

Discussion Guide

Read This First!

Thank you for using the SHRM Foundation DVD, *Once the Deal is Done: Making Mergers Work*. This document outlines the suggested use and explanation of the supplemental materials created for use with the video. Please read it carefully before proceeding.

Our goal is to provide you, the facilitator, with materials that will allow you to create a customized presentation and discussion. For this reason, we have included this Discussion Guide document. In addition, discussion question slides from the PowerPoint can be deleted to customize your presentation and discussion.

Suggested Program Agenda

1. Distribute the Discussion Questions to participants and suggest that they watch the DVD with the questions in mind.
2. Play the DVD.
3. Use the PowerPoint introductory slides (Slides 2 through 8) to discuss the DVD, the history of Bupa and the five important lessons presented at the end of the DVD.
4. Distribute the Participant Worksheets to generate individual thought and discussion. (Alternatively, these worksheets can also be used to assign group activities and continue with Step 5 after the activity, or they can be used after Step 5 to assess participant understanding. Please see the Participant Worksheet section below for more information.)
5. Use the PowerPoint question slides (Slides 9 through 28) to discuss each individual primary discussion question. (The Question Guide provides the facilitator with all necessary information and answers to lead a comprehensive discussion.)
6. Distribute the Participant Worksheet Answer Keys to participants.

Supplemental Materials Descriptions

Bupa Australia Overview

The Bupa Australia Overview can be used as either a facilitator discussion guide or a participant handout. It includes a general outline of important facts about the company, as well as a comprehensive overview of the planning and implementation that went into making the Bupa Australia/MBF merger successful.

20-Minute Video Synopsis

The Video Synopsis can be used as either a facilitator discussion guide or a participant handout. It presents a chronological summary of the important segments of the video, highlighting the speakers and critical points in each section.

SHRM Overview

The SHRM Overview should be used as a participant handout. Divided into two sections, it gives a detailed description of both SHRM and the SHRM Foundation.

Human Resource Certification Institute (HRCI) Summary

The HR Certification Institute summary should be used as a participant handout. It discusses the levels of professional HR certification available through the Institute, with brief descriptions of each.

Discussion Questions

Please consider the following questions as you watch the SHRM Foundation DVD, *Once the Deal is Done: Making Mergers Work*. Your facilitator may ask you to answer these questions in discussion or activity format at the completion of the DVD.

What are some keys to successfully integrating two merged companies?

In what ways does an “integration board” protect a merger from failure?

What are the three key principles of an integration process?

What are some challenges that mergers typically face?

List some stakeholders of a merger and their concerns with the combined company.

What aspects of a communications strategy are most important to a successful merger?

What human resource issues should senior executives consider when creating the new company?

What are some metrics that can be used to assess the impact of the merger?

Bupa Australia Overview

OPERATING INFORMATION

- Part of Bupa International, Headquartered in the UK
- 10M members in 190 countries, 3.2 million members in Australia
- 52,000 employees worldwide, 2,375 in Australia
- \$3.25B in benefits paid out in 2009 in Australia, 30% market share
- 1,093 hospitals, 30,992 providers

MISSION STATEMENT

Bupa's purpose is to help people live longer, healthier, happier lives. We aim to become Australia's favourite health care company by taking an active role in improving health care services in Australia; by looking after our members and giving them the confidence to make well informed choices; by helping Australians better manage their health for the long-term; and, by doing everything we can to offer our members access to the benefits of quality health care at affordable prices.

TYPES OF COVERAGE AND SERVICES

- Hospital coverage
- Medical services
- Dental coverage
- Optical coverage
- Physiotherapy coverage
- Chiropractic coverage

OPERATING STATISTIC

- Average number of children under 16 hospitalized every day: 125
- Average number of babies delivered every day: 104
- Average number of members treated for cancer every day: 135
- Average number of hospital admissions every day: 2,584
- Number of "extras" claims processed every day: 28,220

HISTORY

- Bupa Australia is part of the international Bupa Group, which was established in the United Kingdom in 1947 and today is a leading international health care company.
- MBF (Medical Benefits Fund) was founded in 1946.
- In 2002, Bupa acquired AXA Australia to become a major player in Australian health insurance market.
- In 2007, Bupa acquired Amity Group in Australia.
- In 2008, Bupa acquired MBF.

Video Overview

Narrated and presented by Wayne F. Cascio, Ph.D., SHRM Foundation's eighth video examines the planning and implementation process of the merger of Bupa Australia and MBF. Filmed on location at Bupa Australia headquarters in Melbourne, Australia, and featuring interviews with Bupa officers, managers and employees, this film presents several compelling considerations that should be made when merging two companies.

20-Minute Video Synopsis

VIDEO INTRODUCTION

Wayne Cascio

Cascio describes the post-merger integration process of Bupa Australia, Australia's third largest health care provider, with MBF Group, the nation's second largest provider.

DESCRIPTION OF FORMER BUSINESSES

Wayne Cascio; Richard Bowden, Managing Director

1:30 – The new focus of the new company

2:05 – The issues of a “small” company buying a “big” company

After a brief description of the human resource goals of the merger, the managing director discusses the high-level reasons for the merger.

KEYS TO SUCCESSFUL INTEGRATION

Peter Wilson, National President of AHRI

3:00 – The real key of a successful merger

The President of AHRI discusses what is typically considered in a merger (financial and synergy benefits) and points out the real key to success is properly managing the people.

HIGH-LEVEL MANAGEMENT OF THE INTEGRATION PROCESS

Hisham El-Ansary, CFO; Penny Lovett, Director of Human Resources; Mark Engel, Director of Marketing; Christine Stewart, Head of Sales

3:25 – Developing an integration board

4:10 – Three key principles of an integration process

5:00 – Focusing on the external market

5:17 – Consolidating financial systems

6:10 – Developing a new sales identity

Bupa's executives discuss how they contributed to a smooth integration of the two former companies. The need for an integration board to oversee the transition process is discussed. Each executive discusses how their department contributed to vision and implementation of the plan that was developed by the integration board and their fellow senior-level executives.

20-Minute Video Synopsis (Continued)

CHALLENGES

Penny Lovett; Richard Bowden

- 6:35 – Accurate and timely information
- 7:15 – Job placement in new organization
- 7:30 – Redeploying people

Lovett talks about the need for tight planning, the need for accurate and timely information, and acknowledging when questions do not have answers. She also discusses the need to redeploy people into roles in which they are best suited to perform well. Bowden discusses the placement of people in roles in the new organization.

STAKEHOLDER CONCERNS

Kate Christiansen, Head of Integration; Dr. Christine Bennett, Chief Medical Officer

- 7:50 – The impact of the merger on stakeholders

The executives discuss addressing the fears and concerns of the internal and external stakeholders, including employees, hospitals, doctor groups and government regulatory entities.

COMMUNICATION

Mark Engel; Dr. Christine Bennett; Penny Lovett; Peter Wilson; Richard Bowden

- 8:30 – Comprehensive communication strategy
- 8:55 – Consistent, coordinated messages
- 9:10 – Communications vehicles
- 9:50 – The main reason mergers fail
- 10:10 – Considering the corporate culture

Engel discusses the need to develop a comprehensive communications strategy as well as a small group of people to vet each message, both internal and external, to ensure it is accurate and clearly stated. Bennett addresses who should deliver each message, while Lovett describes the forms of communications that were used throughout the merger process. Wilson discusses why some mergers fail, and Bowden addresses the need to always consider the culture of the organization when communicating.

MERGER CHAMPIONS PROGRAM

Penny Lovett; Monika Gunther, Customer Relations Manager

- 10:30 – Developing the Merger Champions program
- 10:42 – The goals of the Merger Champions program

The executives discuss the need for and the implementation of the Merger Champions Program to help the employees through the merger process.

20-Minute Video Synopsis (Continued)

METRICS

*Hisham El-Ansary; Tony Forster, Director of Customer Service;
Penny Lovett; Mark Engel*

- 11:30 – Using the “Balanced Scorecard” approach
- 12:40 – Customer service considerations
- 13:00 – Employee engagement surveys
- 13:27 – Customer satisfaction surveys

The executives discuss the “Balanced Scorecard” approach to evaluating the success of the merger. El-Ansary discusses the need for meaningful financial statistics, balanced by consideration of other measurements of success within the new organization. Forster discusses evaluating levels of customer service, while Lovett discusses employee engagement, and Engel discusses evaluating customer satisfaction.

RESULTS

Richard Bowden; Tony Forster; Mark Engel

- 13:45 – Results of the merger

The executives discuss the outcomes of the merger in terms of timelines, retention rates and market share.

LESSONS LEARNED

*Richard Bowden; Dr. Christine Bennett; Penny Lovett; Mark Engel; Peter Powell, Chief Information Officer;
Kate Christiansen*

- 14:38 – Timelines for success and trusting your instincts
- 15:40 – The importance of clear communications
- 16:26 – Keep senior executives highly visible and seek outside guidance
- 16:55 – Do not tolerate people who refuse to cooperate
- 17:05 – When enough change has occurred
- 17:12 – Focus on the people first

Bowden explains that no matter what timeline you predict, you can always do it quicker if you plan the integration properly. Bennett addresses the need to repeat the message several times before it is fully understood and accepted. Lovett discusses the need to keep senior-level executives visible and using a balance of internal and external experts to create the integration plan. Engel addresses how to handle people who refuse to cooperate, while Christiansen points out that it is important to identify when enough change is enough. Powell addresses the need to focus on people and how to make technology assist them throughout the integration process.

FIVE KEY DRIVERS OF SUCCESS

Wayne Cascio

- 17:45 – The Five Lessons

Cascio explains the five key drivers of a successful merger: Have a well-articulated strategy that identifies how the merger will be integrated; Establish a full-time integration team with ample resources and strong leadership; Communication from senior management should be constant and consistent; Speed in integration is critical; Create a set of financial and non-financial measures to track the overall performance of the new company.

Society for Human Resource Management (SHRM)

The Society for Human Resource Management (SHRM) is the world's largest association devoted to human resource management. Representing more than 250,000 individual members, the Society's mission is to serve the needs of HR professionals by providing the most essential and comprehensive resources available.

As an influential voice, the Society's mission is also to advance the human resource profession by giving HR professionals tools to be business leaders, such as executive education programming with prestigious business school partners, SHRM Academy courses in business education, the SHRM Foundation video series, Quarterly Research reports, the HR Competency Toolkit, International Certification, and much more. The Society also works to build recognition in the business community about the role HR plays in organizational success.

SHRM serves the profession by providing HR professionals with ready access to the latest information and trends through SHRM Online Web casts and content, HR Magazine, SHRM white papers, research surveys and the SHRM Information Center, which received more than 125,000 calls last year.

Founded in 1948, SHRM currently has more than 500 affiliated chapters in the United States and members in more than 100 countries. For more information visit SHRM Online at www.shrm.org.

SHRM Foundation

The SHRM Foundation is the 501(c)(3) nonprofit organizational affiliate of the Society for Human Resource Management. Since 1966, the SHRM Foundation has focused on HR as a strategic business leader. It advances the profession and increases the effectiveness of HR professionals through research, education, innovation and research-based knowledge.

The Foundation funds strategic research in all areas related to the management of people in organizations. Grant Applications (for up to \$200,000) are available on the SHRM Foundation web site (www.shrm.org/foundation).

The SHRM Foundation Board of Directors reviews proposals two times each year. Authors can expect to receive detailed feedback on their proposals. More than 85 percent of Foundation research projects completed since 1998 have resulted in a published article, book or major conference presentation.

In addition, the Foundation funds the dissemination of research-based knowledge through books, videos, DVDs and innovative educational initiatives such as the SHRM Masters Series, Thought Leaders Retreat, and scholarships.

The SHRM Foundation is governed by a volunteer Board of Directors, comprised of distinguished HR academic and practice leaders. Contributions to the SHRM Foundation are tax-deductible. For more information, please visit the SHRM Foundation web site: www.shrm.org/foundation.

HR Certification Institute

The HR Certification Institute is an internationally recognized certifying body for the HR profession. The HR Certification Institute has awarded more than 108,000 credentials in more than 70 countries and territories to HR professionals who have passed rigorous exams to demonstrate their mastery and real-world application of forward-thinking HR practices, policies and principles. Business leaders and the HR profession value the credentials because the exams test both knowledge gained from HR experience, as well as HR business practices, policies and procedures that professionals are expected to know.

Three certifications for practicing HR professionals are offered:

- Professional in Human Resources (PHR®)
- Senior Professional in Human Resources (SPHR®)
- Global Professional in Human Resources (GPHR®)

In addition, there is a California-based certification that augments the PHR and SPHR certifications. This certification focuses on HR knowledge specific to California HR laws and practices. For more information about the HR Certification Institute and its exams, please visit their web site at www.hrci.org

QUESTION GUIDE

Identify financial benefits, cost savings

The primary objective of a merger or acquisition is to increase shareholder value. Mergers often result in savings from efficiencies of scale, increased supplier leverage and reduced administrative and overhead costs. Fully identifying these and other types of cost savings will increase stakeholder buy-in and help justify the merger.

Ensure synergy benefits are maximized

Mergers that focus on developing strong synergy benefits typically generate increased revenue and profitability. It is important that the new company utilize the best qualities of each of the former companies to provide better services, high-quality products and create operational efficiencies. Often the most successful mergers are between companies that complement each other's strengths and compensate for the weaknesses of the former individual companies.

Properly manage the people

A company is nothing more than people working together to create a product or provide a service. When two companies merge, one of the most important considerations must be for the people involved in the process. Neglecting to account for the impact on the employees' personal emotions and professional expectations can result in increased anxiety, confusion and ultimately needless turnover and attrition. The impact on each individual employee should be considered in the integration process.

Keep the senior executives deeply involved in the integration process

To provide a level of confidence and security for all stakeholders, senior executives should remain highly visible and deeply involved in the integration process. A key indicator that a merger may fail is when senior executives focus on the financial and legal aspects of a merger and leave the integration up to mid-level executives. Stakeholder perceptions are significant components of successful mergers, and when senior executives are highly visible and actively involved in the integration process, a level of confidence in the merger becomes evident.

What are some keys to successfully integrating two merged companies?

Additional Questions

What did Bupa executives do to ensure synergy?

To protect their investment, Bupa developed an "integration board" to develop and oversee the program of integration. The board met monthly for four hours and discussed every aspect of the integration program. The board also developed guidelines for tracking the synergy savings of the newly formed company.

What are some ways that senior executives should be involved in the execution of the integration process?

Senior executives should be highly visible throughout the merger process. They should be involved in as much of the communications strategy and implementation as possible. Senior executives should be the public face of the merger, championing every transition and providing focus and certainty.

What actions will constitute sound management of the people affected by the merger?

The integration process should be designed to create a powerful cultural symbol for the organization. The plan should provide overarching guidelines for the new organization, namely:

1. Create something new. Do not impose the old business model of either of the former companies on the new organization, but rather create a new way of doing business.
2. Take people on the journey through the integration process to establish a powerful culture.
3. Create certainty quickly for the employees so they can focus on the 'main game' – which is to look after their customers.



According to the Experts...

“There is always a high priority put into the financial side and the synergy benefits, but the keys to successful integration are how you manage the people.”

Peter Wilson
National President, AHRI

ADDITIONAL RESOURCES

Australian Human Resource Institute
www.ahri.com.au

Managing People and Cultural Problems in Mergers
www.watsonwyatt.com/images/database_uploads/15962/HBRManagingPeople.pdf

QUESTION GUIDE

Plans the transition

An integration board is typically made up of executives representing each division, department and level of the organization. Open, honest and equitable negotiations are keys to developing a transition plan. By including representatives from each segment of the organization, a solid transition plan can be developed that will seek to protect the intellectual property, human resources and financial investments, as well as garner a higher rate of stakeholder and employee buy-in.

Oversees the program of integration

After the transition plan is developed, the integration board should conduct ongoing assessment of the progress being made and seek to resolve any unexpected issues with respect to the overall intention of the transition plan. The board is largely responsible for the successful execution of the integration process and therefore must track and analyze each of the integration activities.

Develops guidelines for tracking synergy savings and benefits of the merger

The board should define the expected outcomes of the integration process, including expectations for newly formed operational efficiencies, direct and indirect cost savings, and increased value and service for all stakeholders. The guidelines should be the outcomes that each segment of the organization is working to achieve. A successful integration plan fully develops its expected outcomes prior to developing the implementation plan and will often seek implementation guidance from 'front-line' managers and employees. This practice allows the higher-level executives to focus on the big picture, while allowing the people most familiar with the day-to-day operations to participate actively in the merger's success.

Additional Questions

What aspects of the integration process should the board oversee?

The integration board should focus on financial issues, creating operational efficiencies, developing the ideals of

In what ways does an "integration board" protect a merger from failure?

the corporate culture and implementing policies to ensure that the people fall within its guidelines. The board should also focus on protecting the company's brand quality, handling contract-related issues with suppliers and vendors, and identifying and merging best practices. Lastly, the board should focus on aligning policies and procedures with the long-term goals and vision of the new organization.

What kinds of backgrounds and skills should board members represent?

The integration board should be made up of experts in every aspect of the business, including senior-level executives, financial officers, members of the board of directors, human resources experts, and operational-efficiency experts. The board also should seek to include third-party merger and acquisition experts who can provide an 'experienced' perspective. Finally, be sure to include representatives from the "front lines" of the business.

When developing tracking mechanisms, what methods might be best suited to track employee morale and satisfaction?

An employee engagement survey will suggest key indicators of employee morale and satisfaction. The survey should include questions regarding the employee's expectations, readiness for work, ability to make decisions and do what is best, engagement with his or her supervisor, professional development, perception of his or her value within the organization, perceptions of colleagues, friendships at work, performance feedback, and professional achievement.



Hisham El-Ansary
Chief Financial Officer

According to the Experts...

"Bupa globally invested \$2.4 billion in the acquisition of MBF back in 2008, and as a consequence of ensuring that the return on that investment was proceeding according to plan, the integration board was formed with a specific focus on overseeing the program of integration that the business was undertaking."

ADDITIONAL RESOURCES

Managing Through Mergers

blogs.hbr.org/hmu/2008/02/managing-through-mergers-1.html

Effective Board Oversight of M&A

www.businessweek.com/managing/content/sep2009/ca20090911_397345.htm

QUESTION GUIDE

Create something new

In order to make everyone feel equal in a merger, the new organization must feel like it developed as a result of the marriage of the best parts of the two former companies. Simply imposing the acquiring organization's culture, policies or operations on the acquired organization may cause irreparable harm to morale and could lead to an exodus of talent. It is critical that the integration board take an unbiased look at the talent pools, business practices and cultural elements of each of the former companies during the planning stages to make sure each company is equally represented in the new organization.

Involve the people in the process

A company is nothing more than people working together to create a product or provide a service. When two companies merge, one of the most important considerations must be for the welfare of the people involved in the process at every level of the organization. The people who are most affected by any change should be involved in as much of the decision-making process as possible. A key to preventing confusion, rumors and costly turnover is to eliminate secretive, closed-door decision-making that will affect individual roles in the company.

Create certainty quickly

As with any change, people respond best when they receive clear and direct answers. Eliminating the opportunity for assumptions, rumors and anxiety-driven gossip by providing frequent and honest answers to employees' questions is the key to providing a level of security that keeps everyone focused on the end goal of the merger. Acknowledging the validity of each individual's concerns can go a long way to preventing needless confusion.

Additional Questions

Why should an organization reinvent itself during the merger?

By reinventing itself during a merger, a company takes the opportunity to bring everyone from both sides of the organization to the same level. If one company imposes

What are the three key principles of an integration process?

its culture, business practices and corporate policies on the acquired company, the new company will likely experience a high voluntary turnover rate, decreased morale and high levels of resentment and fear among employees of the acquired company. If the new company is largely portrayed as a new entity made up of the best parts of both former companies, every employee will feel equally connected, valued and appreciated.

What are some downside risks to not involving people from every level of the organization in the integration process?

If the integration process neglects to involve representation from every level of the organization, it runs the risk of neglecting the small, often critical, details that are the key drivers of a company's success. Also, if the integration board is viewed as an aloof, overlord-like entity, it will have a hard time generating buy-in and will jeopardize the success of the merger.

How can an organization create certainty for its employees and customers during a merger?

No secrets, no surprises, no hype, and no empty promises. The senior executives need to be very aware of the impact of their communications and should choose their words wisely. It is important to maintain an open communications forum that allows for two-way communication. It is also important to be very timely and highly responsive to questions. Executives should act selflessly and compassionately with regard to their employees' concerns and needs.



According to the Experts...

"The approach that we took to designing the integration process was very important in creating a powerful cultural symbol for the organization."

Penny Lovett

Director of Human Resources

ADDITIONAL RESOURCES

Post Merger Integration Principles

www.slideshare.net/brownsbrown/post-merger-integration-principles

Post Acquisition Integration: Five Best Practices

www.schulersolutions.com/html/post_acquisition_integration.html

QUESTION GUIDE

Noise and confusion

The greatest challenge of any merger is controlling the message while accurately representing the value of the merger to all stakeholders. As interested parties seek information regarding their status within the new organization, confusion and rumors can develop. Properly communicating the reason for every change as well as the intention of every strategic decision will help prevent confusion. It is important to seek feedback from everyone in the organization on an ongoing basis to minimize the number of unanswered questions.

Keeping your messages simple, clear and on target

In an effort to keep everyone's questions answered and everyone comfortable with the status of the merger, senior managers must remember to keep their messages simple, clear and to-the-point. Giving out too much information can be confusing and, therefore, as detrimental as not giving enough detail. As messages get developed, it important to make sure they are very clearly stated and consistent with the overall goals and intentions of the merger.

Acknowledging that not all questions have an answer

It is better to give an "I don't know" answer than a wrong answer. When stakeholders ask questions about strategic decisions that have not been made, acknowledging that there is no answer is a very powerful way to prevent confusion and open the door to constructive feedback. There is nothing more counter-productive to a merger than misinformation.

Placing people fairly in the new company

Because the new organization should be made up entirely of the best parts of each original company, it is important to give every employee an equal opportunity to fill whatever role he or she is best suited for in the new company. By making everyone re-apply for every position in the company, members of both original companies will feel equally valued and morale will likely remain high. Keeping each decision fair and transparent will help prevent needless employee turnover.

Handling people who do not fit into roles in the new company

In every merger, there will be people who do not fit into the new organization. The very nature of combining companies will provide an employee-candidate pool that is larger than the employment needs of the new organization. Eliminating duplicative roles in administrative and support departments will be a large source of surplus human resources. Also, it is important not to tolerate people who behave unacceptably or who refuse to buy into the mission of the new organization. Quickly and appropriately outplacing these people will prevent cost overruns and generate immediate financial savings.

What are some challenges that mergers typically face?

Additional Questions

What might be some issues with a smaller entity acquiring a larger entity?

When a smaller organization acquires a larger organization, there is the risk that employees of the larger company may feel like they failed or operated too inefficiently. These employees might fear cutbacks or that they are being absorbed into a company that values lean operations at the expense of employee work-life fit. Another issue is that the acquiring company may be taking on more than it can handle. It is a genuine challenge when a smaller organization must confront an employee base that doubles in size overnight.

What are some effective methods for staffing the new organization?

The new organization should define each role and require employees from both sides of the merger to apply for the positions as if they were walking into a new company. The new organization needs to be careful to not preselect any employee for a position and to consider each applicant equally based on job-related qualifications.

What are some effective methods for handling people who do not fit well with the new organization?

The integration board, working with human resource professionals in the new organization, needs to develop exit strategies for employees that do not fit in the new company, and re-deployment options that will attempt to place employees in different roles in the new organization. If re-deployment is not an option, the company should consider providing outplacement assistance. Lastly, the company should define equitable and fair severance packages for displaced employees at all levels of the organization.

ADDITIONAL RESOURCES

Exercises in the Strategy of Post-Merger Integration

hbr.org/product/exercises-in-the-strategy-of-post-merger-integrati/an/UV0464-PDF-ENG

Human Due Diligence

hbr.org/2007/04/human-due-diligence/ar/1

QUESTION GUIDE

Government/regulators

Federal and state regulatory agencies may require an audit of the merger plan prior to it being finalized. These agencies would be investigating whether the merger would violate any laws or create an unfair advantage in the market.

Suppliers

The supply chain of an organization is critical to its ability to produce its output. If a supplier has a limited capacity to provide for the needs of the new organization, service disruptions or inventory runs may occur. From the supplier's perspective, there may be a fear that newly combined company might have increased bargaining power and may reduce the supplier's profits.

Service providers

Third-party service providers might resist administrative and contractual changes that are imposed by the new organization. Legal issues may arise as a result of contract-liability changes or even cancellation of contracts that were signed by one of the former companies.

Investors/stockholders

Investors will be most interested in increased operational efficiency and how it will translate to increased profitability. Investors may fear that the merger could result in a loss of profitability in the short-term and may resist the merger. Also, investors in both of the former companies will want to protect their equity stake in the new company and minimize the financial impact that may result from the dilution of shares.

Customers

Customers are the most powerful voices in a merger. Maintaining high customer satisfaction through the merger is critical to its success. If customer-service levels decrease as a result of the merger, the new company may experience a decrease in sales, which would likely have a negative impact on profits and, ultimately, the market value of the firm.

List some stakeholders of a merger and their concerns with the combined company.

Additional Questions

What concerns may a government or regulatory body have with a merger or acquisition?

The government may be concerned with issues such as anti-trust, health and human services requirements, equal employment opportunity, tax laws, and the effects the merger will have on its securities and exchanges, contracts, and debts.

What concerns may a supplier or service provider have with a merger or acquisition?

Suppliers and service providers will be concerned with their ability to meet the increased demands of the new, larger organization. They will also seek to protect their existing contracts with the organization and may fear a decrease in profit margins, as the new organization will have an increased level of bargaining power.

List some potential issues that may affect the customers of an organization during a merger.

Customers may find that the merger results in confusion about where and how to go about utilizing the services of the new organization. They might also be concerned about changes to levels of service to which they have become accustomed. Customers may also be concerned with changes to pricing and the long-term availability of products and services of the former companies.



According to the Experts...

“Groups like the hospitals and doctors that we contract with would want to know ‘what is this going to mean for the contract with us,’ or the government, for example, might be wondering ‘what does this mean for customers and will there be any changes that are likely to breach regulations.’”

Dr. Christine Bennett
Chief Medical Officer

ADDITIONAL RESOURCES

Australian Trade Practices Act 1974
www.austlii.edu.au/au/legis/cth/consol_act/tpa1974149/

Antitrust Meger Policy: Lessons from Australian Experience
www.keyvaluedata.com/pdf/articleOfInterest/2562.pdf

QUESTION GUIDE

What aspects of a communications strategy are most important to a successful merger?

Aligning messages both internally and externally

It is critical to keep an organization's public and private messages consistent. Given the rapid dissemination of information in today's technology-driven environment, it is even more critical than ever before to keep the message on target and consistent with the intentions of the executives. If an incorrect or inappropriate internal message leaks to the public, the stakeholders (investors, customers, etc.) may become suspicious and lose faith in the executive management of the company.

Keeping internal messages consistent

The need to keep internal messages consistent is even more important than aligning public and private communications. Because at any given moment any employee could interact with a stakeholder, it is important that what the employee communicates is accurate and consistent with the intended message of the firm's executives.

Provide information through multiple channels

It is important to provide accurate information in as many ways as possible. Internal and external web sites, text messaging, e-mail, television, telephone and teleconferences are all appropriate methods to spread news and updates about the organization. It is critical during uncertain times that every potential communication channel gets used to eliminate the "I-didn't-get-the-memo" excuse.

Additional Questions

What are the risks involved with having inconsistent or untimely communications?

Every message that gets communicated that is contradictory to a previous statement or is off-message creates a new issue for the organization to resolve. Miscommunication can result in confusion and accusations, and can create additional work for the organization's public-relations efforts. It is critical that every employee at every level of the company remain informed of the organization's intentions and have access to detailed information about the merger so he or she is able to communicate accurately.

What channels might an organization use to provide details about the merger?

Bupa Australia implemented as many forms of communications as possible to make sure everyone had access to information in the format with which they were most comfortable and familiar. Bupa conducted town-hall meetings and face-to-face briefs for all employees. The leadership team toured the country and met with each employee twice in the first 100 days. Bupa also used printed newsletters, e-newsletters, and an intranet website to provide information about the merger, the integration process, and job vacancies.

What are the four "No's" for a successful merger-communications strategy?

No secrets, no surprises, no hype, and no empty promises.



According to the Experts...

"We wanted to make sure we got consistent messages, so there was a lot of coordination and logistics to make sure the we were clear. [We also examined] who had the principle relationship, who was doing the communicating; we made sure we were all reading from the same hymn sheet and that it was done in a timely way."

Dr. Christine Bennett
Chief Medical Officer

ADDITIONAL RESOURCES

Merger Success: What's communication got to do with it?
findarticles.com/p/articles/mi_m4422/is_6_19/ai_94590108/

Managing a merger without losing customers
www.allbusiness.com/sales/customer-service/562016-1.html

QUESTION GUIDE

Protecting the culture

When working through a merger, it is very important to protect the culture of the organization. In times of change, it is easy for employees to become fearful, which can manifest in ways that are opposite to the goals of the organization. To foster a positive culture, executives should seek to minimize employees' anxieties and maximize their awareness of the intentions and expectations of the newly formed company.

Preventing attrition and turnover

One of the primary reasons for a merger is to bring together the best talent of both organizations to create a more powerful, more effective organization. Losing good talent as a result of the merger can be devastating to the new organization. Human resource professionals should conduct ongoing employee satisfaction surveys, provide counseling services, conduct discussion forums and also exit interviews to be able to identify any issues that may cause or have caused employee turnover.

Monitoring employee satisfaction

The best way to understand how employees feel about the merger and their role in the new company is simply to ask the right questions! Human resources should conduct frequent surveys to gauge the attitudes, opinions and ideas of the employees. These surveys should ask questions about the employees' individual situations as well as what they think of their colleagues' situations and the organization as a whole.

Getting employees involved on all levels

A great way to minimize confusion and maximize buy-in is to put together a chain of people who serve as champions of the program. These people may not be experts on every aspect of the merger, but they should have access to other people who can answer any questions that are beyond their knowledge. The idea is to involve people at all levels of the organization – not just managers – so employees can feel comfortable and safe as they seek answers to their questions.

What human resource issues should senior executives consider when creating the new company?

Additional Questions

Name some ways to protect the culture of the organization.
Bupa executives put a lot of effort into planning change because they were aware that every conversation in an organization builds the culture. The way Bupa went about the restructuring in the first place said a lot about what it wanted to be. It sought out ways to be fair to every employee. It worked to develop an open and honest communications policy and to involve as many employees as possible in decision-making processes.

How can an organization prevent turnover during a merger?
An organization can prevent excessive turnover during a merger by minimizing confusion, ensuring fairness and equality, and communicating openly and honestly about a person's status within the new organization. It is also helpful to seek quick resolution to employment-related issues and to provide an increased level of employee assistance and counseling during the transition period.

How does Bupa use its Merger Champions Program to help manage the integration process?
One of the main goals of Bupa's Merger Champions Program was to understand what employees' concerns were and to take steps to address them. The program was designed as a forum to communicate detailed information rapidly and to explain why a decision might have been made. However, most importantly, it was also a mechanism to capture how the employees were feeling about the merger. The program was sponsored by the Human resources department, and it included a bi-monthly briefing for facilitators, who would then cascade that information to delegates from every area of the business that represent the front-line workers.



According to the Experts...

“One of the main aims of the Merger Champions Program is to understand what the concerns are and then put things into place to address them.”

Monika Gunther
Customer Relations Manager

ADDITIONAL RESOURCES

The human side of mergers and acquisitions: Understanding and managing human resource integration issues

www.allbusiness.com/public-administration/administration-human/682631-1.html

QUESTION GUIDE

Financial metrics, profitability, efficiency, ROI

The most obvious and easiest way to gauge the success of a merger is to analyze the new organization's financial metrics and compare them to those of the former companies. Increased profitability, cost savings as a result of operational efficiencies, higher return on investments, and overall stock value (if it's a publicly traded company) are good measures of success. However, because mergers are often investments in future value, financial metrics should not be the sole measure of a merger's early success.

Employee satisfaction

Evaluating the level of employee satisfaction can be a key indicator of a successful merger. If employees of the new organization are happier, work more efficiently and provide better customer service, then the likelihood of the merger being successful increases exponentially.

Customer satisfaction & quality-control assessment

A very good indicator of the impact of a merger is the level of customer satisfaction. Customers should be asked if they are happy with the quality and speed of service they are receiving from the new organization, in comparison with their experiences with the former companies. Monitoring customer-service calls and complaints is a very effective way to judge customer satisfaction.

Employee engagement surveys

The more engaged employees are in their work, the better an organization will perform. A goal of the new organization would be to have levels of employee engagement at or above those of the former organizations. Employee engagement surveys gauge performance, dedication and attitude.

Stakeholder satisfaction

Monitoring stakeholders' views of the merger can provide an indication of the merger's impact on those who have a direct investment in the success of the organization. Keeping track of government, regulatory agency, investor and service-provider inquiries can help determine if the new organization is on the right track.

Additional Questions

What is a "balanced scorecard approach" to evaluating a merger's success?

Executives should use a "balanced scorecard approach" to measure the success of the newly formed company effectively. The balanced scorecard suggests that

What are some metrics that can be used to assess the impact of the merger?

executives view the organization from four perspectives, and that they develop metrics, collect data and analyze it relative to each of those perspectives:

- *The Learning & Growth Perspective (sometimes known as the human capital perspective)* – This perspective includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement.
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What do employee engagement surveys measure?

At a broad level, they measure employees' vigor, dedication and absorption in their work. Such surveys should include questions regarding the employee's expectations, readiness for work, ability to make decisions and do what is best, relationship with their supervisors, professional development, perception of their value within the organization, perceptions of colleagues, friendships at work, performance feedback and professional achievement.

ADDITIONAL RESOURCES

What is the Balanced Scorecard?

www.balancedscorecard.org/BSCResources/AbouttheBalancedScorecard/tabid/55/

12 Questions to Measure Employee Engagement

www.workforce.com/section/09/article/23/53/40.html

PARTICIPANT WORKSHEET

What are some keys to successfully integrating two merged companies?

Participant's Name _____

Follow the facilitator's instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience and classroom discussions.

What did Bupa executives do to ensure synergy?

What are some ways that senior executives should be involved in the execution of the integration process? _____

What actions will constitute sound management of the people affected by the merger? _____

PARTICIPANT WORKSHEET

In what ways does an “integration board” protect a merger from failure?

Participant’s Name _____

Follow the facilitator’s instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience and classroom discussions.

What aspects of the integration process should the board oversee?

What kinds of backgrounds and skills should board members represent?

When developing tracking mechanisms, what methods might be best suited to track employee morale and satisfaction? _____

PARTICIPANT WORKSHEET

What are the three key principles of an integration process?

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Why should an organization reinvent itself during the merger?

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What are some challenges that mergers typically face?

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What might be some issues with a smaller entity acquiring a larger entity?

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List some stakeholders of a merger and their concerns with the combined company.

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What do employee engagement surveys measure?

PARTICIPANT ANSWER KEY

What are some keys to successfully integrating two merged companies?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

Identify financial benefits, cost savings

The primary objective of a merger or acquisition is to increase shareholder value. Mergers often result in savings from efficiencies of scale, increased supplier leverage and reduced administrative and overhead costs. Fully identifying these and other types of cost savings will increase stakeholder buy-in and help justify the merger.

Ensure synergy benefits are maximized

Mergers that focus on developing strong synergy benefits typically generate increased revenue and profitability. It is important that the new company utilize the best qualities of each of the former companies to provide better services, high-quality products and create operational efficiencies. Often the most successful mergers are between companies that complement each other's strengths and compensate for the weaknesses of the former individual companies.

Properly manage the people

A company is nothing more than people working together to create a product or provide a service. When two companies merge, one of the most important considerations must be for the people involved in the process. Neglecting to account for the impact on the employees' personal emotions and professional expectations can result in increased anxiety, confusion and ultimately needless turnover and attrition. The impact on each individual employee should be considered in the integration process.

Keep the senior executives deeply involved in the integration process

To provide a level of confidence and security for all stakeholders, senior executives should remain highly visible and deeply involved in the integration process. A key indicator that a merger may fail is when senior executives focus on the financial and legal aspects of a merger and leave the integration up to mid-level executives. Stakeholder perceptions are significant components of successful mergers, and when senior executives are highly visible and actively involved in the integration process, a level of confidence in the merger becomes evident.

What did Bupa executives do to ensure synergy?

To protect their investment, Bupa developed an "integration board" to develop and oversee the program of integration. The board met monthly for four hours and discussed every aspect of the integration program. The board also developed guidelines for tracking the synergy savings of the newly formed company.

What are some ways that senior executives should be involved in the execution of the integration process?

Senior executives should be highly visible throughout the merger process. They should be involved in as much of the communications strategy and implementation as possible. Senior executives should be the public face of the merger, championing every transition and providing focus and certainty.

What actions will constitute sound management of the people affected by the merger?

The integration process should be designed to create a powerful cultural symbol for the organization. The plan should provide overarching guidelines for the new organization, namely: 1. Create something new. Do not impose the old business model of either of the former companies on the new organization, but rather create a new way of doing business. 2. Take people on the journey through the integration process to establish a powerful culture. 3. Create certainty quickly for the employees so they can focus on the 'main game' – which is to look after their customers.

PARTICIPANT ANSWER KEY

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

In what ways does an “integration board” protect a merger from failure?

Plans the transition

An integration board is typically made up of executives representing each division, department and level of the organization. Open, honest and equitable negotiations are keys to developing a transition plan. By including representatives from each segment of the organization, a solid transition plan can be developed that will seek to protect the intellectual property, human resources and financial investments, as well as garner a higher rate of stakeholder and employee buy-in.

Oversees the program of integration

After the transition plan is developed, the integration board should conduct ongoing assessment of the progress being made and seek to resolve any unexpected issues with respect to the overall intention of the transition plan. The board is largely responsible for the successful execution of the integration process and therefore must track and analyze each of the integration activities.

Develops guidelines for tracking synergy savings and benefits of the merger

The board should define the expected outcomes of the integration process, including expectations for newly formed operational efficiencies, direct and indirect cost savings, and increased value and service for all stakeholders. The guidelines should be the outcomes that each segment of the organization is working to achieve. A successful integration plan fully develops its expected outcomes prior to developing the implementation plan and will often seek implementation guidance from ‘front-line’ managers and employees. This practice allows the higher-level executives to focus on the big picture, while allowing the people most familiar with the day-to-day operations to participate actively in the merger’s success.

What aspects of the integration process should the board oversee?

The integration board should focus on financial issues, creating operational efficiencies, developing the ideals of the corporate culture and implementing policies to ensure that the people fall within its guidelines. The board should also focus on protecting the company’s brand quality, handling contract-related issues with suppliers and vendors, and identifying and merging best practices. Lastly, the board should focus on aligning policies and procedures with the long-term goals and vision of the new organization.

What kinds of backgrounds and skills should board members represent?

The integration board should be made up of experts in every aspect of the business, including senior-level executives, financial officers, members of the board of directors, human resources experts, and operational-efficiency experts. The board also should seek to include third-party merger and acquisition experts who can provide an ‘experienced’ perspective. Finally, be sure to include representatives from the “front lines” of the business.

When developing tracking mechanisms, what methods might be best suited to track employee morale and satisfaction?

An employee engagement survey will suggest key indicators of employee morale and satisfaction. The survey should include questions regarding the employee’s expectations, readiness for work, ability to make decisions and do what is best, engagement with his or her supervisor, professional development, perception of his or her value within the organization, perceptions of colleagues, friendships at work, performance feedback, and professional achievement.

PARTICIPANT ANSWER KEY

What are the three key principles of an integration process?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

Create something new

In order to make everyone feel equal in a merger, the new organization must feel like it developed as a result of the marriage of the best parts of the two former companies. Simply imposing the acquiring organization's culture, policies or operations on the acquired organization may cause irreparable harm to morale and could lead to an exodus of talent. It is critical that the integration board take an unbiased look at the talent pools, business practices and cultural elements of each of the former companies during the planning stages to make sure each company is equally represented in the new organization.

Involve the people in the process

A company is nothing more than people working together to create a product or provide a service. When two companies merge, one of the most important considerations must be for the welfare of the people involved in the process at every level of the organization. The people who are most affected by any change should be involved in as much of the decision-making process as possible. A key to preventing confusion, rumors and costly turnover is to eliminate secretive closed-door decision-making that will affect individual roles in the company.

Create certainty quickly

As with any change, people respond best when they receive clear and direct answers. Eliminating the opportunity for assumptions, rumors and anxiety-driven gossip by providing frequent and honest answers to employees' questions is the key to providing a level of security that keeps everyone focused on the end goal of the merger. Acknowledging the validity of each individual's concerns can go a long way to preventing needless confusion.

Why should an organization reinvent itself during the merger?

By reinventing itself during a merger, a company takes the opportunity to bring everyone from both sides of the organization to the same level. If one company imposes its culture, business practices and corporate policies on the acquired company, the new company will likely experience a high voluntary turnover rate, decreased morale and high levels of resentment and fear among employees of the acquired company. If the new company is largely portrayed as a new entity made up of the best parts of both former companies, every employee will feel equally connected, valued and appreciated.

What are some downside risks to not involving people from every level of the organization in the integration process?

If the integration process neglects to involve representation from every level of the organization, it runs the risk of neglecting the small, often critical, details that are the key drivers of a company's success. Also, if the integration board is viewed as an aloof, overlord-like entity, it will have a hard time generating buy-in and will jeopardize the success of the merger.

How can an organization create certainty for its employees and customers during a merger?

No secrets, no surprises, no hype, and no empty promises. The senior executives need to be very aware of the impact of their communications and should choose their words wisely. It is important to maintain an open communications forum that allows for two-way communication. It is also important to be very timely and highly responsive to questions. Executives should act selflessly and compassionately with regard to their employees' concerns and needs.

PARTICIPANT ANSWER KEY

What are some challenges that mergers typically face?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

Noise and confusion

The greatest challenge of any merger is controlling the message while accurately representing the value of the merger to all stakeholders. As interested parties seek information regarding their status within the new organization, confusion and rumors can develop. Properly communicating the reason for every change as well as the intention of every strategic decision will help prevent confusion. It is important to seek feedback from everyone in the organization on an ongoing basis to minimize the number of unanswered questions.

Keeping your messages simple, clear and on target

In an effort to keep everyone's questions answered and everyone comfortable with the status of the merger, senior managers must remember to keep their messages simple, clear, and to-the-point. Giving out too much information can be confusing and, therefore, as detrimental as not giving enough detail. As messages get developed, it important to make sure they are very clearly stated and consistent with the overall goals and intentions of the merger.

Acknowledging that not all questions have an answer

It is better to give an "I don't know" answer than a wrong answer. When stakeholders ask questions about strategic decisions that have not been made, acknowledging that there is no answer is a very powerful way to prevent confusion and open the door to constructive feedback. There is nothing more counter-productive to a merger than misinformation.

Placing people fairly in the new company

Because the new organization should be made up entirely of the best parts of each original company, it is important to give every employee an equal opportunity to fill whatever role he or she is best suited for in the new company. By making everyone re-apply for every position in the company, members of both original companies will feel equally valued and morale will likely remain high. Keeping each decision fair and transparent will help prevent needless employee turnover.

Handling people who do not fit into roles in the new company

In every merger, there will be people who do not fit into the new organization. The very nature of combining companies will provide an employee-candidate pool that is larger than the employment needs of the new organization. Eliminating duplicative roles in administrative and support departments will be a large source of surplus human resources. Also, it is important not to tolerate people who behave unacceptably or who refuse to buy into the mission of the new organization. Quickly and appropriately outplacing these people will prevent cost overruns and generate immediate financial savings.

What might be some issues with a smaller entity acquiring a larger entity?

When a smaller organization acquires a larger organization, there is the risk that employees of the larger company may feel like they failed or operated too inefficiently. These employees might fear cutbacks or that they are being absorbed into a company that values lean operations at the expense of employee work-life fit. Another issue is that the acquiring company may be taking on more than it can handle. It is a genuine challenge when a smaller organization must confront an employee base that doubles in size overnight.

What are some effective methods for staffing the new organization?

The new organization should define each role and require employees from both sides of the merger to apply for the positions as if they were walking into a new company. The new organization needs to be careful to not preselect any employee for a position and to consider each applicant equally based on job-related qualifications.

What are some effective methods for handling people who do not fit well with the new organization?

The integration board, working with human resource professionals in the new organization, needs to develop exit strategies for employees that do not fit in the new company, and re-deployment options that will attempt to place employees in different roles in the new organization. If re-deployment is not an option, the company should consider providing outplacement assistance. Lastly, the company should define equitable and fair severance packages for displaced employees at all levels of the organization.

PARTICIPANT ANSWER KEY

List some stakeholders of a merger and their concerns with the combined company.

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

Government/regulators

Federal and state regulatory agencies may require an audit of the merger plan prior to it being finalized. These agencies would be investigating whether the merger would violate any laws or create an unfair advantage in the market.

Suppliers

The supply chain of an organization is critical to its ability to produce its output. If a supplier has a limited capacity to provide for the needs of the new organization, service disruptions or inventory runs may occur. From the supplier's perspective, there may be a fear that newly combined company might have increased bargaining power and may reduce the supplier's profits.

Service providers

Third-party service providers might resist administrative and contractual changes that are imposed by the new organization. Legal issues may arise as a result of contract-liability changes or even cancelation of contracts that were signed by one of the former companies.

Investors/Stockholders

Investors will be most interested in increased operational efficiency and how it will translate to increased profitability. Investors may fear that the merger could result in a loss of profitability in the short-term and may resist the merger. Also, investors in both of the former companies will want to protect their equity stake in the new company and minimize the financial impact that may result from the dilution of shares.

Customers

Customers are the most powerful voices in a merger. Maintaining high customer satisfaction through the merger is critical to its success. If customer-service levels decrease as a result of the merger, the new company may experience a decrease in sales, which would likely have a negative impact on profits and, ultimately, the market value of the firm.

What concerns may a government or regulatory body have with a merger or acquisition?

The government may be concerned with issues such as anti-trust, health and human services requirements, equal employment opportunity, tax laws, and the effects the merger will have on its securities and exchanges, contracts, and debts.

What concerns may a supplier or service provider have with a merger or acquisition?

Suppliers and service providers will be concerned with their ability to meet the increased demands of the new, larger organization. They will also seek to protect their existing contracts with the organization and may fear a decrease in profit margins, as the new organization will have an increased level of bargaining power.

List some potential issues that may affect the customers of an organization during a merger.

Customers may find that the merger results in confusion about where and how to go about utilizing the services of the new organization. They might also be concerned about changes to levels of service to which they have become accustomed. Customers may also be concerned with changes to pricing and the long-term availability of products and services of the former companies.

PARTICIPANT ANSWER KEY

What aspects of a communications strategy are most important to a successful merger?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

Aligning messages both internally and externally

It is critical to keep an organization's public and private messages consistent. Given the rapid dissemination of information in today's technology-driven environment, it is even more critical than ever before to keep the message on target and consistent with the intentions of the executives. If an incorrect or inappropriate internal message leaks to the public, the stakeholders (investors, customers, etc.) may become suspicious and lose faith in the executive management of the company.

Keeping internal messages consistent

The need to keep internal messages consistent is even more important than aligning public and private communications. Because at any given moment any employee could interact with a stakeholder, it is important that what the employee communicates is accurate and consistent with the intended message of the firm's executives.

Provide information through multiple channels

It is important to provide accurate information in as many ways as possible. Internal and external web sites, text messaging, e-mail, television, telephone and teleconferences are all appropriate methods to spread news and updates about the organization. It is critical during uncertain times that every potential communication channel gets used to eliminate the "I-didn't-get-the-memo" excuse.

What are the risks involved with having inconsistent or untimely communications?

Every message that gets communicated that is contradictory to a previous statement or is off-message creates a new issue for the organization to resolve. Miscommunication can result in confusion and accusations, and can create additional work for the organization's public-relations efforts. It is critical that every employee at every level of the company remain informed of the organization's intentions and have access to detailed information about the merger so he or she is able to communicate accurately.

What channels might an organization use to provide details about the merger?

Bupa Australia implemented as many forms of communications as possible to make sure everyone had access to information in the format with which they were most comfortable and familiar. Bupa conducted town-hall meetings and face-to-face briefs for all employees. The leadership team toured the country and met with each employee twice in the first 100 days. Bupa also used printed newsletters, e-newsletters, and **an intranet website to provide information about the merger, the integration process, and job vacancies.**

What are the four "No's" for a successful merger-communications strategy?

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One of the primary reasons for a merger is to bring together the best talent of both organizations to create a more powerful, more effective organization. Losing good talent as a result of the merger can be devastating to the new organization. Human resource professionals should conduct ongoing employee satisfaction surveys, provide counseling services, conduct discussion forums and also exit interviews to be able to identify any issues that may cause or have caused employee turnover.

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The best way to understand how employees feel about the merger and their role in the new company is simply to ask the right questions! Human resources should conduct frequent surveys to gauge the attitudes, opinions and ideas of the employees. These surveys should ask questions about the employees' individual situations as well as what they think of their colleagues' situations and the organization as a whole.

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A great way to minimize confusion and maximize buy-in is to put together a chain of people who serve as champions of the program. These people may not be experts on every aspect of the merger, but they should have access to other people who can answer any questions that are beyond their knowledge. The idea is to involve people at all levels of the organization – not just managers – so employees can feel comfortable and safe as they seek answers to their questions.

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EXECUTIVE PROFILE

Richard Bowden is the Managing Director of private health insurer Bupa Australia, which trades as HBA, MBF and Mutual Community and provides coverage for over 3 million Australians. Annual revenues for Bupa Australia exceed \$4billion (Aus).

Richard started his career in audit, moved into financial services and has spent most of his career in private health insurance. He joined HBA 23 years ago and moved through a number of executive roles whilst HBA merged and changed ownership. He has been MD of Bupa Australia for 11 years.

During his leadership, Richard has overseen a dramatic improvement in the Australian business. Customer satisfaction and internal morale have increased markedly, and in the past eight consecutive years, the business has outperformed its competitors on the major business indicators such as management expenses, operating margins and, equally importantly, lower premium increases for customers. Richard credits the quality of his people and the strong teamwork culture at Bupa Australia as being key to its success. Over this time, Richard and his team have successfully established a 'stand-alone' business in Australia under changed international ownership and merged MBF into the Bupa Australia Group.

Richard is the President and Director of the Australian Health Insurance Association, a Commissioner on the Australian Quality and Safety Commission, is on the Foundation Board of Very Special Kids, as well as being a Director on a number of Bupa companies.



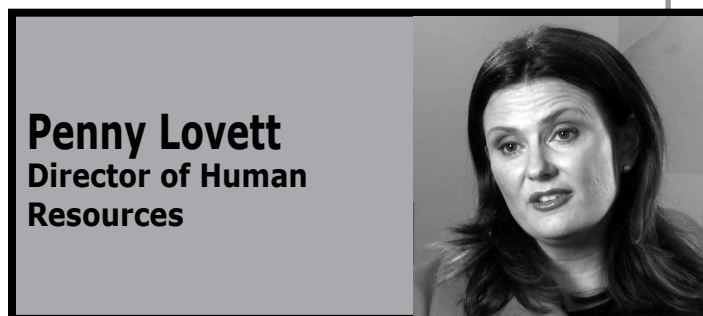
Richard Bowden
Managing Director

Penny Lovett is the Director of Human Resources for Bupa Asia Pacific. In Australia, Bupa operates under the trusted and respected brands, MBF, HBA, Mutual Community and Clearview.

Penny is a member of Bupa's Executive Leadership Team. Since joining Bupa in 2002, she has successfully lead numerous change management and people programs, including the landmark merger of Bupa Australia and MBF. Penny's core role is to support the achievement of Bupa's strategic and operational goals through the development of people and capability.

During Penny's time in this role, Bupa has been awarded several independent industry accolades in recognition of the leadership role it plays as an employer, including *HR Magazine* awards for Employer of Choice and Best Talent Management Strategy.

Penny commenced her career as an accountant and has worked in human resource roles in the banking, professional services and insurance industries for the last 15 years.



Penny Lovett
Director of Human Resources

EXECUTIVE PROFILE

Kate Christiansen is the Head of Integration Delivery for the Bupa Australia Group of companies. She joined the Group in November 1998. Since this time, Kate has held leadership roles in Sales, Customer Service, Strategy as well as undertaking many cross-functional project roles. Highlights include leadership roles in the CYCLOPS program, ECLIPSE and for the last 18 months, the merger of Bupa Australia and MBF.

Kate Christiansen
Head of Integration
Delivery



Kate has also worked in the telecommunications, service outsourcing and the tertiary education sectors. For 16 years, she has undertaken strategic and operational roles, with the vast majority of positions involving 'new' ventures within existing companies or building companies from the ground up.

As Head of Integration, Kate brings an organizational perspective, an innate drive for continuous improvement and an emphasis on people. Her vision is to create a business that can successfully and consistently deliver its business strategy more effectively than any other service-based company.

Kate holds a degree in Psychology (Hons) and a Graduate Diploma in Communication Management.

Hisham El-Ansary is the Chief Financial Officer of the Bupa Australia Group of companies. He joined the Group in September 2008.

Hisham El-Ansary
Chief Financial Officer



In a career spanning over 26 years, Hisham has been Chief Financial Officer in a variety of industries in both the public and private sectors, including retail, energy, aviation and construction.

As CFO, he brings a strong commercial focus to the role and the ability to ensure the finance function is able to add value across the wider business operating environment.

Hisham is also an experienced company director having held executive and non-executive director positions on a number of Boards.

Hisham's qualifications include a Bachelor of Economics, a Master of Business Administration and a diploma in company directorship. He is a Fellow of CPA Australia and a Fellow of the Australian Institute of Company Directors.

EXECUTIVE PROFILE

Dr. Christine Bennett joined MBF as Group Executive, Health and Financial Solutions Chief Medical Officer in May 2006.

Dr. Bennett has over 25 years of health industry experience in clinical care, strategic planning and senior management. Prior to joining MBF, Dr. Bennett was the CEO of Research Australia, and she has held chief executive positions in public, private and social enterprises, including Chief Executive at Westmead – Australia’s largest teaching hospital.

Dr. Bennett also has experience as a commercial consultant and advisor in health and biotech industries for KPMG Australia, is a Fellow of the Royal Australasian College of Physicians and is on the board of HeartWare, a publicly listed medical device company.

In April 2008, Dr. Bennett was appointed by the Prime Minister Kevin Rudd to be Commissioner of the National Health and Hospitals Reform Commission that will provide advice on performance benchmarks and practical reforms to the Australian health system to be implemented in both the short and long term.

Dr. Bennett has an active commitment to and involvement in medical professional issues, social policy and medical research.

Dr. Christine Bennett
Chief Medical Officer



Mark Engel has more than 25 years of wide ranging experience in the health, general and life insurance industries as well as significant background in the financial services sector.

Mark’s experience includes significant business strategy, transformation programs, project leadership and management of all facets of the marketing mix. Mark is Director of a joint venture company between Bupa Australia and IAG, as well as Health Eyewear/Blink Optical.

Career highlights include significant product innovations, successful restructuring and change management programs, an implementation of a major profit turnaround, and several major re-branding exercises.

Mark is on the steering committee for Bupa’s Global Giving program as well as the MBF Foundation.

Mark Engel
Director of Marketing



EXECUTIVE PROFILE

Tony Forster joined Mutual Community in Adelaide over 21 years ago following a short banking career. Tony has held roles in Financial Services, Human Resources, Customer Administration, Retail Sales and Customer Service.

Tony Forster
Director of Customer Service



Tony has held General Manager positions for 10 years, with eight of those leading Bupa Australia's Customer Service Team, and since early 2007, Tony has been General Manager of Sales and Distribution for Bupa Australia. Tony's qualifications are in Accountancy and Human Resources.

Peter Powell serves as Chief Information Officer (CIO) and has spent over 30 years in the Information Technology industry. Peter joined Bupa in 1999 as Business Systems Manager and started in Australia in September 2002.

Peter Powell
Chief Information Officer



Prior to joining Bupa, Peter spent six years with Cable and Wireless, Racal Electronics and National Westminster Bank working in telecommunications and spent his early years with the National Coal board before working in IT Consultancy and for an IT Manufacturer.

EXECUTIVE PROFILE

Monika Gunther joined Mutual Community as a Relief Branch Assistance in 1996 after working in retail and as a Registered Nurse. A retail development course gave Gunther exposure to different parts of the business, including facilitating training and working as a Relief Branch Manager. Gunther then became a permanent Branch Manager at one of the larger branches in Adelaide, South Australia. She successfully applied for a secondment position as Retail Support Manager, and after this position became permanent, she was shifted into an Area Sales Manager role where she was responsible for 10 retail branches, six pharmacy branches, three mobile kiosks and over 100 front line staff.

During this time, Gunther worked on several projects, including implementing a mobile sales strategy and supporting the expansion of the company into a new state. During the 2008 merger of Bupa and MBF, Gunther took the opportunity to expand her experience and applied for a national role within Customer Service. As the Customer Relationship Manager, Gunther has responsibility for complaint management, collecting customer feedback through customer satisfaction surveys, maintaining a relationship with industry body, and using customer insights to drive process improvements.

Monika Gunther
Customer Relationship
Manager



Christine Stewart was previously a career banker with 20+ years of diverse experience in retail, commercial, money market, private banking and wealth management predominantly in Australia and New Zealand. Christine joined the health care industry in 2006 as General Manager in Victoria, Tasmania, South Australia and Western Australia with MBF Private Health, post merger now Bupa Australia. Christine's current role is General Manager Victoria and Tasmania of Bupa.

Christine Stewart
Head of Sales

