

WJM Case Studies

Case Study - Achieving Superior Results Through M&A Integration

Integrating two organizations after a merger or acquisition is never an easy task. Many studies have shown that upwards of 40% of all business combinations fail to attain their intended goals.

While technological problems and market forces drive some of these failures, one of the biggest reasons that business combinations often fall short is the lack of attention and support that organizations provide to employees during and after the transaction.

With M&A activity at an all-time high, companies today need to put people first when planning and executing business combinations. Otherwise, they risk losing the "glue" that can keep their combined organization from falling apart.

Challenges for Employees

Recently, WJM Associates had the opportunity to provide M&A Integration services to the combined legal department of two major communications companies that had merged.

The general counsel of the larger company took advantage of a business opportunity and left the combined entity at the time of the merger. So the general counsel of the smaller company was named general counsel of the combined organization. He, in turn, chose his direct reports from the staff of both legal departments, which continued to function from two geographic locations. This presented a number of challenges:

- Employees of the larger company had to learn to work with a new boss.
- Employees of the smaller company -- including the general counsel -- had to adapt to the larger company's more formal corporate culture, which prevailed in the combined organization
- Employees from both entities had to establish effective working relationships with new internal clients, whose responsibilities in their own departments had similarly shifted.

In addition, the new general counsel wanted his department to have a more prominent and more strategic role in the combined organization. He wanted his lawyers to serve as "business partners" to their internal clients, and wanted those internal clients to regard the legal department as a business partner, not just a source of excellent advice and service.



WJM Associates' Approach

To help the members of the legal department adjust to their new roles and position themselves as business partners to their internal clients, WJM Associates created a customized developmental plan comprising the following elements

- 360-degree interviews for the general counsel and his direct reports to gain feedback from supervisors, internal clients, colleagues, and subordinates.
- Individual interviews with the general counsel and his direct reports to identify the issues that the team needed to address.
- A series of off-site meetings for the legal department's leadership team where the issues that arose during the 360-degree interviews and the individual interviews could be discussed freely.

The off-site meetings were critical to the group's development. At these meetings, the general counsel and his team discuss a wide range of subjects, including:

- What do they want to become as a business?
- What is their role as Legal to support business partners and support that business initiative?
- What is their role as leaders within the department to help people be ready for that future?

The group looked at the M&A integration process from the standpoint of a business partner helping the organization to identify and support its needs and establishing a roadmap to achieve those goals.

In particular, the group created a set of behavioral expectations for how people would relate to one other, how they would collaborate. They established their expectations of one another as colleagues, as well as expectations for the general counsel, and they created some very strong behavioral parameters.

One parameter was "Let's always assume positive intent." Instead of automatically assuming that someone else has an ulterior motive behind a comment or decision, the team decided to ask, "Help me understand what's going on." This helped prevent an attitude of "them and us" from taking hold.

Calibrating boundaries was another area of focus. The general counsel and his team leaders had to decide when he needed to be involved in decisions and when he did not. The general counsel would say, "If a decision touches these four or five areas, I don't care what's going on, I want to know about it. If it is not



in those four or five areas, then you've got this much room to run before you need to pull me in." With several hundred lawyers in the department, this was a critical issue to resolve early on in the M&A integration process.

The general counsel supplemented WJM Associates' program with team-building exercises to establish closer rapport among colleagues from the two merged legal departments. To help his team begin to think more like business partners, the general counsel also brought in a "futurist," a consultant specializing in emerging and incipient industry trends. That consultant helped the group focus on changes that could affect the company's business five or more years down the road.

Metrics Say It All

After the better part of a year, the legal department engaged in a quantitative study to evaluate its members' effectiveness as both attorneys and business partners.

The study addressed a comprehensive range of attributes on two dimensions: importance and effectiveness. Both legal department employees and their internal clients participated. They assessed such attributes as core legal services, compliance and risk management, service orientation, business partnering, and management of outside legal counsel.

Given the fact that this study was conducted during an intensely busy period, when the entire organization was still assimilating the previous year's merger, the legal department attained scores higher than the benchmark average in all five categories. The legal team credits the assistance provided by WJM Associates with helping its members achieve these superior results.



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