

Your Companies Have Merged. Which Executives Will Stay?

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The success of Mergers & Acquisition is dependent upon retaining the right executives.

The synergy of merged companies is dependent upon the human capital value as well as the monetary value of the deal. A mass exodus of experienced, revenue-generators leaves the company vulnerable to competitors poaching these executives and their clients. Donald Bergh's research in the *Journal of Management* indicates that the long-term success of a merger largely depends on the retention of the *right* executives. The strategic alliance created by the merger must include retention plans for valued employees that are aligned with the unified company's goals. The merged companies must work to develop a new organizational culture. Losing executives that have long tenures in the acquired organization can be detrimental to the outcome of the merger. These executives have amassed large breadths of knowledge of effective processes used. Executives with less familiarity of either of the merged companies do not have the same grasp of the company's capability to respond to change. The executive level focus is often overlooked because the drivers for a new corporate culture are based upon the collaboration and integration of both human resource structures, but if HR is colliding, they aren't driving.

"It appears that their [long-tenured executives] idiosyncratic knowledge of what the organization can do and their ability to implement it outweighs the likelihood that they will be rigid when faced with uncertainty."

*Donald D. Bergh
Journal of Management Vol. 27 No. 5
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Smoothing the transition.

First, the *buy-in* of skilled executives into the merger process will ease the transition of their subordinates into the new organization because they can minimize the effects of the upheaval. Creating teams to integrate the companies' services and practices is essential for the transition process. Communicating with employees about the process and shifts in services will alleviate job security issues and prevent the decrease in job engagement. Including a variety of management in this integration will be helpful in retaining your most talented employees because they are most apt to identifying their strengths as opposed to those from the other organization. Managers' can use this information to help executives determine where employees will be most effective in the new company. Encouraging top executives to participate in the integration of the companies will bolster the morale from the top-down by integrating the retention of key employees into the merger. Key employees can bring loyal customers into the transition process as well.

Understanding your People is what Our People Do.

Retensa is the leader and innovator of Employee Retention Strategies. They combine **experience** and web-based **technology** to develop, motivate, and retain a company's **best employees**. Retensa customizes solutions to help organizations achieve significant **cost-savings** and **performance** improvements.

Through the creation of a "*Retention Environment*," Retensa provides additional expertise in **Leadership** Development, Human Capital **ROI**, **HR Metrics**, Employee **Surveys**, Exit Interviews, and **Succession** Planning, with a cutting-edge focus on workforce technology. Retensa can be reached at **212.545.1280** or visit www.retensa.com for more information about the solutions you can receive.

Is this a challenge at your Company? Give me a call:
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