Mergers Fail More Often Than Marriages: What Can You Do To Avoid Becoming Another Negative Statistic

by Robert "Jake" Jacobs

Divorce rates vary according to country, educational levels and income, though generally hover between 40 percent and 50 percent in North America and Europe. A 2004 study by Bain & Company found that 70 percent of mergers failed to increase shareholder value. More recently, a 2007 study by Hay Group and the Sorbonne found that more than 90 percent of mergers in Europe fail to reach financial goals.

What can you do to avoid becoming another negative statistic?

Companies make acquisitions for different reasons. Some do it to build market share. Others need to extend product and service lines. Yet others need to gain access to new technologies.

The sooner you realize synergies from an acquisition, the better your ROI on the deal.

Answering three questions will help you both accelerate your integration efforts today and set you up for success tomorrow:

- How do you keep people committed when the company they signed on to work for is no longer the one from which they now receive their paycheck?
- What changes are you making today that will set you up for long term success...and which might get in your way?
- Which ways of working from the past will serve you well in the future and which need to change?

Here are four tips for helping you find answers to these questions:

1. ***Keep your original vision alive and continue to evolve it over time.***

People need to know where they're headed. Compelling visions are motivating and energizing. The common question people ask after an acquisition is whether the new company understands and is committed to your vision. There's another equally important one to ask: Do you understand theirs? Are you committed to exploring ways to include it in yours? Talk with people in your existing and new businesses about how to expand the vision. Listen to what they say. A new chapter in your business requires a new story. Write it together.

Do you understand the vision of the company you're acquiring. Are you committed to exploring ways to include it in yours?

2. ***If you want significant change, create significant stability.***

When lots of things are up in the air, people need firm ground to stand on. The extent to which that firm ground exists, people feel confident, clear and willing to work with new people in new ways.

Some questions to consider:

- What kinds and how much change is your organization experiencing right now?
- How much stability does that mean you need to create—and what do you have in place right now to do that?
- Finally, what else do you need to put in place -- standard meeting schedule or otherwise – that will create the stability you (or your people) need?

3. ***Separate fact from fiction.***

   Uncertainty -- a given during any acquisition, leads to confusion, stress and a focus on "me" instead of "we." People worry about the worst possible scenarios -- never knowing whether these concerns are based in fact or fiction. One client I have worked with holds "rumor control" sessions. People ask questions based on rumors they have heard. Leaders then respond to these rumors, clearing the air so people can get back to work with a clear mind.

4. ***Strive to be integrate and remember to celebrate.***

   Financial practices, operations, strategy need to be integrated as part of any effective acquisition. While building common ways of working, it's equally important to celebrate milestones along the way.

   - Acknowledge how far you've come before you plan where you need to go.
   - Thank people for what they've done before you ask them to take on the next challenge.
   - Recognize what's been working so far before you decide how to best move forward.

Answer these questions. Follow these tips. Stack the odds in your favor. And avoid becoming another negative statistic.