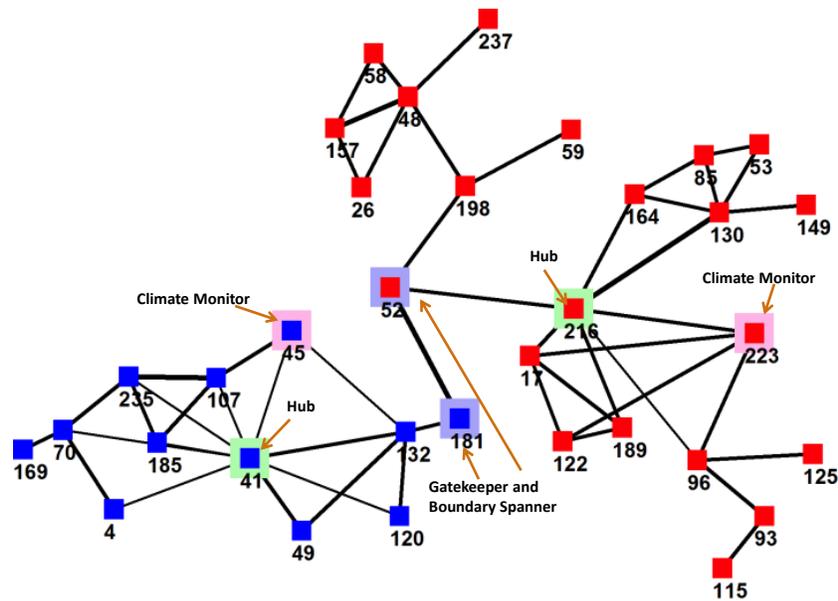


** Disclaimer: Names, company type, and situation are representative only.*

Alpha and Beta held a joint-strategy planning session, resulting in a few ideas for new products, but they could not form a consensus on how to move forward with them.

In response, Global's leadership conducted an Organization Network Analysis (ONA) to identify integration obstacles, and recommend specific proactive activities. This involved a meeting with Global executives to define questions, and employee time averaging 15 minutes answering online questions.

You can see in Figure 2, mapped from the ONA findings, that both Alpha and Beta were discussing strategy actively, but working unilaterally on tasks within silos. Only two individuals linked the organizations: employee 181 at Beta and employee 52 at Alpha. These two executives spoke infrequently with one another about strategy, and only because Global management required them to do so.



Alpha Inc = Red Nodes
Beta Inc = Blue Nodes

Figure 2. Strategy Network – Before

Neither input from Alpha nor Beta was reaching Global management, nor did the silos receive guidance. As a result, managers were making major decisions affecting the integration out of context, their activities were often redundant, or they took no action.

The maps clearly showed Global they could implement plans for the two companies to collaborate on innovation, and drive new products, only once they resolved these critical cultural communication issues.

How

The ONA map shown in Figure 2 identified employee 041 at Beta and 216 at Alpha acting as Hubs, and employee 045 for Beta and 223 for Alpha serving as Climate Monitors. These network positions are two of the most influential cultural roles.

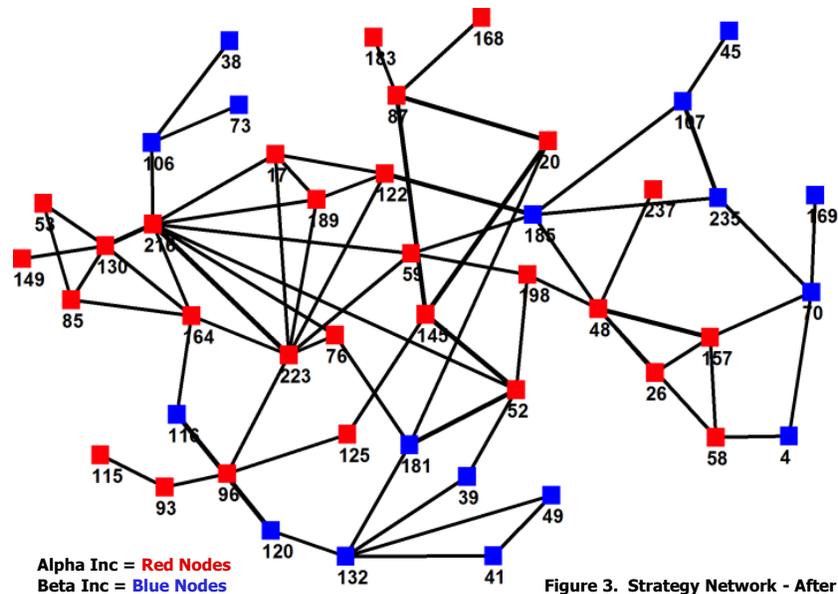
This information showed who could best lead the integrated organization and influential employees could support changes to make them stick. These key connectors in both organizations encouraged open lines of communication while combining the organization, and developed more collaboration, strategy, innovation and problem-solving.

The company used additional information about key connectors from the assessment, combined with human-capital information about high potentials, before making decisions on succession planning or leadership development. This resulted in significant company savings.

What

Implementing the recommendations from the Organization Network Analysis results removed roadblocks, and allowed Global to complete its integration well within its planned mid-2011 timeframe.

The organization conducted a second Organization Network Analysis to demonstrate progress over time. Comparing the Strategy Network, before and after implementing the ONA recommendations, illustrates the dramatic improvement in collaboration. Figure 3 shows the integration occurring, with people in both organizations communicating and developing strategy together.



Additional business outcomes included increased revenue from existing products, plus major earning contributions from newly developed products. The company also reduced operating expenses, and appreciably increased employee engagement.

The Organization Network Analysis assessment helped Global unlock the secrets, the keys to success for its merger/acquisition. It helped management to see its culture come to life, to identify key players who could either sabotage or expedite efforts, and to understand what actions to take.

Most companies using network analysis in an acquisition or merger, and properly implementing actions based on the results, can shorten integration time by up to 50%. This, in turn, increases profitability and cultural success.

Are you considering, or working through, a merger or acquisition? Are you confident it will be successful?

Contact Seity Insight at info@seity.com for a free consultation to help you find out.