



Merger & Acquisition:
Strategic Employer Branding to overcome Cultural and Structural
Transformational Challenges

Fareed Zaki Alsayed
Islamic Development Bank, Jeddah ,KSA

The case study....

- Part of acquired organization in a merger
- Part of an acquiring organization
- Team member of an integration team forming a holding company.
- Leading a transformation team of a public organization
- Undergoing an internal reform

Content :

- Introduction
- Change:
 - Drivers; process; Tools & techniques; Readiness
- Employer Branding
- Managing Expectation & perception in a merger
- Lessons learnt
- HR Roles
- Key issues & challenges
- Open discussion

Introduction

- ❑ Transformation is a change process
- ❑ Requires a clear strategy
- ❑ Measured to be managed
- ❑ Employers brand to be defined
- ❑ People engagement
- ❑ Communication plan

CHANGE

- Curiosity
- Help
- Agree
- Navigate
- Go for it
- Exceed limits

Drivers for Change

- **Strategic change**--looking at the organization as functional parts (e.g., mergers, acquisitions, consolidations);
- **Leadership change**--reconfiguring the organization's leadership (e.g., creating succession programs for availability of qualified leaders);
- **Cultural change**--programs that focus on human aspects (e.g., the relationship between managers and employees);
- **Cost cutting**--eliminating non--essential activities and operations; and
- **Process change**--focusing on how things get done (e.g., reengineering a benefits administration process).

The Change Process

- Create the urgency
- Build alliances
- Develop Vision & strategy for the change
- Communicate
- Empower
- Quick wins
- Expand transformation
- Instill the change culture

The change strategy

- Draw picture of success
- Show the long terms (What's in it for them)
- SMART Objectives
- Clear for DM
- Flexible for Individual Initiatives
- Easy to explain

Boosting Bottom Line

- **Strategy** must continually drive structure & people decisions
- It is important to **use a “fair and transparent process” for assessing the leadership team.** That means having:
 - A professionally led, competency-based assessment process.
 - A fact-based, thoughtful and quick selection process.
 - A detailed, sequenced communication plan that describes “where you are going and what does it take [to get there].”
 - Mid-level managers who are informed and engaged because “that’s where it happens.”

Change Management Tools and Techniques

- SWOT
- SOS
- BEOC Survey
- Gallup – Q12
- Value creation with organizational dialogue
 - **promote organizational dialogue** between key stakeholders and organizational staff; and
 - **discussing the organization's past, present and future value**
- Enabling structures

Tips for Managing Change

- Give your troops clear-cut marching orders. Employees usually respond well to hands-on management.
- Nail down each person's job.
- Get resistance to change out in the open. Then you can work to overcome it.
- Encourage risk-taking and initiative in your employees and yourself.
- Create a supportive work environment.
- Pay close attention to how your workgroup is functioning.
- Take care of “me” issues in a hurry. Address such questions as “Will I keep my job? How will my pay and benefits be affected? Will this affect my opportunities for advancement?”
- Reduce the level of job stress. Give people advance warning about what is coming. Also try to keep a sense of humour.

Examining Change

According to the SHRM 2007 Change Management Survey Report, the top change initiatives consisted of :

- new or revised performance management and review processes,
- facilities changes,
- organizational culture changes,
- new or revised HR information systems.

Examining Change

- 26% reported that **training** related to major organizational changes **was not** mandatory at any staff level within their organization.
- About 75% of respondents reported they had encountered either **employee resistance or communication breakdown** —the top two obstacles—during a major change initiative.
- Nearly 75% reported that **HR's change management processes** improved employee understanding of changes in the workplace.
- The leading **methods of communicating change** within an organization, according to the survey respondents, were:
 - E-mail, voice mail or letter to employees from the organization's executive team (67 percent).
 - Department meetings (67 percent).
 - All-employee meeting (63 percent).
 - Training sessions (49 percent).

Leadership Critical to Organization Change Efforts

- “Look for the burning bridge,”
- Do a thorough internal assessment of root causes
- Have active senior-level sponsorship and dedicated A-team leadership for each opportunity.
- Put in place disciplined mechanisms for cross-company alignment.
- Link actions to critical milestones.
- Keep resources “fenced” and watched to avoid premature cuts.

Assessing Readiness for Change

- Develop a list of the major change activities currently taking place and identify which ones compete for budget, staff time and other resources;
- Estimate the level of effort required for each activity; and
- Compare this required effort to the change initiative being considered.
- A more structured assessment can be done by:
 - Observing employee behaviour to gauge possible reactions to change;
 - Auditing how the company communicates the why, when and how of change initiatives;
 - Documenting employee reactions to the change process through interviews and group discussions; and
 - Using structured survey methods to determine the organization's change readiness.

Dealing with the change

To better deal with change follow some simple but important practices:

- get enough sleep,
- eat right,
- get regular exercise,
- relax with friends,
- engage in hobbies,
- indulge in something special (e.g., a trip, a movie, a massage)
- practice relaxation disciplines (e.g., deep breathing, yoga).

By focusing on emotional investments in areas outside the workplace, people can better achieve a sense of balance and control while going through change.

Attributes Needed To Lead

- Respect. To get buy-in from management and employees, you need to have respect and credibility in the organization.
- Ability to collaborate. Bringing together leaders and experts in research and development, operations, marketing, finance, and people management.
- Persuasiveness. you need to convince key people that this is worth the effort.
- Ability to think outside the box.
- Ability to measure. You have to prove that Change forges new ground and saves money.
- Passion. You can't convince upper-level managers and employees to back your vision if you don't believe in it yourself

Dimensions of Attractiveness in Employer Branding

Using a sample of 683 university students who would soon be entering the job market, the authors created a 25-item employer attractiveness scale and identified a five-factor matrix:

- *Interest value* measures the extent to which an individual is attracted to an employer because of the excitement and creativity of the work environment. Or the purpose/ mission.
- *Social value* measures attraction based on a collegial work environment with a good team atmosphere.
- *Economic value* measures attraction based on salary and benefits.
- *Development value* measures attraction based on recognition of work and career-enhancing opportunities.
- *Application value* measures attraction due to the employees' ability to apply what they have learned to teach others and interact with customers in a way that is positive and humanitarian.

EVP

- Represent an Employment Value Proposition which attracts the very best talent.
- Source only the very best talent that aligns with its values & culture.
- Develop talent continually & aggressively at all levels of the organizations .
- Create a culture wherein Talent development is a line management role at all levels and not only HR issue.
- Differentiate between employees based on their performance, reward based on performance and be seen to do so.

Managing expectation & perception in a merger

Acquired angle

- Job security
- new role
- Why is it changing?
- What's in it for me?

Acquiring angle

- Cultural differences
- Time frame
- What's the benefits?
- What if they don't support it??

Lessons learnt:

- ❑ Acquired angle:
 - ❑ looked at as a 2nd class citizen
 - ❑ knowledge & experiences were doubted
 - ❑ grade was under evaluated
 - ❑ relocated from home city
 - ❑ forced into new working culture (mixed)
 - ❑ Cancel all functions and commitments
 - Continued services
 - enjoyed new benefits
 - enjoyed career plan

Lessons learnt :

- ❑ Acquiring angle:
 - ❑ Assess the situation
 - ❑ Meet the people
 - ❑ Present the EVP
 - ❑ Assess the available capacity
 - ❑ Integrate functions
 - ❑ Properly place the staff from newly acquired Org
 - ❑ Functions/people kept in the same location

Lessons learnt :

- ❑ Forced transformational angle:
 - ❑ Attract new leadership
 - ❑ Staff placement
 - ❑ New working culture
 - ❑ New EVP
 - ❑ People engagement
 - ❑ New strategies
 - ❑ Communication Plan

Lessons learnt :

- ❑ Internal transformation angle:
 - ❑ develop new strategical framework
 - ❑ Leadership commitment / championship
 - ❑ Assess culture , willingness & readiness
 - ❑ engage people at all levels
 - ❑ set milestones (Including Change Mgmt. Program)
 - ❑ New Org. structure & HR strategy
 - ❑ Managerial renewal
 - ❑ Design separation/ cuffs packages

HR's Role in Change Management

- Clearly communicating plans and goals regarding change initiatives;
- Hiring and developing effective leaders;
- Designing and implementing transparent reward systems;
- Giving people the opportunity to be involved in change processes; and
- Making each interaction with internal clients a positive experience.

HR's Role in Change Management

- **Change champion:** HR publicly supports the change defined by the organization's top executives.
- **Change facilitator:** HR enables change, such as providing insights regarding the company culture, history and political dynamics to external facilitators or developing programs for internal consultants.
- **Change designer:** To help managers and employees better understand a change initiative and have a sense of ownership, HR redesigns the corresponding HR systems (e.g., total rewards, staff development, communication practices).
- **Change demonstrator:** Within HR itself, HR manifests change and serves as an example of effective transformation.

HR's Role in Change Management

The findings from the SHRM 2007 Change Management Survey Report reveal that HR involvement in major change is substantial:

- 73% of HR respondents said they were involved prior to the change being introduced, 22% during implementation, and 5% after the change went into effect.
- 88% percent reported that the HR department was a point of contact for questions and concerns to assist employees in the transition, 76% coordinated meetings and communications, and 11% were responsible for calculating the post-implementation return on investment for major organizational change.
- 23% of companies had HR staff devoted full time to change management programs.
- The top three reported major planned or implemented changes were: new and/or revised performance management and review processes (58%), facilities change (57%) and organizational culture change (54%).

How can HR strengthen engagement

- **Clearly and consistently communicate organizational goals and objectives.**
- **Establish policies and practices that promote a workplace culture that stimulates employee engagement.**
- **Align organizational goals to day-to-day work.**
- **Maintain an open dialogue among senior management, managers and employees.**
- **Reward managers whose behaviour fosters employee engagement.**
- **Listen carefully to what employees want and need.**
- **Provide opportunities and challenges to leverage the respective talents of employees.**
- **Do a pulse check-are employees engaged? Find out what is working and what is not.**
- **Hold managers accountable for demonstrating organizational values, development of team members and results.**
- **Be sure that employees know how they can contribute.**
- **Genuinely thank employees for their contributions.**

HR Challenges during change

The survey of 1,350 executives in 27 countries, supplemented by in-depth interviews with 100 executives, identified five topics thought to be of high importance for the future and of limited HR capability:

- **Managing talent.** Because of talent shortages in Europe and abroad, companies must source skilled professionals from throughout the world, targeting their opportunities to meet the needs of different ethnic groups, nationalities, ages and other factors.
- **Managing demographics.** The graying of the Western European workforce presents the risk of lost capacity and knowledge as workers retire and lost productivity as the workforce ages.
- **Becoming a learning organization.** Organizations must help employees cope with the accelerated speed and complexity of the global economy. Training programs must have clearly defined and measured return on investment.
- **Managing work/life balance.** As the boundaries between personal and work time blur, companies will need to offer flexible work arrangements to attract and retain the best talent as well as appeal to employees' desire for a sense of greater purpose in their work.
- **Managing change and cultural transformation.** Entering new markets and hiring more international workers puts a premium on managing corporate and cultural change.

Reflect.....

Agree.....

Disagree.....

Open discussion