

The HR department

Your deal's nerve center

When you merge two companies, your human resources department is the deal's nerve center. HR has the potential to ensure a merger runs smoothly and efficiently — from the planning stages through integration.

Communicating change

HR professionals are best positioned to communicate an impending deal and its ramifications to employees. Rank-and-file employees, in particular, are likely to be nervous about potential layoffs, wage cuts or changes in benefits. Without adequate information, staff members spread rumors, which can reduce productivity and even threaten your deal.

Your HR department can help prevent organizational instability by taking these steps:

- Provide detailed information about upcoming changes, such as workforce reductions and facility closings, as soon as it's safe to publicly reveal it.
- Give laid-off employees assistance, which may include severance packages and help finding new jobs. If your company bungles any terminations, it's likely to alienate those employees you hope to retain and it sends a negative message to staff you may be acquiring as part of the merger.
- Work to strengthen your company's bonds between employees and management by making sure both parties are in regular contact with each other and that management's plans are adequately explained to — and understood by — employees.

Don't let your HR officials devote all their time to benefits restructuring and payroll charts. Instead, they must become the face of your company to internal stakeholders. Employees need to feel comfortable approaching them with questions and concerns, and not worry that HR only represents the interests of upper management. Encourage HR staff to have "open-door hours," during which employees can stop in and talk.

Investigative missions

HR personnel are well qualified to evaluate merging corporate cultures and ascertain the quality of employees being acquired. While your accounting personnel are going over the target company's financial assets, your HR staff should be doing the same for the company's human assets: examining prospective employees; ranking them according to longevity, expertise levels, productivity and performance; and then determining which employees are the most critical to retain.

HR staff should meet with every prospective employee, not only to get to know them, but to obtain a sense of cultural differences. Are employees dressed more formally or informally than your current employees? Are they accustomed to a centralized or unstructured environment? Have they been unhappy with any of their company's policies

or decisions? These questions are likely to elicit valuable insight into how best to combine the two companies.

Receptive to new ideas

Your HR department must also be open to changing its own practices. The staff should meet with their counterparts at the target company to learn what has worked for it — ranging from work schedules to health care plans to incentive programs — and determine which policies to implement in the combined organization.

To make the many tasks involved in a merger manageable, HR officials need to set clear, short-term goals, such as dates when specific departments will be integrated. And they should publicize the achievement of these goals so that employees feel the process is going according to plan and will be free of surprises going forward.

The public face

For employees experiencing an M&A, there's no such thing as too much information. Let your HR professionals manage expectations and help integrate cultures.