

GLOBAL SKILLS UPDATE

Issue 034



Mergers & Acquisitions: Building a Global Firm

Consulting firms at times confront the challenge of practicing what they preach. Some have more success in this area than others. Since the merger of Meridian Resources and Eaton Consulting Group a few months ago, we have been working hard to integrate our operations across several continents and numerous time zones. Based on our own recent first-hand experience, this newsletter describes things that have gone well in the post-merger integration process along with areas that represent ongoing challenges. We hope that this summary of our experience to date may contain useful tips for others who are going through a change management or M&A process that reaches across national boundaries.

INTEGRATION SUCCESSES

We have been fortunate that this was a friendly merger carried out between industry peers who have long admired each other's work, and agreed that there were many complementary aspects to the two firms. We worked together in the weeks before to craft a plan for implementation on day one that contained:

1. Unified Messaging

After considerable pre-merger planning, on the morning the merger was announced a similar set of messages was sent from the management of each organization to employees, customers, and part-time associates. All of these messages — well over 10,000 in total — were sent out within a few hours of each other, with many followed by personal contacts. Responses from the various parties who received the messages were quick and positive, and there were only a very few cases where people heard the message without getting the news directly from us.

2. A Buddy System

Each employee was assigned a "buddy" in the other company. They were asked to contact their counterparts, who were matched as closely as possible according to function and interests, and to share information, ideas, and insights about each other's organization. Employees have responded well to this assignment. During the first couple of weeks the buddy system turned out to be particularly important for initiating links between employees broadly dispersed across Europe, Asia, and North America, and helping people who are located remotely to feel included in the integration process. We were impressed by the proactivity of employees reaching out across continents to connect with their assigned buddies, and it appears that some strong relationships have been forged cross-organizationally as a result of this informal system.

3. A Core Integration Team

Starting well before the merger announcement, we appointed a core integration team consisting of two high-level managers from each organization. This team has tackled the detailed but essential issues of a combined organization chart, client assignments, reporting relationships, individual roles and responsibilities, and integration of products and services. In the process they have forged a great deal of mutual respect for each other, and have discovered inventive solutions to potentially contentious issues. The integration team has become the management team, and the work that they are doing together now is a natural extension of the initial integration

NEW ADDITIONS TO OUR TEAM

MeridianEaton Global is pleased to announce the addition of two members to our team: *Greg Stewart* has joined us as CEO effective August 8. And *Rita Bennett* joined us September 1 as Senior Vice President, Global Market Development. [More info](#)

TAPPING THE *POWER* OF THE *BLEND* THROUGH MERIDIANEATON'S PRACTICE GROUPS

As companies recognize that a truly global mindset will increase performance across their global operations, MeridianEaton has responded by forming five Practice Groups that provide customized solutions in the areas of Global Leadership, Global Teams, Global Functions, Global Partnerships and Global Diversity. [View details](#)

MERIDIANEATON EMEA UPDATE

In the months since our merger, our EMEA team has experienced great interest from our clients in this region in the new tools and services we have to offer as an expanded organization. To learn more about how these offerings can benefit you, please [email](#) our European headquarters.

GLOBESMART CUSTOMER CONFERENCE

There are still a few seats open for our first annual **GlobeSmart Customer Conference** in San Francisco on October 28. Visit our [conference website](#) to learn more.

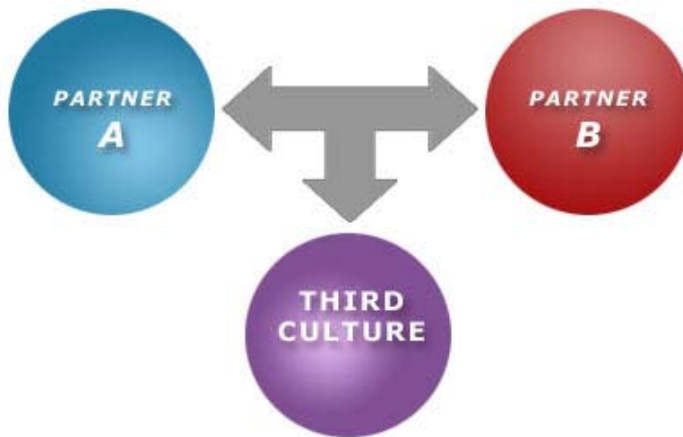
GLOBAL PARTNERSHIPS

MeridianEaton's Global Partnerships practice group offers processes and tools for creating dynamic partnerships across geographies and functions. Read about our approach to assisting in cross-border [mergers and acquisitions](#). View two other

process. It has been particularly important to have diverse representation on this team, as it has brought a whole new perspective to the group and a voice to the large number of employees who are based in various parts of the world.

4. The "Third Culture" Concept

We have steadily tried to keep in front of us the idea of creating a third culture that incorporates the best of both organizations. In reality this may mean adopting a practice that previously existed in one company or the other, but only after considering its value for the new company as a whole. The most enthusiasm and energy has been generated around practices that were created by employees from both of the legacy organizations working together. For example, we have already started to work on additional products and services in areas such as "Virtual Teaming" and "Virtual Leadership" that we agree to be of particular interest to customers. Even small things such as labels for functional groups or for services, when jointly created, help to build shared ownership rather than using an everyday acronym that one side or the other may feel was foisted on them.



5. Personal Meetings

It is a well-worn cliché that personal relationships are a vital element of global business, and that the best way to create these is by starting with a face-to-face meeting. As we advise our clients, we have logged many airline miles traveling to different sites in order to attend joint meetings and observe client engagements in person. Expenses have mounted for plane tickets, hotels, meals, and so on. It is tempting to forego another trip and save the time and money. Yet each personal meeting has seemed to produce new breakthroughs, while the groups that have had to cope with an exclusive diet of virtual communication have struggled to get started and to generate momentum. Recently we had the first face-to-face gathering of a geographically dispersed team that reinforced what we regularly hear from clients: the team accomplished more in three days together than it had in the previous three months, and is now much better prepared to continue working together on a virtual basis.

6. A Neutral Referee

In our case we have also had a new CEO (see sidebar) who came from neither of the legacy organizations. This has made it easier to bridge the inevitable disagreements. One thing that we perhaps did not foresee with sufficient clarity is that in a "merger of equals" such as ours, it is difficult for one party or the other to assert itself when there is a significant divergence in views or systems, which could lead to gridlock if it occurred frequently. Having someone in a leadership position who can look at issues from a neutral standpoint and provide input based upon an external point of reference has been a valuable catalyst for resolving such issues as they arise.

ONGOING CHALLENGES

While many things have gone well to this point, it is also true that there have been bumps in the road, including some that we probably should have anticipated and done more to plan for:

examples of our work in this area of Global Partnerships: [Working with Offshore Partners](#) and [Collaboration Solutions](#).

COACHING FOR EXECUTIVES WORKING IN CHINA

MeridianEaton Global offers telephone and 1:1 coaching for executives working in China. [Email](#) our China team for more info.

SUCCESSING IN CHINA: BUILDING A PROFITABLE STRATEGY

2-Day Executive Education Program delivered in part by MeridianEaton Global
October 19-20, 2005 in La Jolla, California

[More info](#)

GLOBESMART INTRODUCING TWO NEW GLOBESMART FEATURES

The *Resources* tab provides access to GlobeSmart-related promotional materials for use within your organization.

The *Briefcase* tab enables you to print custom country reports, subscribe to monthly holiday reminders, create actions steps for yourself and your team, and download documents related to training programs that have been provided by MeridianEaton.

[View the Briefcase demo](#)

WORKING

GLOBESMART is an easy-to-read handbook for global managers authored by MeridianEaton's co-founder, Ernie Gundling. Each stand-alone chapter provides readers with informative case studies and practical guidelines that can be applied immediately.



For **bulk purchases** of the

- **What Will Happen to Me?** It is surprising how, faced with the common uncertainty of a post-merger integration scenario, even the most talented employees express doubts about their capabilities and future status. Changes are unsettling, and it is easy for doubts to creep in. When concrete answers are not yet available, it is possible for individuals to reach all sorts of inaccurate conclusions. Early conversations with management often came around to the "What will happen to me?" question. Key players needed more reassurance than we had expected. We also learned anew that people who are in remote locations are particularly vulnerable to lack of information; it is easy for those who are far away from the decision-makers to feel neglected despite the fact that this is not intended. An early management challenge for us has been that it has taken more time than we would have liked to sort through individual roles and responsibilities in the combined organization; we are now at the 90-day mark conducting more specific one-on-one meetings with each employee to talk about roles, goals, and next steps. In retrospect, it would have been better to make this happen sooner.
- **Shifting Responsibilities** As people do learn of their new job duties, there is often an initial reaction that is at the heart of the psychology of change management. Have I moved "up" or "down"? Has my role in the larger organization become narrower and less "strategic," or do I now have an opportunity to "specialize" in areas I would like to develop that wasn't available to me before? There is a kind of Rorschach moment in relation to that new organization chart when we project our own imprint of hopes and fears onto the new role in a way that impacts future conduct. This response can be influenced but not determined by the way the message is delivered — a portion of each individual's reaction appears to be shaped by management style as much as by substance. Whether the communication process takes place in person or virtually, building a degree of interactivity and mutuality into it helps to reinforce and embody the message that an employee's input and creative contributions continue to matter, likely now more than ever. Even in a much larger and more global organization each of us desires some freedom to redesign our new mental cubicle in a way that reflects our own personality and future aspirations. We all want to make a difference, both with clients and with colleagues, and the new structure has to be accompanied by a change process which reinforces that this is possible. (Warning: This approach can lead to input that warrants multiple iterations of the org chart!)
- **Cultural Integration** We have been newly impressed with the way that individual personalities, corporate culture, and national culture are all intertwined. When a conflict arises between new partners in an M&A setting, it is necessary to be able to work through the interrelationships between these factors and not impose an organizational solution on an issue that is primarily due to personalities, or try to resolve a cultural problem through attributing it solely to individual attitudes. How do you respond to the perspective of a valued employee from another region who says, "This product is not a good fit for customers in my country?" An assertion of this kind could theoretically be based on a personal preference, a different set of organizational practices, an accurate representation of the views of the majority of local customers, or some combination of all of these factors. The appropriate solution differs according to which ingredients turn out to be most important: it could involve one-on-one persuasion and personal experimentation with something different, developing a method for introducing the product that involves others who see the local market differently, or changes in the product itself and possibly the exclusion of it from some countries. Such a solution can only be determined through patient dialogue and probing of the rationale expressed as well as actual market circumstances.

[Working GlobeSmart book](#), [click here](#).

NEWSLETTER INDEX

[Click here](#)

SEND THIS ISSUE TO A FRIEND

If you think a friend could benefit from this issue of our newsletter, please [click here](#).

[Subscribe](#) to our Newsletter.

[Unsubscribe](#)

TRUST AND TRUTH: INGREDIENTS IN THE SECRET SAUCE

The successful integration of different organizations takes time. We have been trying not to rush it, yet we don't want to delay too much either. Establishing new relationships and systems is essential because in the absence of these, informal communication networks always seem to outrun formal messages — it is easy to magnify issues without a complete understanding on the part of

either side.

Implementing fundamental changes requires trust in abundance: between the people on the management team, between employees and management, and between ourselves and our customers as we introduce new people and new solutions. There also has to be a willingness to take a hard look at oneself and the objective reality of a particular situation. It is difficult to let go of familiar ways — even those that never worked so well to begin with — without a strong mixture of both trust and truth. Knowing when to push and when to be flexible requires fresh insight as well as the good will and courage to reach across national and organizational lines to form new partnerships.

<http://www.meridianglobal.com>

<http://www.eatonconsultinggroup.com>

Copyright © 2005 MeridianEaton Global. All rights reserved.