

First, the Amrop Leadership Assessment team examined the past situation of the top 50 managers - their professional track record and successes. This was followed by core factors – comfort and discomfort zones, motivational drivers (power, achievement, affiliation) and personality profile, moving to leadership qualities including the all-important readiness for change and ability to drive it.

Crucially, the managers' possible fears, positive and negative feelings related to the arrival of a new shareholder were also explored. So too were their vision and understanding of the change process, the current and future strategy, potential synergies and risks. Of equally keen interest were evaluatee perceptions of the quality of the social and organizational climate, the company as an employer and market player, its corporate culture and values, the calibre of its local management.

Finally, the future situation was explored with a view to succession planning, the managers' career preferences and ambitions. To close gaps, development needs and priorities were defined in compliance with the key competencies, behaviors and core values to be reinforced in Russia. Furthermore, the quality of the top 50 was compared with benchmarks in Russia and the CIS.

However, the assessment did not stop there. Jérôme Touiller: "It was also important to determine improvement priorities and identify unexpected operational challenges and risks. In that sense, our approach enriched the due diligence in this post M&A context. The interviews solicited managers' opinions regarding priorities for action and change, their suggestions to improve efficiency and productivity (globally or locally) in their direct scope of responsibility. We explored the optimization of existing processes and practices, the introduction of new processes and procedures, and so on. By discussing these topics through individual and confidential interviews, we also managed to raise awareness and readiness regarding the need for change – it was rather like a buy-in process. This approach is distinctive in that it combines assessment techniques with an engagement process. Apart from remodeling and developing the management team, we were preparing people to change and creating the right dynamic for change."



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Communication and Anchoring

Ekaterina Kimpelainen adds: “Personalizing the assessment meant taking managers into account as individuals rather than as ‘human capital’. This increased the chances of establishing mutual respect and trust and obtaining sincere insights rather than generalized or socially acceptable responses. Preserving confidentiality, the verbatim was not communicated to the client. It was exclusively used by the Amrop Leadership Assessment team to enrich the case for key findings, recommendations and the proposed action plan. At the client’s request, we provided selected extracts re-compiled by key topics to nourish the discussion during feed-back. The way the format of the process and deliverables is set and customized and the arguments used for internal promotion are key to its success and to the final added value of the whole exercise.”

AMROP’S INSIGHTS AND RECOMMENDATIONS

The qualitative feed-back duly yielded recommendations to develop, retain and/or reposition each manager assessed. However, the leadership assessment process also yielded vital indicators for the successful follow-through of the acquisition. Decision-making was considered slow, the interviews revealed, and this was linked to the way that power was delegated. Furthermore, understanding of the organization’s vision was fragmented and cross-functional communication and cooperation were disconnected. Performance was further undermined by frequent bottlenecks and the fact that key business process were considered poorly standardized and over-complex. Motivation was sub-optimal, linked to factors such as over-generalized target setting, the low exposure of employees and a general lack of teamwork. Amrop therefore recommended as priorities to:

- Improve the delegation of power to speed up the decision making process
- Communicate and cascade the corporate vision at all levels
- Redesign and implement a new motivation system based on individual KPI’s
- Structure cross-functional cooperation between departments and motivate teamwork
- Eliminate bottlenecks (transportation, IT, regional development); simplify and standardize key business processes
- Mobilize and develop key employees through exposure, teamwork
- Install tutoring and best practice sharing with the *alma mater*
- Set up the internal communication function.

In this way, leadership assessment reaped a dual benefit for the organization: the identification of the managers best positioned to assure the post-merger integration and vital indicators for the managerial and cultural framework best likely to create the conditions for success.

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Banking Services Leaders – Post Merger Assessment of the Top 33 Managers

CONTEXT

The two leading Spanish companies active in processing credit/debit card payments and cash withdrawals had merged and transferred to an entirely new entity with a fresh structure and organization. Having taken up the reins only a month previously, the incoming CEO sought the evaluation of the 33 top managers of both businesses.

“The new CEO was an outsider,” says José Leyun, Global Head of Amrop’s Leadership Assessment Community of Practice, who spearheaded the leadership assessment project. “He needed to evaluate the senior management of both companies in an independent and professional way – one that would enable him to form a clear-sighted opinion upon which to create a new senior management team. He also required insight into the second and third management tiers to evaluate their disposition to make a real contribution to the merger and rise to future challenges. Beyond these indicators, our leadership assessment also sought to better understand the culture of both companies. The target population for our assessment comprised the Executive Committee and their direct, senior, reports.

“It is important to note that the merging companies were unequally sized. Company AA was larger in terms of market share and structure. It had always had access to resources, enabling it to invest and grow in a significant and relaxed manner. Company A, the smaller of the two, had had comparatively limited access to resources. Its reference shareholder emphasized efficiency and envisaged a short term sale. It had been the sole operator in the Spanish market in the early stages of this business. Yet despite the initial head start of Company A, the subsequent commitment of Company AA’s shareholders had led to heavy investments in technology and resources.



AMROP'S INSIGHTS AND RECOMMENDATIONS

Applying a customized, interview-based methodology, the exercise delivered its primary goal – to give the new CEO an objective picture of existing and potential leadership capacity.

Yet the leadership assessment also uncovered fundamental differences between two organizations who were at first glance engaged in the same core business and activities. There were serious disparities in the managers' mindset and understanding of the business they were in. These differences were manifested in two distinct structures and cultures. José Leyun explains: "Perhaps due to the separate evolutionary paths of the two organizations, their managers had divergent perceptions of the merger. Those from the larger, resource-rich Company AA simply considered it as an opportunity. Those from the smaller Company A welcomed the end of restrictions and the renewal of their professional and personal growth. Not only did the sizes of the two players differ – the heavy investment of Company AA's shareholders had paradoxically led to the creation of an organization that was not very efficient. A culture of free expenditure and low control was highly evident.

"The managers of the two companies also had significantly different attitudes to the leadership assessment process. Those from larger Company AA displayed a reluctant, dominant style, making a wide variety of declarations regarding the superiority of its vision, structure and technology. They had no doubt about who should run the new company or the type of organization needed. We therefore evaluated their flexibility and integration capability as being lower than that of the managers of Company A. Despite this, the vision and ideas of Company AA's managers for future development were stronger – perhaps due to the fact that they had had to develop their organization from its position of smallest market player. They were more aggressive and proactive than the managers of their new bedfellow.

"Overall results-orientation was also very poor in Company AA – the abundance of easily-accessible resources had undermined any quest for efficiency or market competitiveness. At Company A, however, the situation was the opposite.

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“Levels of commitment to the company post-merger were also different. The managers from Company AA would engage only if they obtained an ‘adequate’ position based on track record and merit. No alternative option was considered – apart from leaving the new company. Those from Company A favored a role that would position them for their future growth. Yet they were potentially unprepared for this, believing that the challenge lay not in the merger itself, but in the future organization – regardless of their starting position. Still, some senior professionals at Company A sought a highly visible and responsible role within the new structure.

“However, the management teams had factors in common. Neither measured results in terms of financial indicators or efficiencies, but in technicalities and systems – all being difficult to quantify and correlate with performance. Neither had needed to engage in customer identification and acquisition and this had led to an absence of customer focus. Since the shareholder was the customer, the response to shareholder needs and demands was a priority.

“Furthermore, and perhaps due to the technological nature of both companies, leadership style and communication skills revealed room for improvement. Over the years, managers had been assigned responsibilities as a result of technical prowess and in some cases, the pure passing of time. We could find no evidence of higher-level management training in either company.” The findings raised the following imperatives for the new organization:

- Define a unified vision and strategy, including:
 - Short and medium-term goal-setting
 - Core values and principles
- Design a coherent leadership and management training and coaching programme
- Identify and cross-fertilize critical behaviors and practices
- Embark upon organizational and team re-structuring to dissolve barriers and open up silos
- Define KPI's and development plans for teams and individuals
- Develop a customer acquisition and retention strategy

CONCLUSION

A merger or acquisition remains an enduring yet risky 'reboot' strategy for organizations. And the post M&A phase is a critical time. Identifying and positioning the right leaders is of vital importance, making their assessment a widespread reflex. However, the way senior talent is assessed can make or break the commitment of an organization's most precious asset at a vulnerable time for all. Unfortunately, in the quest for the security of numbers, individual consideration may be sidelined. Yet taking care of the human dimension, we argue, can not only safeguard the retention of crucial talent, it can yield unexpected benefits for M&A follow-through.

MANAGEMENT MESSAGES

- A merger or acquisition remains an enduring 'reboot' strategy
- Yet 70% and 90% of efforts fail
- Research identifies the post M&A phase as critical
- During this phase, leadership remains of paramount importance and its assessment, equally so
- Overriding considerations in assessment design are independence and objectivity.
- The leadership assessment design team needs to be able to differentiate between global and local needs and create a synthesized and pragmatic assessment model
- In the M&A focus on the material dimension, the human dimension can be neglected
- Yet the way leadership assessment is conducted can make or break the commitment of those assessed
- A qualitative, individualized discussion allows reflection, exploration - and insights
- Soliciting assessee recommendations regarding post-merger strategy and operations has a dual benefit:
 1. Respect and consideration of the assessee
 2. Clues and keys to a successful M&A implementation.

Sources

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About Amrop

With 85 offices in 56 countries, Amrop provides services in Executive Search, Leadership Assessment and Board Consulting. It is the largest partnership of its kind.

Amrop's Leadership Assessment specialists draw on a range of customized solutions and methodologies to offer a context-driven, local and global perspective to clients managing change in leadership succession, mergers or acquisitions, identification of senior executive development needs and areas of strength and weakness.



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