The leadership journey
Preparing your leadership team to navigate the transition to a new organization

Most executive leaders know that a successful merger and acquisition (M&A) transaction and integration hinges on a smooth transition for employees and customers. Appropriately, they make significant investments in planning and executing positive employee and customer experiences for Day One¹ and beyond.

But too often, the same rigor and intense focus is not dedicated to preparing the functional leadership team to navigate their organizations through the transition.

As the CEO, your leadership team can be the strongest link in your company's M&A transition — or the weakest. Investing in building a cohesive and aligned team increases the odds that they will successfully navigate the leadership journey that begins when a transaction is announced. This article describes some of the ways to support and cultivate these capabilities in your go-forward leadership team:

- Leading with trust after the announcement
- Leading with influence as Day One approaches
- Leading with vision on Day One and beyond

¹ Day One is the day the two companies or organizations become one, usually the day the transaction is closed.
Leading with trust
Before a transaction is announced, your leadership team should have a clear idea of how their organizations support the company's overarching vision and have communicated this mission to their people, and engaged them in crafting and executing strategies and tactics. They also should have built a legacy of trust based on a foundation of clear communication, constructive feedback, and appropriate rewards.

Then, their world changes. A planned merger or acquisition signals that the company is accelerating in a new direction with a shift in vision and operating model. It is not clear what roles these leaders, or their organizations, will play in this new vision. While struggling with their own uncertainty, they must continue to engage and motivate their people, maintaining "business as usual."

To manage through flux, your leaders must call upon the trust they have instilled in their people. Without the support of a clearly defined vision or role, they must lead by engaging their people with communications that are even more clear, consistent, and frequent than in the past. They must become champions of change, even though they don't have all the answers themselves.

Core challenge: Aligning your leadership team
Aligning people — especially leaders — is never easy, but it is even more difficult during a merger or acquisition since both organizations must remain separate and independent until the deal closes. As much as regulatory requirements allow, the leadership teams of the two organizations should collaborate, sharing ideas and perspectives while building credibility and trust.

Specific recommendation: Facilitate separate, parallel, and coordinated communications

• **Commit to your leaders.** Commit to leaders from both organizations that they will be integral to the success of the business. Reinforce their role in planning and goal setting for the integration. Ask them to effectively collaborate, aggressively communicate with their people, and continue to execute the business at hand.

• **Engage leaders early.** Vision, strategy, and operating model are the highest priorities for leaders in transition and organizations in flux. While honoring confidentiality requirements, be as transparent as possible with your leaders. Engage the leadership team early in the process of creating the new vision, strategy, and operating model for the combined company. This will help increase understanding and support, forming the foundation for communicating with their people.

• **Rapidly define messages.** While specific details will continue to evolve, clearly define the overall vision for the combined company and encourage leaders to share this message with their people. An effective and trusted leadership team must be able to describe the opportunity, rationale, and challenges while being accountable for yet-to-be-determined priorities.

• **Strongly encourage high visibility.** Appoint leaders from both organizations to the steering committee that guides the core integration team. Encourage them to keep their finger on the pulse of their respective organization by increasing face-to-face time with employees at all levels.

• **Keep it simple.** As with any day-to-day communication, keep the messages to employees clear and concise. Provide up-to-date information to leaders regularly and encourage them to share these messages with their people aggressively and consistently, using any means that make sense.

Leading with influence
As the company approaches Day One, a shift occurs when the top tiers of the go-forward leadership team are selected and the remaining leaders assume transitional roles. This is a shift in power, accountability, roles, and ultimately leadership.

Up to this point, the leadership team has been deeply involved in overseeing the integration planning, so they have a clear understanding of what needs to be done to merge the two organizations. The new role of the go-forward leaders will be to engage employees and lead with influence across both organizations.
Core challenge: Executing a smooth transition of authority
Your goal is to present a unified leadership team on Day One. They must represent the new company and communicate with credibility and influence to all stakeholders, including employees they have not met or led before.

Specific recommendation: Confer authority and confidence in the new leadership team
- **Convene an executive leadership summit.** Bring together your new team of direct reports to share your aspirations for the business and convey responsibility to them for delivering on commitments to shareholders, customers, and employees. Lead the collaborative process of identifying challenges and strategies for actualizing the company’s new mission, vision, values and culture, and ultimately gain their commitment to succeeding in spite of obstacles.
- **Rollout the leadership announcement plan.** An effective leadership transition requires careful planning, even before final decisions are made. Plan to announce the go-forward leadership team to the integration team just prior to the transaction close, ideally a week or so in advance. Put plans in place to roll out the news to other employees through multiple communication channels. When possible, create employee events to provide opportunities to meet the new leaders.
- **Set the right tone.** When announcing the new leadership team, personally express your strong support and confidence in the new leaders. Also acknowledge the contribution of the exiting leaders; treating them with respect and dignity will help set the tone for the culture of the new organization and set precedence for how future employee transitions will be handled. Consider participating in media and presentation coaching to prepare yourself and the leadership team to effectively communicate with all stakeholders and address their concerns.
- **Facilitate a smooth, but rapid, transition of authority.** There are no hard and fast rules for handing off leadership roles, so be prepared to deal with a wide range of emotions and behaviors. Ideally, the exiting and incoming leaders work together to transition the organization’s work and people. In some cases, the previous leader may be assigned a new role within the organization or may become an outside consultant to the new leader. However, in most cases, it is best to transfer complete authority as rapidly as possible, ending the prior leader’s influence and visibility within the organization.

Growing with vision
Immediately following Day One, the new leaders have the authority and influence needed to build a new vision for their organizations that supports the overall company vision. While embracing the short-term challenge of integrating their organization and meeting synergy targets, they have a unique opportunity to set a new long-term trajectory for their organization.

Core challenge: Supporting leaders in creating their new organization
Your guidance will be needed to help the leadership team work together, rather than solely focus on their functional areas. Establish a process that will keep their organizations in sync, while encouraging a continuous flow of communications at all levels of the company.

Specific recommendation: Encourage engaging all employees in the new vision
- **Synchronize organizational planning.** Establish a common approach and timeline for your leaders to collectively set their organizations’ goals and objectives. Encourage a collaborative environment by creating a planning process that is transparent and incorporates all of the integration priorities and functional interdependencies.
- **Encourage leaders to get smart.** Getting smart means learning as much as possible about their new organizations as quickly as possible. Starting Day One, the new leaders should be out talking with their people at all levels, encouraging ideas and candor. The goal is to gain intimate knowledge of the day-to-day operations of their organizations.
• **Support alignment of functional management teams.** Within 90 days of Day One, each functional leader should hold a strategic planning session with their management team to identify the strengths, weaknesses, opportunities, and threats facing their organization. This information will become the foundation for designing the organization’s new vision, strategy, and operating model, forming the foundation for the new “business as usual.”

• **Encourage leaders to cascade their vision down and channel feedback up.** The new leaders must communicate how their people can be successful in their jobs and help achieve the company’s vision and goals. Leaders should pay attention to reports that indicate what is really happening on the people side of the business, such as attrition reports, performance review reports, and customer satisfaction surveys. They should also consider subjective feedback systems, such as anonymous 360° employee surveys. Finally, they should close the feedback loop by providing employees with summaries of the feedback and the actions the management team will take to address their concerns.

**The journey begins**

As an executive leader, a merger or acquisition offers you the opportunity to build a cohesive leadership team that will support your priorities to capture value, create growth, and bring two organizations together as one company with a common vision and shared goals. Your leadership team will need a guiding hand to effectively complete their journey from announcement to Day One and beyond. By supporting your leadership team on their journey toward leading with vision, you are in a unique position to set a positive trajectory for the new organization.

**Contacts**

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