

Improve M&A Success With Effective Employee Communications

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Mergers and acquisitions (M&As) often are challenging endeavors for financial institutions, and the costs of failure can be significant. Experience shows that the mergers most likely to succeed are implemented according to a well developed integration plan that includes employee communications.

Why Employee Communications Matter

If you treat your employees like mushrooms—kept in the dark and fed a bunch of “fertilizer”—you can expect disengaged employees and high turnover, in turn leading to stakeholder dissatisfaction and eventual loss of customers.

Successful merger integration and change management often is driven primarily by employee experience—what they see, hear, feel and say. Change is concerning for many people, particularly employees who might feel powerless over their fate. Left uninformed, or underinformed, employees may assume the worst. As a result, employee productivity can suffer as staff struggles to connect the dots on their own.

Effective communication is vital. **Like other elements of the change management process, a well developed employee communication plan can help employees transition from potentially scary, confusing endings to exciting new beginnings and reduce the depth and duration of the productivity loss that often follows major change.**

Remember, though, that news of a consolidation won't be uniformly received. Some staff likely will transition from their existing jobs and others may experience apprehension over potential changes in their roles and relationships. Employees need to know what's happening and what is and isn't changing. An effective communications plan answers the questions of both “what's in it for me” (WIIFM) and “what's needed from me” (WNFM).

In addition, the plan represents a valuable opportunity to help staff acknowledge and let go of the work they had been doing and the path they were on at their previous organization. It should prepare them for the new company, where they might experience a shift in authority, responsibilities and teams.

Employee communications also should ease the cultural transition by demonstrating the new culture to be expected. Some fears can be reduced by reinforcing the values that both organizations championed before the transaction. Being honest and open with employees will help them view the organization as a principled employer with an enviable culture.

The Role of Anticipation

Silence should not be an option. Information must be conveyed to employees from both the acquiring and acquired institutions. The best information to convey may be the information they crave most. The communication plan should anticipate the concerns that are foremost in employees' minds and should consider what they do and don't already know or what they may have heard, even if it was not from official communication channels. The plan also should consider perceptions they may have of the other company, regardless of the truthfulness of those perceptions. Any communications must answer concerns from all the employee stakeholders in ways they understand and trust.



Do's and Don'ts for Effective Employee Communication

Financial institutions undergoing M&A activity should keep several do's and don'ts in mind:

Do:

- Stick to known facts (for example, how the consolidation will help the business).
- Deliver consistent and simple messages that relate to the audience, avoiding jargon like "synergy" or "convergence."
- Act in a straightforward, honest and professional manner; this is the wrong time for a charm or PR offensive.
- Display concern, patience and understanding.
- Allow the audience to react and talk.
- See that the message communicated is actually implemented.

Don't:

- Speculate or discuss irrelevant issues.
- Assume that once is enough—instead, communicate messages more than once.
- Give personal advice or make promises about future employment, reference letters, or other salary and benefit issues if these things are not known and established.
- Become defensive if asked a hostile or negative question; instead, avoid emotional language and respond with facts only.
- Wait to communicate until you have all of the answers—employees will fill in the holes with speculation.

The Critical Consideration

When crafting an employee communications plan, it's important to remember that the goal isn't to push information on the employees. Rather, the goal is to create awareness, build understanding, and achieve buy-in and sustained commitment. If properly done, employee communications will pre-empt misunderstandings and adverse reactions and convey with clarity and relevance the positives to come.



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