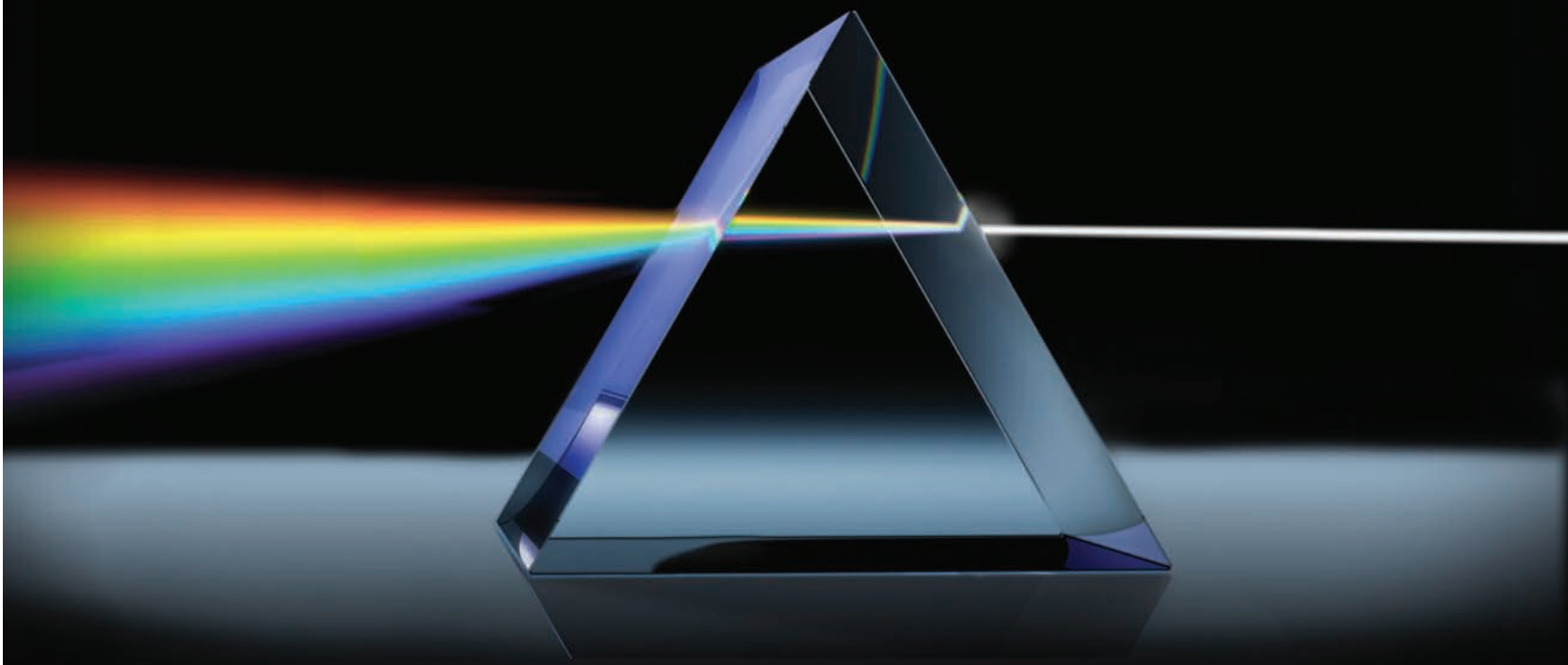


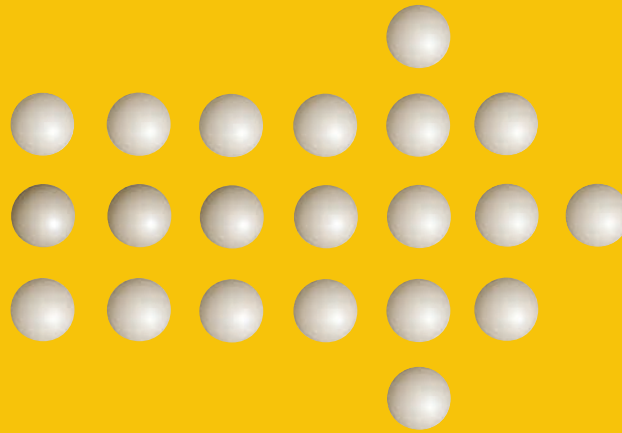
M&A



. . . how does being acquired change the game?

Organizations being acquired and merged have unique and urgent needs. People are desperate to know what's coming, how they'll be affected, and what they can do to protect their careers.

*These new pressure points
call for a rapid ...*



shift in priorities.

Train your people on how to deal with merger issues.



Make sure employees know what you need from them.



Move swiftly to protect the organization's productivity.



Communicate to manage people's expectations.



Take steps immediately to retain key talent.

*Why is merger training
crucial for your people?*

Research involving almost 1,000 senior and middle managers found **90%** were **psychologically unprepared** for the changes in status and organizational structure they would encounter following their mergers.

— Harvard Business Review



90%

are psychologically unprepared

If 9 out of 10 managers



are short on psychological readiness,

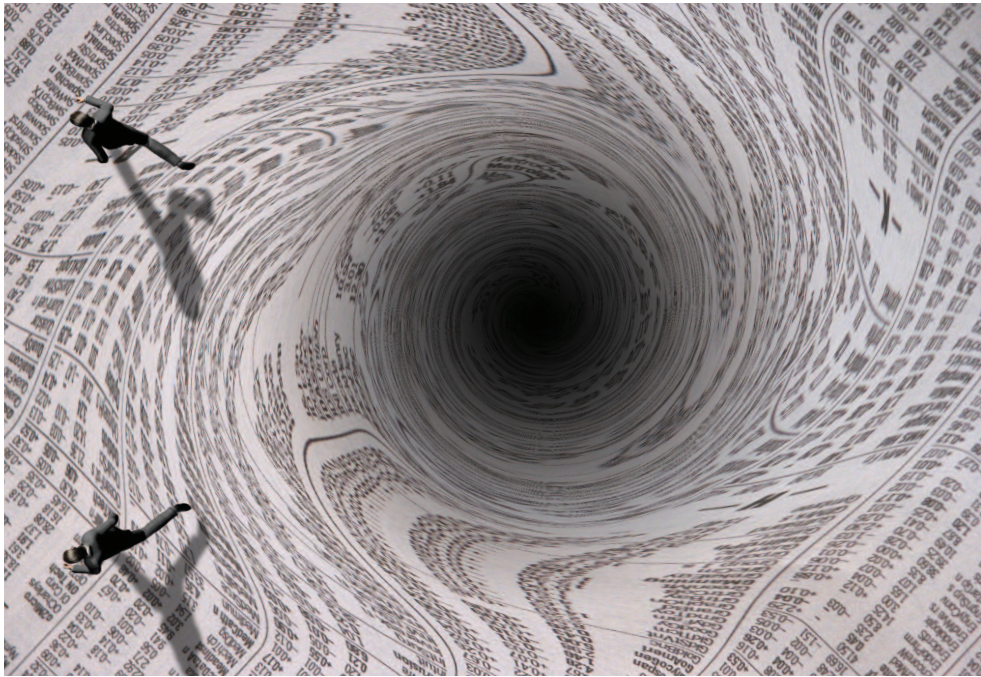
... how might that damage your integration process?

... what impact could it have on employee engagement?

... to what extent will it put your merger at risk?



What's the cost of lost productivity?



According to a study at Honeywell and other research (*Cabrera, Wishard*), employees spend two hours per day—roughly $\frac{1}{4}$ of the work day—obsessing over the potential impact of their merger rather than performing their work.

Consider the financial drain on a mid-size organization:

Number of Employees	3,500
Average Annual Salary	\$40,000
Months of Transition	4
Hours of Distraction Per Day	2
Wasted Payroll	\$11,666,666

\$11,666,666

When people see obvious slippage in organizational momentum, they often interpret that as evidence that it's a "bad merger." Or they assume top management is doing a poor job of handling the situation.

Just as failure feeds on itself, success breeds success. So position your employees to protect, even enhance, productivity levels.

How much damage can turnover do?

Let's begin by reviewing these troubling statistics—

Half of acquired senior managers leave in the first year after a merger.

Three out of four leave within the first three years.

— Human Resource Executive

Target companies lost 21% of their executives each year for at least ten years following an acquisition.

This is more than double the turnover experienced in non-merged firms.

— Journal of Business Strategy



Given that the **cost of replacing a key employee can run over 100% of a person's annual salary**, re-recruitment training pays for itself many times over if it helps your business retain just a handful of key players that otherwise would have left.

Why is communication so critical?

Research demonstrates that employees provided with realistic merger previews maintain far more stable levels of commitment, satisfaction, trust, and performance than those who receive less open information about the combination.

—Schweiger & Denisi

As soon as a deal is struck, the battle begins for people's minds. Win that one, and you're well on your way. Lose that fight, and your merger is far more likely to wind up in the failure statistics.



You should move swiftly and purposefully

*to shape opinions ... to set the proper expectations
... to provide your people the understanding and
coaching they need in order to help drive toward
merger success.*



*The M&A transition period is
marked by **ambiguity,**
disruption, & change.*

Ordinarily that spells trouble. So what's the best strategy for dealing with this game-changer?

Give your people the **powerful training program:**

**Managing Uncertainty
in M&A**

- Proven and field-tested
- Rolled out for several of the world's biggest mergers

Managing Uncertainty in M&A For Leaders

Uncertainty usually triggers costly problems well before the deal is done. If unaddressed, uncertainty can damage productivity, quality, customer service, talent retention, and, ultimately, profitability. Sometimes it even dooms the chance for a successful deal. The workshop protects management's credibility and the company's performance during the vulnerable "hang time" before integration decisions are finalized.

Topics Addressed

- The critical importance of being a positive role model in the current situation
- The need for preparation and speed
- The major differences between managing uncertainty and leading change
- Instruct on how to build trust and reduce damaging self-protective behaviors
- Shoot down misconceptions and falsehoods about the merger
- Demonstrate how to use PRITCHETT's Leader Toolkit to tackle pre-close priorities

Key Objectives

- Teach how to communicate effectively when there are more questions than answers
- Set the right expectations about the integration process and its inherent complexities
- Coach on how to keep the organization engaged and focused despite distractions
- Provide insights on how to retain key players without overpromising or overpaying

Book Options

*The Employee Guide to Mergers
and Acquisitions*
Business As UnUsual
The Unfolding

Primary Result

Leaders set the behavioral standard, communicate effectively, and prime the organization for successful change.

LEADERS



PRITCHETT *recommends that organizations offer the shorter version of this workshop to all employees. See next page for more information on that program.*

Managing Uncertainty in M&A For Employees

When a merger or acquisition is announced, employees often feel powerless and confused. Uncertainty prevails, the trust level drops, and people worry about how the deal might impact them. This workshop helps employees understand what to expect and what to do.

Topics Addressed

- Phases of a merger
- The major differences between dealing with uncertainty and dealing with change
- Poor Choices versus Smart Choices
- Clarification of priorities
- Demonstrate how to use PRITCHETT's Employee Toolkit to tackle pre-close priorities

Key Objectives

- Set the right expectations about the integration process and its inherent complexities
- Coach on how to manage yourself instead of trying to manage the circumstances
- Instruct on how to “wait and do” rather than “wait and see” while the integration is being planned

Book Options

The Unfolding

*The Employee Guide to Mergers
and Acquisitions*

Primary Result

Prepares the workforce for merger dynamics and positions employees to make a positive contribution during the transition.

EMPLOYEES

Partial PRITCHETT Client List >

ABN AMRO/RBS, Fortis, Santander

ABN AMRO, with more than 105,000 employees in 53 countries, contracted PRITCHETT to develop *Managing Uncertainty M&A Toolkits* for executives, managers, and human resource professionals to guide the integration of the largest bank deal in history. PRITCHETT customized the Toolkits and conducted related training for this worldwide merger. PRITCHETT also consulted with business unit managers around the globe on how to keep their organizations focused and productive during the prolonged period while waiting for the closure of this complex international deal.

A.G. Edwards/Wachovia

The merger of A.G. Edwards with Wachovia Securities created the second-largest retail brokerage firm in the United States. PRITCHETT worked closely with A.G. Edwards, preparing the organization for the merger. The entire workforce at the corporate office attended PRITCHETT's *Managing Uncertainty* merger integration sessions. Senior leaders attended Executive Briefings, and PRITCHETT partnered with executives to conduct panel discussions for all branch managers. As a result of the PRITCHETT sessions, A.G. Edwards' employees were able to execute a smoother transition.

Alberto Culver/Unilever

The Unilever acquisition of Alberto Culver created widespread change within both organizations. PRITCHETT delivered *Managing Uncertainty* merger integration training to Alberto Culver managers and employees in the United States, Canada, Argentina, Chile, and Mexico. The program helped Alberto Culver engage people and maintain focus on the most critical priorities during the transition.

Mobil/Exxon

PRITCHETT designed a *Managing Uncertainty* program that was used to keep the workforce focused and engaged during the long transition period required to combine these global giants. PRITCHETT certified 80 internal trainers to deliver the workshop and helped them consult to specific business units throughout the transition period. This custom program assisted in the retention of key talent and enabled Mobil to maintain their stock price during the waiting period. Each employee received a copy of the PRITCHETT best-selling handbook *The Employee Guide to Mergers and Acquisitions*.

Managing Uncertainty in M&A

Novell/Attachmate

PRITCHETT trained Novell managers in the United States, Ireland, UK, Germany, India, and Japan. Ninety percent of the attendees agreed or agreed strongly that PRITCHETT's *Managing Uncertainty* merger training program was very worthwhile. The program helped management protect productivity, improve communication, re-recruit key players, and prepare people for the integration challenges that lie ahead.

Schering-Plough/Merck

PRITCHETT delivered its *Managing Uncertainty* training to Schering-Plough's Global Quality Services and corporate human resources organizations. These groups were trained on how best to identify, re-engage, and re-recruit top talent and maintain focus on results.

Solvay Pharmaceuticals/Abbott Laboratories

Immediately after Abbott Laboratories' announcement of its intention to acquire Solvay Pharmaceuticals, PRITCHETT was contracted to conduct *Managing Uncertainty in M&A* training to prepare Solvay's managers for the acquisition. Subsequent to the training, Solvay's managers used PRITCHETT's customized Team Briefing Guides to educate and coach their teams. Our programs and materials enabled the divested pharmaceutical organization to protect productivity and strengthen communications during the months leading up to the deal's close.

Warner-Lambert/Pfizer

PRITCHETT advised Warner-Lambert on how to maintain productivity and protect performance while awaiting approval on the hostile takeover by Pfizer. Within a two-month period, PRITCHETT educated the entire Warner-Lambert workforce on the human dynamics of mergers. PRITCHETT developed a *Managing Uncertainty* Leader's Toolkit, distributed *The Employee Guide to Mergers and Acquisitions* worldwide, and certified 40 internal Warner-Lambert trainers to deliver PRITCHETT merger training workshops. Pfizer used the same program in many of their own divisions following the merger.

Wyeth Pharmaceuticals/Pfizer

PRITCHETT's *Managing Uncertainty* materials were translated into 24 languages, and 198 internal Wyeth facilitators were certified to deliver PRITCHETT's merger training. Over just four months, more than 23,000 Wyeth managers and employees around the world attended PRITCHETT's training program. The training and toolkits enabled Wyeth personnel to manage the dynamics of the merger, deliver results, and maintain the value of the business.



You can't take the psychological shockwaves out of merger integration. But you certainly can "immunize" managers and employees against much of the stress, just as you can provide guidance on how to contend with the unique challenges of mergers.

And the sooner you do it, the better.

[MergerIntegration.com]

Visit the #1 source of information on M&A integration.