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In this issue:

- Mergers & Acquisitions - how to be one of the 20% that succeed
- Lisa's tips - October's topic - Strategies to Increase Your Marketability
- Recommended Reading

Mergers & Acquisitions - how to be one of the 20% that succeed

Between 70-80%+ of mergers and acquisitions fail to produce the results originally expected. Yet, there are still many venture capitalists and companies aggressively searching to merge and/or acquire a business. Why is the success rate so low? And, why can't 70-80%+ of the merger/ acquisition leadership teams find a way to be part of the 20%?

I've had first-hand experience working with companies in various stages of mergers and acquisitions, and the answers are incredibly simple yet hard to execute. First, most mergers/ acquisitions do not fail in the strategy. The synergies might be compelling, the opportunities vast; however, the key lies in poor execution. So, how do we stand out in the crowd as part of the 20%? People and execution.

One of the key issues is that people tend to become numbers - have you heard one of the following, "We can save x labor dollars", "after consolidating y function....", "we need to implement z program to offset our 10% attrition - whether customers and/or employees"? Stop! Instead, value people, as they will be the ones that determine whether you'll be one of the 20%. How? 1) Listen - to your employees, your customers, your suppliers, etc. 2) Involve them in the process - clarify the vision / end state and ask for involvement in defining the path to achieve the vision, encourage debate on the various alternatives and their benefits/ costs to achieve a goal, ask for feedback and ideas, value their concerns and input and encourage brainstorming of solutions. 3) Communicate frequently, and consistently do what you say you'll do - this does not require that you have all the answers or that you communicate items you are unable to communicate yet. It even works with bad news. People will value your communication if they know it is genuine, if they can count on you to consistently keep them updated, answer their questions and if they know you value them and will treat them fairly and respectfully. And, I found that doing what you say you'll do is much more challenging than it sounds, but it is #1 to success. The bottom line is that people are your #1 asset. Instead of focusing on equipment, labor and materials, first focus on people.

Next, execution is key. Execution must be a core component of your organization's culture. What does that mean? The best definition I've seen of culture is from Alan Weiss - "Culture is simply that set of beliefs that governs behavior." Thinking in terms of that definition, execution must be valued in your organization. Or, another way to say this is that the discipline of how your organization gets things done is more important than the "form" (who reports to who, how it looks, etc). Of course, this takes us back to #1 - people. In addition, as Larry Bossidy and Ram Charan say in "Execution", "People think of execution as the tactical side of the business. That's the first big mistake. Tactics are central to execution, but execution is not tactics. Execution is fundamental to strategy and has to shape it. No worthwhile strategy can be planned without taking into account the organization's ability to execute it." I've found there to be several key ingredients in successful execution - people, leadership, clear communication of the vision/ end state, communication of the why's and how's (For example: Why are we following this path? How will this help us in the marketplace?), communication / integration to each person's goals (including how they make a difference), tools/ training required, follow-up, feedback.....and repeat.

If the majority of your focus is on people and execution, you'll likely be one of the 20%.

Lisa's Tips: Strategies to Increase Your Marketability

In today's business environment, lifetime employment is a scarcity. Instead, the focus is on continually maintaining and improving your marketability.

1. Read the business bestseller list - it is important to stay abreast of the latest concepts and business thinking. It is also helpful to look at it from the high level to understand current trends, what's perceived to be the key subjects, etc.
2. Know the latest news - this is one I really didn't know how I'd accomplish since I would order newspapers to have them accumulate in the house before making the trip to the recycling bin. But, I knew it was important as it is a great common ground for communication, a great source of examples, etc. So, I found reading the highlights via the internet and Wall Street Journal emails worked for me. Each person has to find a way that works for them - one size does not fit all.
3. Go to a few conferences/ training events each year - again, it is important to not only understand the latest thinking in your areas of expertise, but it is also key to network with peers. Many people learn best through in-person communication. At the very least, you'll likely learn a useful tidbit.
4. Find a mentor and be a mentor - find a mentor who has accomplished what you'd like to accomplish and then develop a way for the relationship to work for both parties. And, do the same with your expertise - many times, mentors say they learn more from their mentees than vice-versa.
5. Find the learning opportunity in all situations - even with your worst boss or co-worker, you have an opportunity to learn what not to do, how to handle a difficult co-worker, or something like that. Take advantage of a bad situation.
6. Travel - it gives you a broader perspective, a good source of examples, and conversation pieces. And, it is enjoyable!

Recommended Reading

"[*Who Says Elephants Can't Dance*](#)" by Louis V. Gerstner, Jr. This book summarizes IBM's turnaround during Lou Gerstner's leadership. It discusses Lou's insights into management and leadership from a variety of industries and how he applied those concepts to IBM. I found the lessons of how to turnaround and run a successful company interesting and applicable to most businesses and industries.

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