



## **Mergers - The HR Role**

**by Robert Whipple: MBA, CPLP**

In any merger or acquisition, one of the most taxed groups is the Human Resources Department. The success of the venture and the health of the resulting merged organization in the future are highly dependent on the skill and dedication of the combined HR unit. It would be tempting to downsize the HR function early in the merger process, since duplicate staff functions are generally trimmed as a result of any merger. That would be a big mistake.

HR has so many different and critical roles during the integration, having to perform them all flawlessly during an extended transition with reduced staff would result in high jeopardy for the business. Let's look at a sampling of new roles to be played by HR during a merger. These are over and above the normal listing of roles that keep all HR staff hopping in steady state times.

### **Advocating for the people process during all negotiations**

The process leading up to a merger can take many months or even years. During that time, both organizations are expected to run normally, with top performance, because each one is being scrutinized for valuation purposes. The HR staff must keep all elements of the planned merger under wraps for legal reasons while simultaneously analyzing the potential impact of the merger.

### **Creating uniform policies**

HR policies and procedures need to be shaped to the new reality. This involves working with key stakeholders in both units to sort out a steady stream of issues, like flex work plans, vacation plans, salary rationalization, benefits alignment, movement of people, communication systems, and numerous other critical operational decisions. In these decisions, the HR role is that of a pivot player with management and the workforce.

### **Working to blend the cultures**

Historically, when mergers fail to produce expected results, it is often due to the inability of the cultures to blend into a homogeneous hybrid culture. A classic case example of this was the Daimler Chrysler merger where the two cultures never did merge. The more formal style of the Daimler culture and the more free-flowing style of Chrysler made an integration impossible. HR must take the lead at bringing in the appropriate resources (such as teambuilding experts or leadership improvement consultants) early in the integration to keep the two old cultures from becoming calcified and rigid. It is during the integration process that all kinds of dysfunctional and even childish behaviors may become evident at all levels.

### **Sorting through downsizings**

Inherent in most mergers is the ability to trim back on redundant functions in the staff areas and even in production groups. This is a critical issue for any merger process. HR must ensure that any downsizing activity is done fairly and with the appropriate sensitivity to the welfare of impacted individuals. When reductions do occur, it is often the people staying who feel like the true losers, because they need to survive in a working world that sometimes seems untenable. Usually HR is involved in trying to prop up sagging morale before, during, and after downsizing efforts.

### **Advocating for transparency**

Information dissemination during a merger process is a critical element, and HR is usually at least partly involved in the roll out of information. The ultimate level of trust in the merged group will be closely linked to the level of transparency people witness during the various phases. The conundrum between what must be kept under wraps and what can be shared at any point in time is like a giant jigsaw puzzle. Eventually all the pieces fit into place and the big picture can be viewed, but along the way it really does matter which piece is played at any point in time. HR takes on many roles from advisor to top management, to conduit for information, to designing communication processes and being a sounding board for feedback.

### **Training Integration**

The Learning Management Systems (LMS) of the two entities are likely to be different. Each group will want to hang onto their familiar way of scheduling and tracking the training activities of their people. Major battles can erupt over the work required to convert from one LMS to a different one. The "victor" is perceived to have "won" over the group that needs to retool. Hard feelings over this issue can last for years. Sometimes a blending of the two systems works well where both groups are called upon to modify their past patterns.

### **Minimizing distractions**

What is the name of the merged unit? If both names of the separate units are in the new name, which one comes first? Which CEO is perceived to be the top dog and which one has to get used to being second in command or needs to leave? What will the logo look like? Who gets to reside in the prime real estate? What outside training group is selected? On and on, the issues seem endless, and what appear to be rather straight forward decisions quickly become emotionally charged.

It is common in a merger to have both parties feel beleaguered and put out by the other party. It is hard to maintain objectivity and the perception of fairness when groups feel they are under attack. What might seem like a fair split of the pain to top managers may feel incredibly lopsided to both groups on the shop floor.

The workload of HR during the entire process from first inkling to full integration is many times what will occur in a steady state operation. That is why it is important to not downsize any seemingly redundant HR resources until full integration and stability have been achieved.

Bob Whipple is CEO of Leadergrow, Inc. an organization dedicated to growing leaders. He can be reached at [bwhipple@leadergrow.com](mailto:bwhipple@leadergrow.com) 585-392-7763. Website [www.leadergrow.com](http://www.leadergrow.com) BLOG [www.thetrustambassador.com](http://www.thetrustambassador.com) He is author of the following books: *The Trust Factor: Advanced Leadership for Professionals*, *Understanding E-Body Language: Building Trust Online*, and *Leading with Trust is Like Sailing Downwind*

