

Involve communicators in early due diligence research to help acquisitions run more smoothly

HOW TO DO DUE DILIGENCE RESEARCH

Acquisitions are often a time of uncertainty and insecurity for employees. But by involving communicators in due diligence research right at the beginning of the process, organizations can anticipate specific concerns and anxieties, and make sure these issues are addressed by a well-planned change communication strategy.

A key step before any acquisition closes is a process called “due diligence,” where each party tries to learn all it can about the other party to eliminate misunderstandings and ensure the price is appropriate.

Ideally, a communication professional should be on the due diligence team. If that's not possible, a communicator should at least have dialogue with others on the team and access to the materials requested for review.

Some of the communication issues that should be investigated during due diligence are listed below. These are in addition to the type of communication information the Human Resources folks on the team will look for, such as up-to-date benefit materials.

Identify existing resources

Since a great deal of employee communication will ultimately be initiated by an acquirer, it's vitally important to know what methods are available, credible and working well at the target company. Areas to explore include:

- Credibility and presentation skills of the CEO.
- Availability of employee electronic, print and video channels, and which employees have access to each.



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- Access to, frequency of and format of employee meetings.
- Effectiveness of distribution channels and lead time required for delivery of communications.
- Availability and compatibility of e-mail and voicemail systems.
- Upward communication vehicles.
- Number and qualifications of the communication staff, their reporting relationships and structure, their use of outsourcing and other resources.

All too often an acquiring company sends out information in ways that may work well at the acquirer, but don't at the new company. One example is when supervisors are expected to communicate on subjects they're not used to talking about.

Do some content analysis

It's worth conducting a content analysis on back issues of employee publications to get a sense of what has already been communicated. You can also get a feel for the tone in which management communicates with employees – formal/informal, paternalistic/empowering, etc.

Some aspects of content to look for include:

- Focus on business issues vs. people news.
- Good news only or analysis of tough issues.
- Openness on financial results.
- Discussion of industry and competitor news.
- How much focus there is on customers and satisfying their needs.
- Sources of information being quoted – only executives or employees at many levels.
- Use of visual graphics vs. narrative.

To make sure the acquiring company's messages are well received by a new audience, it's immensely helpful to know how they are used to receiving information. Otherwise, the new messages may seem less credible or purposely incomplete – or overly detailed or negative – simply because employees are more comfortable receiving information in a different way.

Begin tracking inquiries

Once an acquisition is announced, you should expect employees from the company being acquired to begin calling their potential new owner with questions: where their different plants or distribution centers are, which medical plans are available, how much vacation is provided, how much at risk their jobs might be, etc.

You may want to start tracking these queries as they come into the switchboard or HR call center to help you plan the communication program for the integration of the two companies. You should also be monitoring the commentary and questions that will pop up at online chat rooms (e.g., www.vault.com).

These mechanisms provide an early warning system that can be addressed quickly in proactive communications, which makes the acquiring company seem well managed in the eyes of the acquired employees. This increased confidence reduces turnover among valued employees and often is communicated to customers and shareholders.

Each acquisition is unique with its own issues. However, many of these issues can be anticipated by involving communicators during the due diligence stage of the process, not just before an announcement is made.

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