Complex Project: Merger and Acquisition Integration
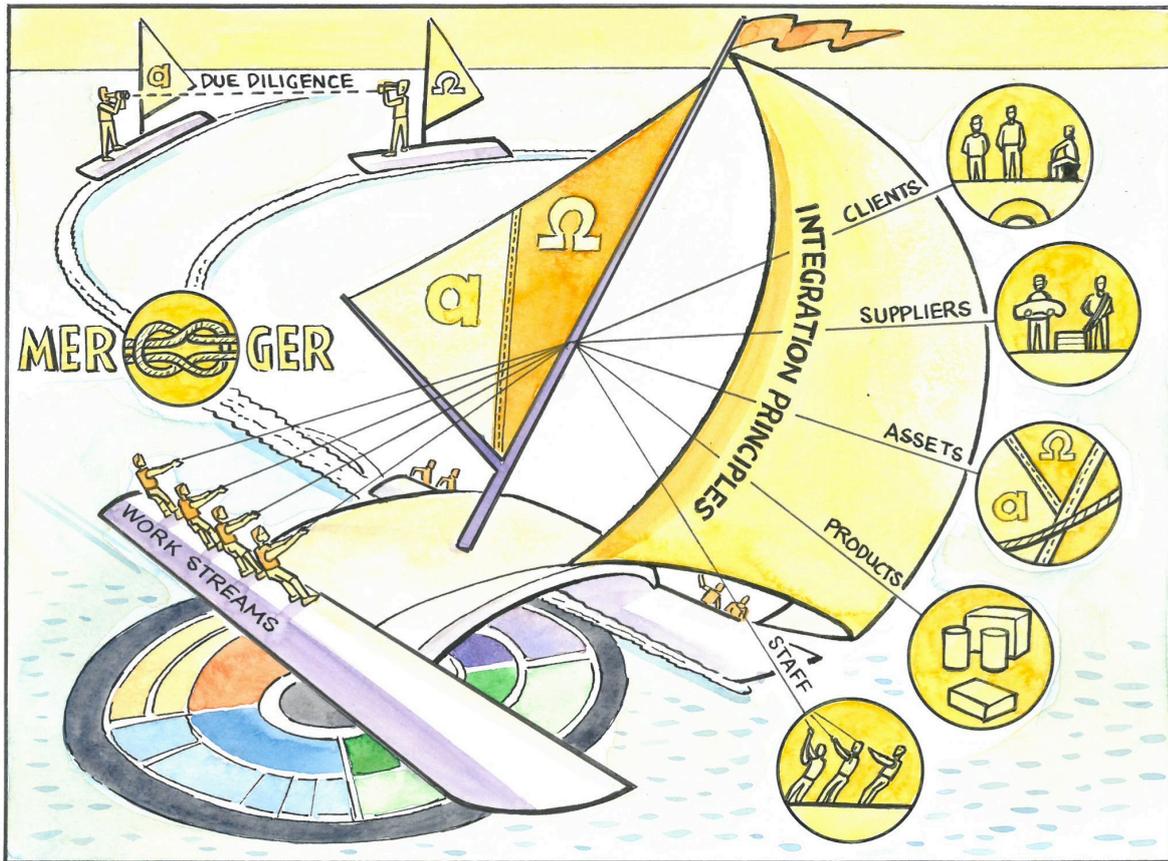
Client:	Multinational Telecommunications Industry
Type of project:	Integration Project

Introduction

Our customer is a large Multinational company in the telecommunication industry. As the telecommunication market matured in South Africa it has progressively become more saturated and therefore focuses on differentiating not only the brand but the customer experience became a key strategic focus.

Business Challenge

The company further embarked on growing its branded retail footprint in South Africa. In order to facilitate the delivery of this a multi-year programme was created to drive implementation. Some of the program goals were:
- Ensuring consistent customer experience within this extended footprint
- Creating an optimal ownership mix between fully owned and dealer owned-operated
- Optimising the retail footprint by re-location, re-sizing, obtaining retail space in new developments or closing points of sale.

In order to implement above and other requirements various teams were created as project requirements covered application roll outs, people, process, legal/contractual requirements and various data models.

Bizmod Involvement

Bizmod Consulting was the leading consultancy for the programme providing Project Management, Business Analysis, Change Management, and Contract/Lease Administration skills. There was in particular a large requirement for Change Management skills in the very specific Acquisition and Merger context. In order to rapidly progress on delivering the program goals above the company acquired a variety of Dealers and thereby access to their footprint.

The first acquisition was the largest and entailed integrating a company that comprised almost 40% of its current footprint. Staff wise this was also a large additional staff complement which was larger than the current permanent staff complement. This required that the appropriate industrial relations processes were followed (S189, 197) in order to ensure compliance with all Labour Relations requirements. The Change Management effort was significant spanning:

- Consultation facilitation,
- Coordination with company HR
- Communication throughout the programme
- Job profiles and variance handling
- Training coordination and roll out
- Employment contracting coordination
- Change Impact workshops
- Establishing, training and maintaining Change Agent Networks
- Culture integration work
- KPI Creation, Negotiation and Metrics
- Survey's

Outcome of the project

- In total 4 companies were successfully integrated. It's important to note that this occurred without sacrificing productivity and with no CCMA cases.

Lessons Learnt

The greatest risk initially is with people dynamics and the sooner the people are settled the sooner productivity resumes. The longer it takes to integrate people, re-allocate and if necessary retrench the longer it will take for a company to start realizing their return on investment. In addition the risk of losing key staff members increases as their ability to find alternative employment if they feel insecure is usually high. A structured project and change management effort in particular is a key success factor for implementation of this nature.

Making it HR's or the new Exco's job is problematic for various reasons:
- Being affected by the change brings in personal agendas and beliefs. It is safer for the execution of the strategic intent to have independent parties involved. This ensures that favouritism, and personalities don't erode the value of the merger or acquisition.
- Time is of the essence; therefore day to day busienss as usual could make it impossible for employees to focus on the myriad tasks associated with implementing and integration.
- HR has a very specific mandate and a role to play long term. Sometimes hard decisions and tough choices are best outsourced to a team which will not have to deal with the impacted areas on a long term basis.
- You cannot over communicate if you move fast enough. In other words if there is good progress and activity from an implementation perspective over communicating is good as under communicating only feeds the rumour mill. If there is no progress it becomes progressively harder to communicate – again a good reason for an independent project team.
- The project team mandate should be driven from board level. The team needs a mandate to drive integration to achieve whatever the reason was for acquiring or merging. This allows for quick and principle based decision making which allows for rapid implementation.