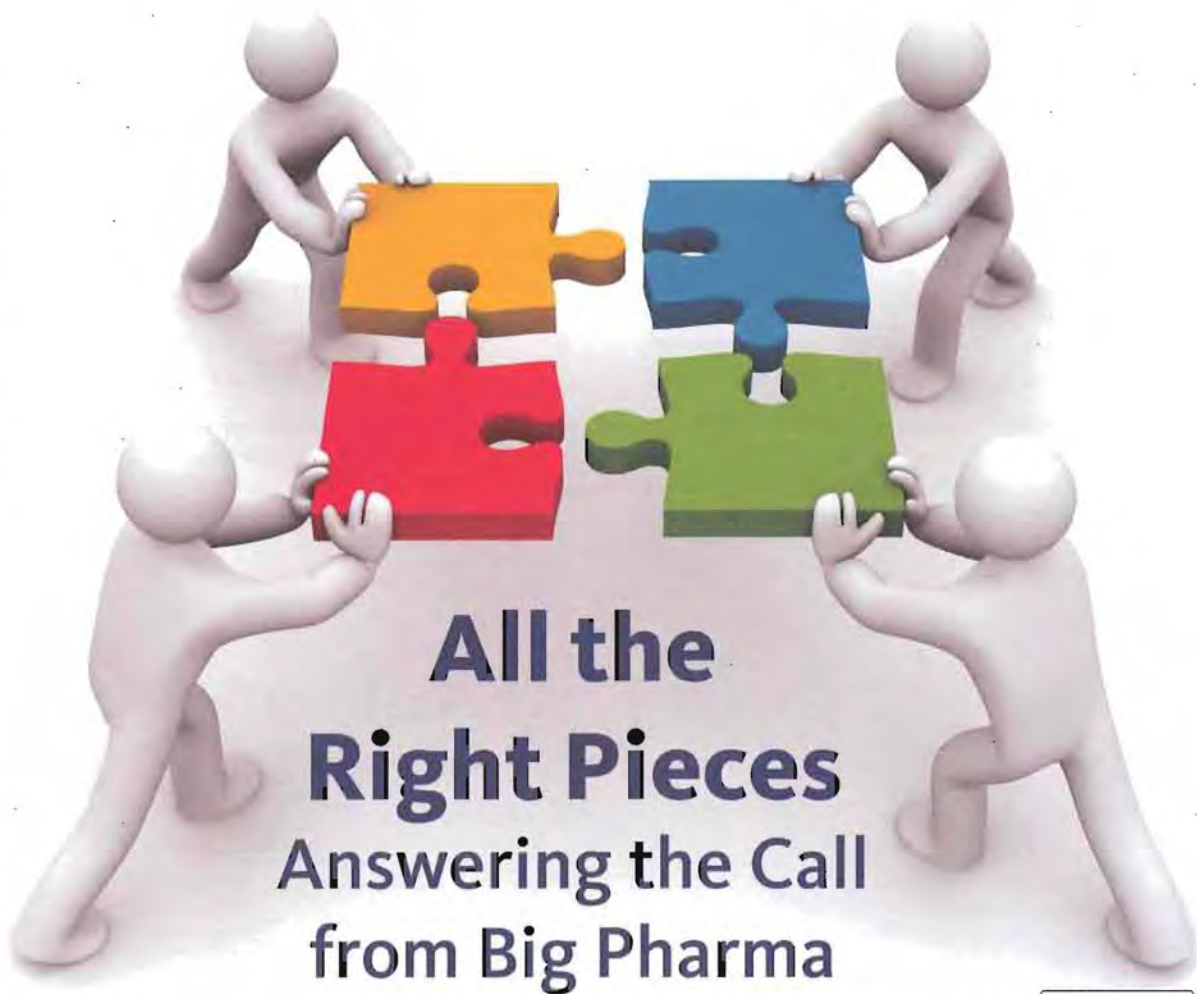


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**All the
Right Pieces
Answering the Call
from Big Pharma**



One for All...

Managing the Other Capital – the Human Kind

By Bari Faye Siegel

When a merger or acquisition is under consideration, it's expected that company executives will be focused on the facts and figures of the deal – scrutinizing the contract and making sure all the "i"s are dotted and "t"s are crossed. But once the deal is done, before the ink is even dry, experts suggest that the powers that be focus on the kind of capital that will be powering the business forward – the human kind.

Don Mallo, vice president of human resources and general counsel at the professional employer organization Extensis of Woodbridge, N.J., reminds executives in the midst of M&A talks that "before anything is 'out there,' individuals in the company know something is going on. It doesn't matter the size of your company, people know. The rumor mill goes out and it's human nature to assume the worst."

While the senior team is thinking about creating synergies and reducing costs, everyone involved – on both sides of the deal – will soon be wondering how the coming events will personally impact them. And, Mallo warns, this concern is prevalent – even at the top of the ladder. Even if you are the dominant partner in a sale, both sides are wondering who their counterpart is. It's normal to figure, "We don't need two of that role. What does that mean for me?"

The truth is, since everyone is thinking about it – whether they are actually talking out loud about it – Mallo suggests that it's critical for management to open up the discussion. Open communication about a pending merger or acquisition, he says, will calm nerves and make the team feel like everyone is important and in the loop.

Forging a Stronger Team

Stephen Kohn, president of Work & People Solutions of White Plains N.Y., wholeheartedly agrees. "It's important to communicate as openly as possible and let people know exactly what's coming and what might be changing."

He believes that the only way to combine two distinct teams is to really understand the makeup of the teams and the hierarchy of each organization. "Who are the people and what do they bring to the table," he asks. "You have to look at the people closely. Do your homework. Know who the players are and know how they will work together or if they won't be able to come together as a strong team."

It's likely that not every member of both organizations will have a place in the combined company. However, Mallo says, the reorganization "won't be as bad as anyone thinks. Senior management doesn't want the good people to leave. But if they aren't included in the discussion, their resumes will be out on the street and they will be looking to leave before the communication is out there."

And, he adds, the "good ones" will be the first out the door because "they are the marketable ones." The unintended result will be that the very people who would have made the combined organization "great," will have taken their talents elsewhere.

He recommends that honesty is the best policy when it comes to communicating with the staff – at every level of the organization. In fact, there are two messages that must be communicated early. Admit that things will change. However, be clear that the company is committed to making a smooth and fair transition.

The bottom line is that the point of the deal is to forge a combined organization that is stronger and more strategic.

The "Soft Skills" Count

In every company, it's critical for team members to do their jobs well. That's a given. But there's a softer side to a job description – the side that it's almost impossible to describe on paper. And it's those soft skills that become the most important piece of the equation in a merger or acquisition, the experts say.

"Let's say you have 12 all stars -- 12 wonderfully talented people. They are all great at what they do. They all have their own egos," Kohn points out. "Sure they all want to have a great game. But if they can't put their egos aside and play as a team, they won't win. That's what team-building is about. It's the ability to think about the team first and how to improve yourself second."

That skill, Kohn adds, is the first soft skill to look for in a team member. Are they capable of putting the organization above themselves and moving forward with new people?

Second, some people, he notes, do not take direction well when it comes to self improvement. If you have someone on your team who has a good skill-set but needs improvement and hasn't been



willing to accept constructive criticism and change, "that is the person you don't want to come along for the ride; they will flop in the new organization," Kohn says.

Finally, he adds, look for flexibility. Seek out the people who are well-developed, understand their strengths and deficits and are open to making changes. "There are many people who want to make the necessary changes but they can't or won't. They won't be successful moving forward."

Don't be afraid to let people go if you find they don't have what it takes to go forward with the combined team. "In a merger situation, management has the perfect opportunity to get rid of the weak link," Kohn says. "Let go of the people who don't have the skills that will be needed moving forward. You need good, strong team players. It will take a lot of flexibility and out of the box thinking to make the merger successful."

Next Steps...

Kohn is a big believer in team building. Everyone needs to understand their new role in the combined organization. And, he says, it starts with a strong leader.

"This is a critical piece of the puzzle going forward because there are a lot of steps that go into place as you build teams. Who will be the leader? Who is the person people will go to on a regular basis with questions? Who will set the new goals going forward?"

Mallo agrees that team building activities could be helpful in bringing together the two teams and forging one cohesive team going forward. "Hire outside consultants who can take you off site for projects, games and lectures. People look at others

differently when they break bread together, sleep under the same roof. Help your people see each other on different levels - as real people, not just people sitting behind a desk during business hours."

At the end of the day, people are people - they come to the table with unique perspectives, skills and problem-solving abilities. It's incumbent upon the leader of the new organization to set the goals and lead the team forward.

"People will try to re-establish themselves and stake their claim in the new organization, so it's very important that the leader be in place," Kohn concludes. "There is no question that cliques and factions may form. But the leader must be able to work out power struggles and get them resolved in a productive way. At the end of the day, challenges are going to come up but they need to be worked out so that progress can be made."

