



CareerSmart Advisor™

Strategies & Solutions for Your Career Success

A Note From Dave

If you haven't checked out the online archived discussions that take place in ExecuNet member executive Roundtables, please take a look. They're full of valuable insights from fellow ExecuNet members about business issues and challenges that we all face.



Most recently, I followed a discussion started in our General Management Roundtable by George Bradt, founder of Prime Genesis and author of *The New Leaders 100-Day Action Plan*, about transformational leadership. Bradt says that it's all about inspiring and enabling people to do their best and share a meaningful and rewarding purpose. He asked for input on how to turn a company's potential into something truly meaningful and rewarding.

Many of you responded in force, claiming it's not such a clear-cut task. Yet, I was most interested in comments by member Kerry Bensman, who pointed out that Bradt's ideas imply that an organization does have unrealized potential, as well as the ability, experience and expertise to embrace a goal and strive to reach it. That's not always the case, he says.

Bensman's point is that employees have the drive to succeed, but only if they are pointed in the right direction and set up to succeed. The real problem is that leadership sometimes doesn't know which road to take. You can't just say where you want to go. You need to have a plan that will actually take you there.

Top performers in your organization need to know you're serious and confident in guiding your company's objectives. Supply them with the direction and tools (not just the words) they need and you'll all find your way.

Sincerely,

Dave Opton
ExecuNet Founder & CEO
www.execunet.com/davesblog

The M&A Effect on Your Career

By Marji McClure

Microsoft's proposed merger of Yahoo! has captured headlines for quite a while, and several of the major U.S. airlines are currently exploring the merger route as well. So far, 2008 is looking to be the year of mergers and acquisitions. Whether you are currently an at-work executive or one in transition, this apparent trend toward increased M&A activity could have a serious affect on your career.

It's vital that you're prepared, either as a member of an acquiring company or the acquired entity, for the changes that occur as the result of M&As. Because this can mean new job opportunities or the need for a quick exit, executives need to know how to survive an M&A with their careers intact.

Maintaining Leadership Skills and Status Quo

Essentially, executives need to know how to maneuver their career direction through the processes mergers and acquisitions take, from the initial announcement of a deal through the integration and post-integration stages.

Whether your company is being acquired or doing the acquiring, your main role as an executive is to keep your organization moving forward as you guide yourself and your team through the entire transaction process.

"As a leader, it is imperative to keep your team focused on achieving its objectives," says ExecuNet member Ron Rose, who worked with an acquiring company on 11 acquisitions in three to four years and was also part of an acquired company twice. "Whether you are an acquiring company leading a strategy or an acquired company that is a strategic piece in the puzzle, operating results are critical. During acquisition 'frenzy,' the acquiring company's senior management can become consumed by activities relating to acquisitions; this is the time when they need their executive operating managers to remain focused and continue to deliver the results the CEO has promised Wall Street or company investors who are making the acquisitions possible."

Because M&As always mean changes, the best thing an executive can do immediately for himself and his team is to maintain the normalcy and productivity of his company's operations so that the organization's objectives will continue to be met. "The team leader has to ask, how does the

Continued on page 4

Food for Thought Growing Within Your Company: Achieve Success Where You Are.....	2
Insider Insight Talking Your Way to the Top.....	3
Your Career Advisor Can Your Résumé Get You in the Door?.....	6
Learnings from Landings Established Game Plans Provide Solid Beginnings to Job Search Efforts.....	7

The M&A Effect

Continued from page 1

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Addressing Team Concerns

Rose stresses that it's the executive leader's responsibility to effectively communicate those changes and their impact on the team. At the same time, a leader must demonstrate the team's value to the new ownership.

“You must be personally visible to senior management and do everything possible to make sure the value of your team is understood,” says Rose, who has held positions in general management/leadership and senior sales within the service/distribution sector. “People are very concerned about one thing...how does this impact me? It is your job to help them by making sure they understand the best way to protect themselves and their families is performance.”

Executives must understand the fears and perceptions felt by employees and be able to address them as an M&A transaction progresses. “Executives need to understand how employees perceive their values will be threatened,” says Ted Santos, CEO of New York-based Turnaround Investment Partners Inc. “If employees believe the merger presents a threat to job security or something about their job, employees will take flight, fight it, or freeze and become unproductive.”

Santos suggests conducting a form of human due diligence before an M&A transaction closes to get a better sense of employees' issues. “To mitigate the risks [of a failed merger], executives can hire outsiders with an objective view to administer an assessment to measure employee readiness for the merger and uncover authentic perceptions and the source of employees' fear,” adds Santos.

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4 | CareerSmart Advisor

When Layoffs Loom — Making the Cuts

If you're asked to reduce the headcount of those who report to you, your success with such a task could have long-reaching effects on your future with the new company. It's clearly imperative that you do what you can to keep the most valuable members of your team.

“If you need to and can reduce your workforce, the first step is not to lose the wrong people by fluctuation,” says Dr. Christopher Kummer, president of the Institute of Mergers, Acquisitions and Alliances (MANDA) and adjunct professor at Webster University in Austria. “Identify the key performers, talk to them as soon as possible. Tell them that you value them and will not only try to keep them, but even offer them interesting job opportunities and adequate compensation.”

ExecuNet member Ron Rose says that both companies should already have lists of individuals classified into categories, such as corporate promotables; develop in place; need training; and underperforming. After cutting the underperformers, the next step is to ignore job titles, names and salaries, and instead prioritize the work by department and develop the organization around the work.

For instance, if a company's goal is to develop sales in China, a sales rep with 10 years of experience selling in China is more valuable than the acquiring company's VP of sales who has 15 years of experience, but hasn't visited China. “If you do this process based on the work, skills and talents you need, and limit yourself based on a headcount/dollar value that makes sense from an operating expense standpoint, you can make some pretty rational decisions,” says Rose.

However, keep in mind that any layoffs that occur as a result of an M&A can be interpreted as discriminatory, and executives must do what they can to minimize any legal risks. “Discrimination law risk is minimized by maximizing the objectivity of the decision-making process and thoroughly documenting it,” says George L. Lenard, managing partner with Harris Dowell Fisher & Harris, L.C. and editor of *George's Employment Blog*. “How this can be best achieved will, naturally, vary a good deal with the circumstances.

“Although decisions based on quotas by race, age, sex, etc. are unlawful, even if intended to avoid the appearance of discrimination (even if preferring racial minorities, older employees, etc.), it may be wise to review the distribution of the layoffs with these factors in mind,” continues Lenard. “If you find, for example, that 90 percent of black employees are set to be laid off, but only 10 percent of white employees, you may want to revisit your criteria and decision-making process. If, in the end, you conclude that your decisions are fully justified by business considerations, you should thoroughly document the business considerations and stand by your decisions.”

Kummer notes, however, that not all M&A deals require layoffs. If layoffs are required, and an executive can't justify the cuts, he has to communicate that effectively. “Show what the options are, but also clearly demonstrate the negative effects that go hand-in-hand with it or why a reduction does not make sense or is impossible,” says Kummer. “An executive should not demonstrate the inability to realize reductions, but demonstrate what the outcome will be.”

“Avoid what could be interpreted as double dealing/lying,” says Dr. Laurence J. Stybel, a partner with Stybel Peabody Lincolnshire, a Boston firm specializing in leadership change. “It's best to under-promise and over-deliver. [For instance,] tell people that 75 percent of employees will probably lose their jobs and they will be relieved that only 50 percent lost their jobs. Tell people that only a few people will be impacted and they will think you are a liar when it turns out that 40 percent lost their jobs.”

A New Opportunity — Or Not

How you handle the transition — and move things forward — can have a strong impact on whether you will have a role in the new company in the long term. You have to consistently demonstrate how your skills add value to the new organization.

“If you are seen as an executive who will provide value compared to existing executives, you will be retained. If not, you won't,” says Rose. He adds that if the new company operates in a related industry, your industry knowledge

Continued on page 5

The M&A Effect

Continued from page 4
could serve as an asset.

"Understand the acquiring entity's wants, needs, desires, strengths and weaknesses," says Larry Mandelberg, a strategic management consultant with Calif.-based BullsEye Integration. "Position yourself to add value to the strengths and as one who can help turn the weaknesses into advantages."

Focus on the future, not the past, and emphasize that you have the skills to help the new company achieve its goals. "Don't get stuck in the 'back when we were ABC company' talk," says Rose. "Talk in a forward-looking style about the go-forward strategy and how you see yourself contributing. More importantly, just begin working as if you are part of the future. Stick your chin out in front, be a leader, show the new owners why you were an integral part of the success of every company you have been associated with."

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will always be problems," says Baskerville. "This will give you a showcase before the new management."

However, Rose cautions that the new company may decide to retain you only until that knowledge is transferred. Baskerville concurs that such a temporary role is a distinct possibility. "You may be valued in a transition phase for unique knowledge, but discounted once things start to settle down," says Baskerville.

Because of the changes that mergers and acquisitions yield within companies (from culture to strategy to process) and the obvious redundancies in job functions, there is a strong possibility that your position could be eliminated as the result of such transactions.

It's important that you keep on the lookout for signs that you're not in the acquiring company's future plans. One sign is that you're excluded from regular business activities. "If you are not involved in decisions and discussions where you should be involved and need to be involved, this is a classic sign of trouble ahead," says Rose. "In this case, one can usually have a discussion with his superior

to determine what is taking place. Be careful because you don't want to [appear] involved in petty concerns. But if the concern is legitimate, you deserve to know whether this is a change in process, policy or you have been demoted."

Mandelberg says other signs include information that is delivered through non-traditional channels; information is discovered, not delivered; there are sudden changes in responsibilities of either the employee or superiors; unexplained and confusing alliances are formed; vendors are engaged; or internal activities are begun without clear or confident explanations. Additional warning signs, notes Rose, include changes in incentive compensation and other benefits typically awarded to individuals at your level. "These are sometimes used as soft warnings to 'encourage' you to move on," says Rose.

Should You Stay or Go?

As the dust settles on an M&A, executives need to determine if they truly want to remain with the newly created company. Experts agree that executives should assess the situation for about six months to establish if the new company is the right employer for them. "For executives who are uncertain about staying, they need to get clear about what they want to accomplish in their career over the next one to five years," advises Santos.

If an executive determines that the new company isn't a good fit for her skill set or that it won't help her achieve future career success, it's natural and understandable to walk away. "She must be prepared to explain why she is not a good fit without sounding bitter, angry, judgmental or accusatory," says Mandelberg. "These things are based on fact, not assumption, coupled with how you feel personally. That is something no one can argue with.

"Be committed to your beliefs, know your strengths and weaknesses; prove it by your actions," adds Mandelberg. "Don't be embarrassed by your choice to leave; be proud of it. It makes a bold statement about who you are and how you work and conduct yourself. Honesty is almost always the best policy. Answers become complicated once the truth is blurred."

Continued on page 8

CareerSmart Advisor | 5

Laying the Foundation for a Successful Alliance

The main reason any company chooses to enter into a merger or acquisition is the potential promise of success of such a partnership. Yet, because there are so many components to such deals, from people to processes, success isn't guaranteed. However, a solid start through a strong framework can certainly be an asset.

Dr. Laurence J. Stybel and Maryanne Peabody, partners of Stybel Peabody Lincolnshire, offer these suggestions for dealing with the initial state of consolidation related to M&As from both the management and employee perspective.

Management:

1. **Initiate employee climate/attitude surveys.** Results are likely to be "rock bottom," thus giving a good baseline against which to measure later improvements or lack of improvements.
2. **Involve outside consultants in helping to evaluate employees.** Consultants can help convince employees that the company is going the extra mile to insure impartiality against its own favoritism or subordinate backbiting on the part of subordinate's bosses. It also allows the consultants to function as a scapegoat to explain why promotions weren't forthcoming.

Employees:

1. **Provide management at the acquiring firm with more information than they may actually be seeking.** This action positions you as having a reputation of being cooperative and a player on the "new team."
2. **Make every effort you can to establish good, personal relations with the new power sources.**
3. **Be wary of your boss.** An M&A action can turn a mentor into an ex-mentor.

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The same holds true when you begin reaching out to recruiters and other contacts to find new opportunities. This won't be the first time they've communicated with an executive displaced by an M&A.

"Positioning for recruiters shouldn't be too difficult as dislocations are commonplace," says Baskerville. "You can be frank about what happened once you're made redundant. When in the gray zone — you sense a problem, but haven't officially been told what is going to happen — you should accelerate your job hunt and cast a wide net with your contacts. Obviously, you have more leverage in negotiating if you're currently employed."

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"It's very dangerous to join a company where the guillotine is likely to fall," says Baskerville. "But this can be very hard to detect unless it is common industry knowledge. Check out any company you're considering joining with your network of contacts. Sometimes you can pick up worrisome vibrations."

This doesn't mean that you should eliminate such companies from contention, but exercise caution. "The only way I would join such a company is if I talked with people involved in the acquisition itself and understood the strategy and my role in the new company," says Rose. "If you get to the acquiring executives and there is a path forward for you in the new organization, this can be a positive time in your career. You must be a change agent, you must be someone who has been involved in integrations and you must be comfortable and able to assist in this process. If not, stay away." ■

Insider Insight

Continued from page 3

likely to listen to what you have to say. A smile really is worth a thousand words.

Voice Vision with Volume

When you speak, you're on! Even if it's a small meeting, you want to project so your voice is strong and authoritative. We've worked with many people who are soft spoken and others who start out strong, but trail off at the end of a sentence. We advise visualizing a person in the back of the room straining to hear

you. Speak to that person in an effort to better project. Whenever possible, stand up to maximize the richness of your voice.

If you stop and think about it, you can probably recall a couple of memorable business presentations. What is it you remember? What did they have in common? Chances are these presenters were personable and energetic. They were able to quickly cut to the chase and clearly address audience concerns. And, while they likely rehearsed their well thought-out, organized, pre-planned and prepared remarks over and over again, they probably

made you feel as if they were simply speaking off-the-cuff for your benefit. ■

Karen Friedman is a leading communications coach whose techniques are successfully used by thousands of people across the globe. Frequently quoted by publications such as The Wall Street Journal and The New York Times, she recently released Speaking of Success which she co-authored with best-selling author Stephen R. Covey (Seven Habits of Highly Effective People). She can be reached at: 610-292-9780 or KarenFriedman.com

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- George L. Lenard, George’s Employment Blawg (EmploymentBlawg.com)
- Larry Mandelberg, BullsEye Integration (BullsEyeIntegration.com)
- Ted Santos, Turnaround Investment Partners Inc. (TurnaroundIP.com)
- Dr. Laurence J. Stybel, Stybel Peabody Lincolnshire (StybelPeabody.com)