



FROM TWO TO ONE: ACCELERATE YOUR M&A

Prepared for

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**value creation only
happens after the
acquisition when... people
from both organizations
collaborate...** ”

HASPESLAGH & JEMISON (1991)

The insight **FROM TWO TO ONE – ACCELERATE YOUR M&A** is inspired by the diagnostics of a pharmaceutical company that has been growing through international acquisitions.

That mergers and acquisitions (M&A) often fail is a well-known issue. It is also known that the nature of M&A deals can vary greatly and therefore the causes of failure may be completely different from case to case. However, upon research, it becomes evident that challenges around people and culture are often mentioned as the main cause of failed integration (Aon Hewitt, 2011). Even though people and culture are essential in the success of every organizational initiative, companies do not quite understand how to deal with this when merging two different organizations with different people and different cultures.





Organizational Network Analysis (ONA) is a method used to map interaction between employees in an organization. This means that it effectively shows the real collaboration patterns in an organization and thereby can identify whether different parts of the organization are collaborating as intended. Furthermore, it can identify the key employees who have the real influence. At Innovisor, we use this method to help companies be successful within – among other things – the context of M&A.

In M&A, there are four specific reasons why ONA is extremely valuable.

- ① **SHOW** THE REAL COLLABORATION
- ② **IDENTIFY** THE KEY INFLUENCERS
- ③ **UNDERSTAND** THE ENGAGEMENT
- ④ **TRACK** THE INTEGRATION PROGRESS AS IT MOVES FORWARD



SHOW THE REAL COLLABORATION

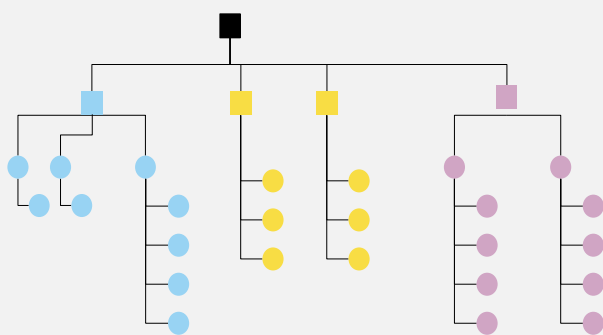
THE ORGANIZATIONAL CHART DOES NOT RESEMBLE HOW WORK REALLY GETS DONE

By revealing the real collaboration, organizations can better understand where it is suffering from inefficiencies. A silo-based structure, for example, is a common source of inefficiency, and to solve this issue it is key to know where the informal silos are, as well as who your knowledge brokers and connectors are. Knowledge brokers transfer knowledge between different parts of the organization; connectors spread knowledge within one particular part of the organization.

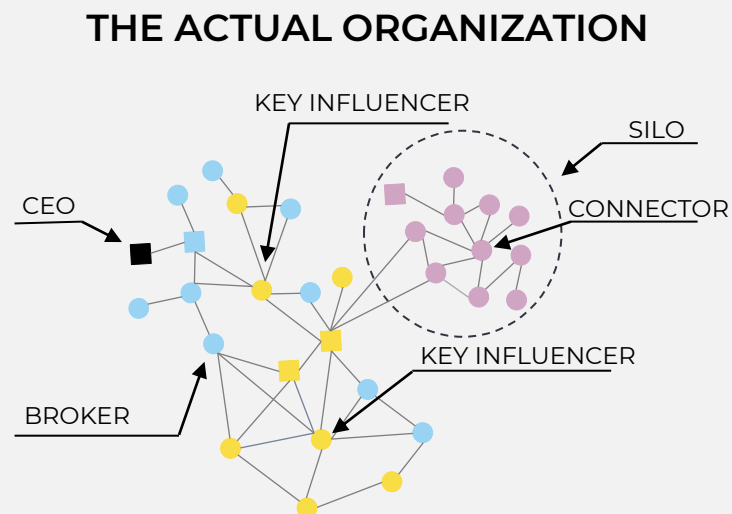
ARE YOUR EMPLOYEES COLLABORATING THE WAY THEY SHOULD BE, AND WHO HOLD THE KEY POSITIONS IN THE NETWORK?

THE ORGANIZATIONAL CHART DOES NOT RESEMBLE HOW WORK REALLY GETS DONE

Innovisor's insights allow for data-driven action. In the integration of two companies, people will actively be connected across and the traditional organizational chart is often used to select who to connect. With the insights of ONA, the organization can make a better decision about who to connect, e.g. to ensure efficient knowledge transfer by activating the brokers and connectors. The ONA may also reveal that the two companies are managed very differently, e.g. one is hierarchical and the other one is flat, and this should be considered in the integration to avoid clashes.



THE TRADITIONAL ORGANIZATION CHART





IDENTIFY THE KEY INFLUENCERS

BY ENGAGING THE RIGHT 3% YOU CAN INFLUENCE 90% OF YOUR ORGANIZATION

Knowing who the key influencers in your organization are is important for several specific reasons.

RETAIN THE RIGHT PEOPLE

In most cases, M&As result in employees leaving the company, voluntarily or not, and chances are that the key influencers are among these. Our experience shows that although management believes they know who the key influencers are, they never do, and therein lies the danger. No one realizes their importance until they are gone.

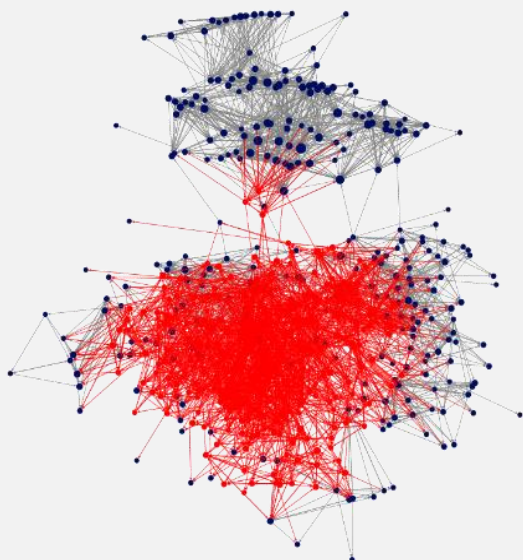
ACTIVATE THE RIGHT PEOPLE

The key influencers are chosen based on who the workforce indicates as their go-to-persons for help and advice and as their energizers.

BY ENGAGING THE RIGHT 3% YOU CAN INFLUENCE 90% OF YOUR ORGANIZATION

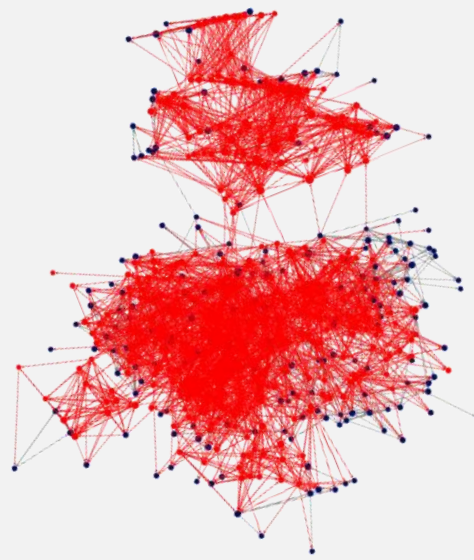
Key influencers are therefore both competent and sympathetic, which are attributes that are crucial to inspire trust and respect. The key influencers are also chosen based on the principle of influencing the largest possible share of the organization with the fewest number of people. Key influencers can therefore play crucial roles in the integration by using their influence to drive successful bottom-up change in all corners of the organization.

MANAGEMENT'S INFLUENCE



30 TOP MANAGERS
REACH **60%** OF THE COMPANY

KEY INFLUENCERS' INFLUENCE



20 KEY INFLUENCERS
REACH **90%** OF THE COMPANY



UNDERSTAND THE ENGAGEMENT

EMPLOYEE ENGAGEMENT IS CONTAGIOUS

An M&A deal usually creates a lot of rumors and uncertainty among the employees, which can reduce their engagement. This is important to address, especially when activating the key influencers. Therefore we always include a few engagement questions as part of our Network Diagnostics.

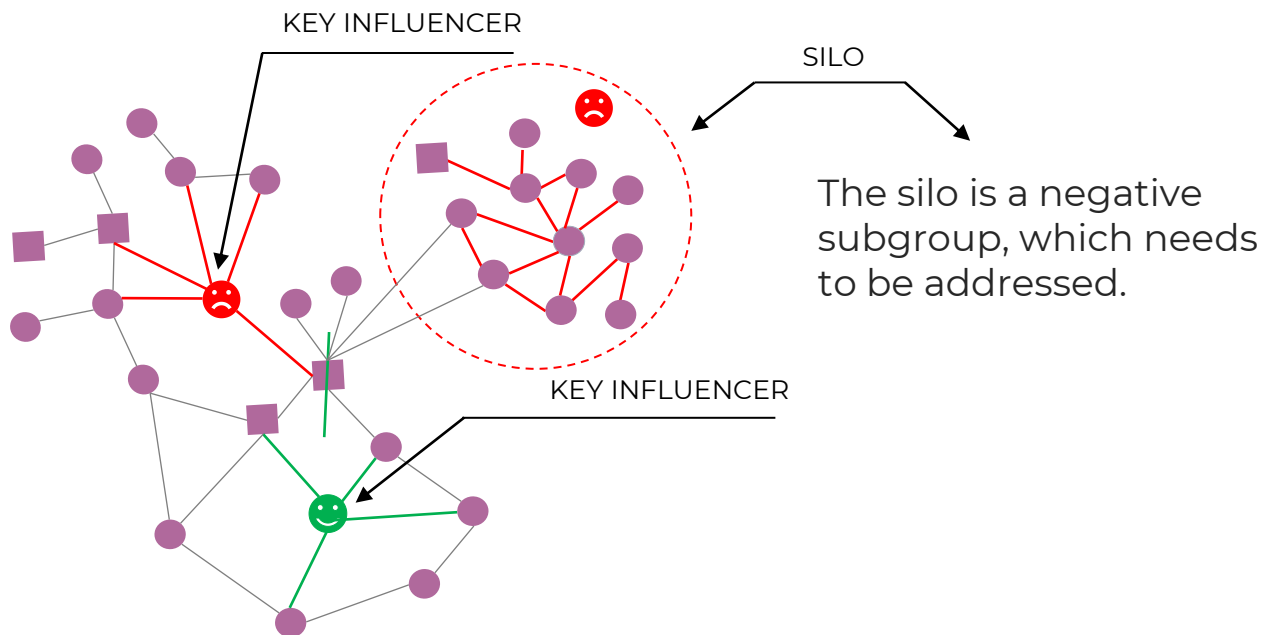
DEAL WITH NEGATIVE INFLUENCERS

It may be tempting to simply get rid of the negative influencers as they spread negativity. However, this does not solve the issue in the long run. Instead, the negative key influencers should be listened to and involved. If you succeed with turning them into supporters of the deal, that will be very powerful because, more important than winning their direct support, due to their strong influence, you increase the chance of winning the support of their peers.

EMPLOYEE ENGAGEMENT IS CONTAGIOUS

DEAL WITH THE NEGATIVE SUBGROUPS

As we combine the network data with engagement data, we can see if there are certain subgroups in the company that are more negative than others. This enables the company to give more attention to the parts of the company that need it the most.



The key influencers impact the attitudes of their peers. The red (negative) key influencer needs additional attention.



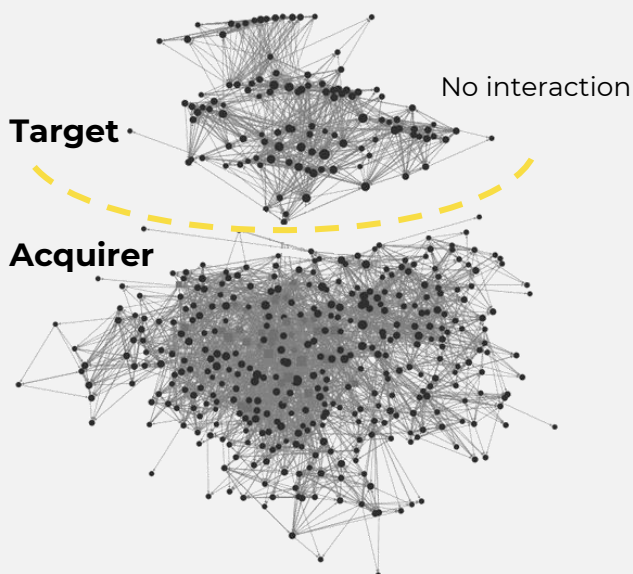
TRACK THE INTEGRATION

YOU CANNOT FIX SOMETHING WITHOUT KNOWING WHERE IT IS BROKEN

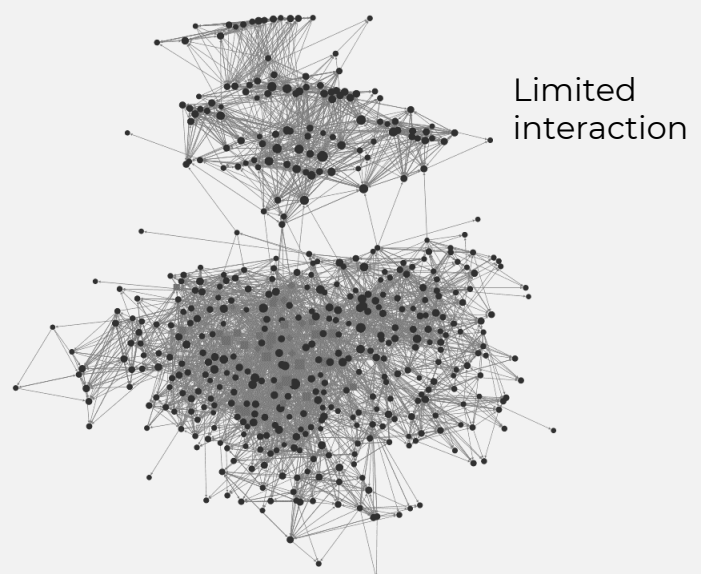
M&A integration often fails but it can be difficult to determine exactly why, when and where things go wrong. Tracking the integration through ONA allows organizations to get valuable insight into the integration progress, because it reveals hidden insights that can be used to form the right actions at the right time.

SEE IF THE INTEGRATION IS PROGRESSING AS PLANNED

BEFORE THE INTEGRATION



ONE YEAR INTO INTEGRATION

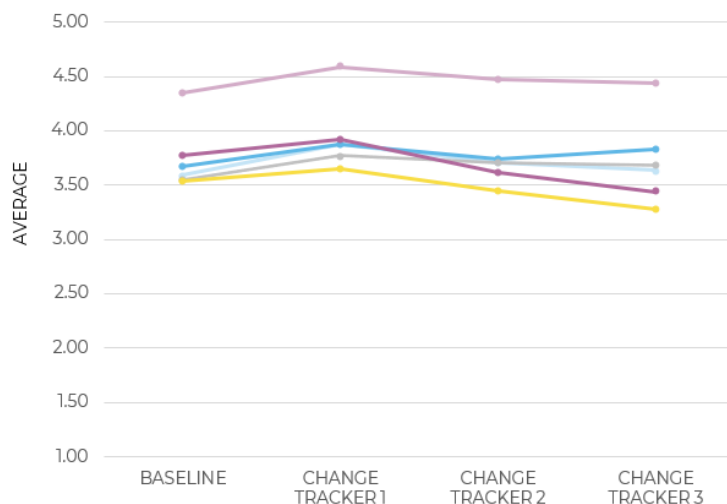


MAKE IT STICK

Often integration does not go exactly as planned and in this case, ONA means that the integration teams become better informed on wherein the issues lie, which makes them better equipped to form appropriate actions. For example, *have the individuals who should be connected actually connected?*

SEE HOW THE ATTITUDE IS CHANGING

We know from experience that the attitude on the ground level in organizations is driven by the key influencers. Therefore, we perform ongoing Pulse Tracking of the key influencers to assess the attitude as the change efforts move forward.



ABOUT INNOVISOR

Innovisor is the recognized boutique advisory within organizational network analysis. It delivers its organizational diagnostics products and services to clients across the world. It documented and coined the “Three Percent Rule” for the identification of influencers inside organizations.

The clients of Innovisor come in all sizes and from all industries. The one thing they have in common is that they share our belief: if you listen to your people, trust and engage them, there are no limits to what you can achieve as an organization.

Innovisor is committed to the SDGs. Its operations are closely aligned with two carefully selected SDG goals to which it can contribute with the greatest impact – no. 4 Quality Education and no. 5 Gender Equality

Innovisor is also a signatory to the Women's Empowerment Principles as an important part of its commitment to SDG 5 - Gender Equality.



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