M&A Communication Essentials for Acquiring Companies
Webinar Agenda

+ Presenter introduction
+ Introduction to M&A communication
+ Why conducting a stakeholder analysis is paramount for a good communication plan
+ Building your communication plan
+ What to focus on in communication for “Signing”, “DayOne” and during the “First 100 Days”
+ Q&A
Presenter Profile: Thomas Kessler

Thomas Kessler is the German based Partner with Global PMI Partners, a consultancy exclusively focused on post merger integration and a full spectrum of services across the M&A lifecycle.

- Extensive experience in all aspects of merger and post-acquisition integration, and has advised clients across a wide variety of industry sectors covering small, mid and large cap transactions totaling more than $60 billion in value.

- Worked internationally in US, South East Asia, across Europe and Northern Africa on a variety of Post Merger Integration assignments, and specializes in mobilizing Integration Management Offices (IMO’s) including the management of Transition Service Agreements (TSAs) and supports companies to identify, quantify and implement synergies.

- Trained several hundred executives on M&A integration.

Mr. Kessler holds a B.B.A. from Mannheim University, an MSc in Business Administration from Goethe University, Frankfurt and an MBA from Business School Lausanne. He is an accredited CEFA and co-author of Cross-Border Mergers & Acquisitions.
Controlling the mood of the company is one of the core secrets to success during any merger integration.

Dynamic of the change process

Current mood of company

Desired performance

M&A-Announcement

Announcement of the integration plan

Reporting-meetings

Doubt and insecurity about goals, Rumors, etc.

Project work performed by the team

Orientation

Mobilization

Acceleration

Corporate performance

Guidance top-down

Effectiveness/collaboration

Continuous improvement on all levels

Dedicated need for communication

Time
Frequent communication to all stakeholder audiences is one of the hallmarks of a sound integration plan. Poor communication planning can negatively impact morale and even slow your integration down as people clamor for information.
**Symptoms and Signs**

- Executives’ communication reactive vs. proactive
- Lack of established communication vehicles for acquiring organization
- Limited risk assessment prework to determine high priority communication needs
- Information sharing to date on as “as needed basis”

**Potential Outcomes**

- Employee morale negatively impacted as they are “kept in the dark”
- Customers are confused as to next steps and become prime targets of competitors
- Employee defections (good people leave when they feel they are not valued)
- Integration energy spent on reactive issues and putting out fires

**Steps to Address**

- Solidify key messages for each key stakeholder audience in advance of Day 0.
- Create communication plan matrix for Day 0 thru 90 days.
- Establish communication channels and vehicles (if needed, create new ones to support the integration).
- Draft communications for senior executives to speed execution.
- Create “rolling FAQ log” that can be updated weekly and shared with affected employees.
Key Communication Objectives

The purpose of communication will change over the course of integration.

Deal Announcement
Deal Completion
~1-6 months
~3-12 months
~6-24 months

OLD WORLD ENDS

setting...
VALUE EXPECTATION

- Explain and justify the benefits of the deal (vision)
- Announce management changes
- Outline integration

supporting...
VALUE PRESERVATION

- Understand key challenges & perceptions
- Detail upcoming changes
- Break bad news
- Encourage business focus

encouraging...
VALUE GENERATION

- Highlight progress & successes
- Encourage participation
- Demonstrate business improvements

celebrating...
VALUE REALISATION & ESTABLISHMENT

- Present completion
- Acknowledge contributions
- Set a new vision

POSITIVE PERCEPTIONS
NEGATIVE PERCEPTIONS

Global PMI Partners
What are the key components of an accelerated strategic communication ...?

**Processes and Outcomes**

1. **Stakeholder Analysis**
   - Context & culture
   - Issues & questions
   - Resistance or barriers
   - Message refinement

2. **Targeted Strategy**
   - Audience focused
   - Clear objectives
   - Channels & timing
   - Roles & responsibilities

3. **Ongoing Communication**
   - Multi-channel & periodic marketing
   - Influencer
   - Evaluation measures
   - Upward feedback loop

**Defined Process & Accountabilities**

**Strategic Realignment As Needed**

**Proactive Message Management**
So …! Why is a stakeholder analysis important …?

**The Airbag Proof**

... saying, writing, guaranteeing
... that the airbag will go off if it needs to, is a fact we trust in
... when buying a car!

You *cannot* expect stake-holders to fully absorb 100% or even 50% of the messages communicated!

**The Merger Integration Fallacy**

... saying, writing, guaranteeing
... what we communicate post merger, however does not guarantee that
... it will be accurately recalled

You have to **test it to proof it** works, just as the manufacturer has to test that it works!

M&A are emotional laden change events
The Mickey Mouse Tie - How to handle objections to conduct a stakeholder analysis ...?

**What objections have we experienced on an ongoing basis**

- **Blind arrogance**
  ... executives *believe they know everything* stakeholders will say

- **Fear**
  ... executives are *scared to hear the responses*

- **Apathy**
  ... executives do not care, *do not want to know to not have to respond*

- **Ignorance**
  ... executives *just don’t understand*

- **Myopic cost cutting**
  ... executives will spent huge sums for a deal but *very little to make it work*

- **Distrust**
  ... executive that just *do not believe in the value focus groups can add*
5 RULES OF MERGER COMMUNICATION

1. Business / HR / Organization issues
   - Build a matrix of key issues and answers
   - Build a ‘Rude Q&A’ guide that provides short answers
   - Define charters of responsibility

2. Audience
   - Who and when to talk to
   - Develop a timeline based on key events and stakeholder needs

3. Channels
   - Identify preferred communication vehicles

Merger integration communication
How to build an evolving, targeted strategy …?
Merger integration communication
How to create stability ...?

+ **Given**: there are many more questions than answers

+ **Given**: "business as usual" doesn't exist during a merger

+ **Given**: the further removed from decision-making power, the lower the tolerance for ambiguity

+ **Given**: in the absence of frequent, credible official communications, the rumor mongers take control

+ **So:**
  - Anticipate rude Q&As
  - Develop core messages that reiterate the business case
  - Increase visibility of senior executives; coach them with consistent messages and “talking points”
  - Ensure genuine two-way dialogue with all stakeholder groups
# Template for a Communication Plan

<table>
<thead>
<tr>
<th>Phase</th>
<th>Timing</th>
<th>Audience</th>
<th>Media</th>
<th>Objectives/Messages</th>
<th>Spokesperson</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Initial Announcement</td>
<td>15 January</td>
<td>News/media</td>
<td>Press releases</td>
<td>ABC intends to purchase XYZ</td>
<td>CEO</td>
<td>Investor Relations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ABC employees</td>
<td>Memo, Copy of press release, ABC conference call supported by key-points minutes, Branch managers information</td>
<td>ABC announces merger with XYZ, Here are the key advantages we hope to leverage: 1......... 2......... 3.........</td>
<td>CEO</td>
<td>Corporate Communications</td>
</tr>
<tr>
<td>2. More detailed Announcement</td>
<td>20 January</td>
<td>ABC employees</td>
<td>E-mail newsletter, Branch managers information</td>
<td>Strategy behind the merger, Operational impact, Management changes, Benefits/compensation issues</td>
<td>CEO</td>
<td>Corporate Communications</td>
</tr>
</tbody>
</table>
# Signing Communication

<table>
<thead>
<tr>
<th>Topic</th>
<th>Time</th>
<th>Public</th>
<th>Employees</th>
<th>Customers</th>
<th>Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deal announcement/press release</td>
<td>Signing</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive alignment</td>
<td>Directly after deal announcement</td>
<td>X Face-2-Face Videocall</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integration governance</td>
<td>Directly after deal announcement</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consulting assistance communication</td>
<td>Directly after deal announcement</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Announcement integration team</td>
<td>Post signing</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee integration communication &lt;weekly update&gt;</td>
<td>3-6 w. p. signing / 1 w. p. anti trust</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permitted ‘Pre Close’ HR updates &lt;Benefits, Compensation, HR Development, Staffing&gt;</td>
<td>Decisions made &amp; timing of those ‘To Be’ made</td>
<td>X careful sensitive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing Announcement</td>
<td>On day of closing</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing letter to shareholders</td>
<td>On day of closing</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing letter to customers &amp; distributors</td>
<td>On day of closing</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing letter to partners/suppliers/service providers</td>
<td>On day of closing</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Welcome letter</td>
<td>On Day of closing</td>
<td>X</td>
<td></td>
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</tr>
</tbody>
</table>
Communication Development: Day 1 Resources

Employee communication kits can help address questions quickly.

Actual Day 1 employee and customer packet contents.

Contents

EMPLOYEE COMMUNICATION KIT
- Communication Guidance ........................................... 3
- Key Messages for Employees ........................................ 4
- Employee Talking Points ............................................. 5
- Employee FAQs ....................................................... 7
- Integration Approach .................................................. 10
- Impact on operations .................................................. 11
- Compensation, Benefits, and Incentives .......................... 12
- Sales Professionals FAQ ............................................. 13
- Questions Specific to New Employees ............................. 14

Contents

CUSTOMER COMMUNICATION KIT .................................. 2
- Customer Communication Guidelines .............................. 2
- Customer Key Messages ............................................. 3
- Customer Talking Points ............................................. 3
- Customer FAQs ....................................................... 4
- Customer Letter (Copy – Not for Distribution) .................. 7
- Customer Letter Attachment ....................................... 8
How to keep the momentum, motivation and a good spirit during the first 100 days …?

+ Be **credible** in your communication

+ Be **accessible** for employees

+ Position the **experience** as a **fun** and **exiting** one

+ **Celebrate quick wins** through achievement events and (they do not need to be huge parties)

+ **Acknowledge individuals** for particular contributions

+ **Communicate the successes of highly visible role models**

+ If you **don’t know s.th.** important people expect you to communicate about, **state** that you are working on it – no information will trigger the rumor mill

+ **Smile** for once – and do that a lot

+ **Keep your composure at all times** – how? Balance the stress you experience with a solid program of physical exercise
Communications Development

Essential Communication Planning Requirements

**Vision Deck**
- Comprehensive overview of transaction, rationale, strategy & objectives, key messages & all other pertinent details
- Multiple uses: Day 1, IMO onboarding, internal & external employee communications

**Stakeholder Mapping**
- Mapping of all stakeholder audiences, concerns, key message points, communication vehicles, owners for content, approval matrixes
- Plan should also include feedback and effectiveness measurement

**Day 1 Plan**
- Day 1 packets for acquiring company managers
- Resource guides for new employees
- Media and investor relations materials
- FAQs

**Ongoing Communication Plan**
- Plan should extend thru all integration phases (can adjust frequency after 6 months)
- Ongoing communication vehicles to support integration or Newco messaging
THANK YOU VERY MUCH FOR YOUR ATTENTION!

For those interested in exploring my next Online Mastermind

“Post Merger Integration for Executives”

which will start on Thursday July 28th I will offer a free consultation. Please contact me @

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Q & A