For communicators, mergers can represent the biggest challenge of a busy career. How can you reassure nervous stakeholders about the future, align messages between the organisations involved and ensure that everything keeps to a strict timetable? In this *On Message* special, three communicators involved in one of the most successful mergers of 2000 talk about their experiences.

Exel: How co-ordinated communication helped fulfil a successful merger

When Exel was awarded sixth place in the *Management Today* "Most Admired Company" awards in 2000 – the only new entry in the top 10 – it was a fitting reward for a busy year. The supply chain management organisation received a great deal of praise following the smooth integration of Exel and Ocean Group. In the space of five months, the two companies came together under the banner of Exel to offer customers around the world a broader package of services. However, the speed and apparent ease with which the merger was completed could not have been achieved without careful planning and a co-ordinated communications programme, supported by specialists in both organisations.

Motives for the merger

Solid strategic motives drove the merger between the two companies. Combining their complementary positions in the market would allow the new Exel to offer wider coverage and an integrated range of solutions. When the intent to merge was first announced, chief executives Gerry Murphy, Exel, and John Allan, Ocean Group, stressed the benefits that the move would bring to customers. However, while both sides were confident in the long-term viability of the merger, they realised that they would need to translate it in a realistic way that spoke to a variety of stakeholders.

Internal challenges

The merger presented a number of communication challenges. For the internal communications team, there was the challenge of communicating across a combined audience of 50,000 employees at 1,300 locations in more than 120 countries. Language and cultural issues, as well as different communication styles and processes around the world, were therefore major considerations. "The situation was made more involved by the complexity of organisational structures. Broadly speaking Exel was organised by business sectors, whereas Ocean was organised along geographical lines," says Kate Potter, communication manager. (See page 7 for the full story.)

External challenges

Ensuring that the City audience was kept informed was a critical success factor. While the majority of stakeholders were large financial institutions, Exel offered an interesting extra challenge. It began life as the nationalised National Freight Company, before being sold to employees in 1982, which means that retirees and pensioners represented a significant share-owning minority to keep informed.

The difference in the nature of the two organisations' operations meant that a variety of strategies had to be devised to keep customers informed. At its broadest level, Ocean operations included a sophisticated freight forwarding company with 250,000 customers. Exel dealt with about 150 key customers, each with an account worth millions to the company. While the team needed to communicate key messages about the benefits the merger would bring, the form and means of communication had to be appropriate for the different types of customer.

The global nature of the merger also added an extra dimension to the legal restrictions on communication about the merger. Because the organisation is listed in America, it couldn't communicate the specific terms of the merger in any material for US audiences. This affected decisions on what material went on the Web site. (See page 6 for the full story.)

Making the right connections

To overcome these considerable barriers, it was essential for communicators from both sides to work in harmony. "The whole programme was undertaken in a very holistic manner – we worked closely with the strategic team leaders, the finance directors, the relevant chief executives from both companies and the company secretaries," says Fiona Cornes, head of external communication. "It was vital to plan carefully when we involved senior people, to ensure they were fully-briefed and their time was well-used," adds Dominic Walters, part of the Synopsis team brought in to work with in-house communicators.

Exel plc is a world leader in supply chain management services, with an annual turnover of nearly UK£4 billion.

Kate Potter
Internal Communication Manager
Exel plc

Fiona Cornes
Head of External Communication
Exel plc

Dominic Walters
Senior Consultant
Synopsis Communication Consulting

"The devil is in the detail. You have to work to time and you have to be clear in your scheduling."
Fiona Cornes, Head of External Communication, Exel plc

Keeping communication ahead of the merger timetable

Timeline

2000

February 21
Intent to merge is announced.

May 4
The merger is declared unconditional. Share price is set.

May 4
CEO John Allan promises to achieve the key aspects of integration within 90 days.

May 4
Marketing teams brought together. Branding process initiated.

July 25
Merged companies begin operating under the Exel name.

July 31
First joint financial results announced in the interim report.

One of the first things to accept when running a communications campaign during a merger is that the timetable is out of your hands. "From the statement of intent onwards, you're up against the clock. You have to work to time, because deadlines on the merger timetable are totally inflexible," says Fiona Cornes, who led the global external communication campaign for the Exel/Ocean merger. "You can't fall behind."

Following up the initial announcement

The period from the initial announcement in February through to the merger itself saw teams in both companies running separate communication campaigns. Because of the legal restrictions on communication during a merger, both established channels to the respective company secretaries in order to clear outgoing material. Although there was a small amount of informal contact between the two teams, both needed to develop strategies to conduct an ongoing dialogue with stakeholders.

In some ways, initial communication with the financial community was the most straightforward, in that the first information demanded was the facts and figures of the deal. However, customers would have to be in favour of the merger to make strategic sense.

The marketing team worked with client managers to create material showing the new facilities the merged company could offer. Exel prepared material for face-to-face meetings with major customers. Within days, the company received queries about how the merger would affect existing relationships and could use scenario-based material to show how the new Exel would deliver. Ocean used direct mail to keep their wider base of customers informed.

Working with the integration team

On the day the merger became official, the two communication teams were brought together by Chris Stephens, group HR director, in a single integration team that reported to a central integration office. Members of the marketing and PR teams were based at the office full-time to ensure alignment between internal and external messages. The integration PR team included specialists across the global business and worked on a virtual basis. Keeping in touch via conference calls, members cascaded information back to their local teams. External agencies were employed to translate issues into the local context, so as to give their campaign the necessary global element. A network of agencies, including the Red Consultancy in the UK, worked closely with the virtual team. "We very deliberately referred to each other as integration team members, rather than identifying each other by agency or location," says Cornes. "We could work around the clock to meet our deadlines: European team members could pass material on to the US, who in turn could send it through just in time for the Asia Pacific team to walk into their office."

Communication co-ordination paid dividends as scenario-based material for customers became reference points for the whole business. As scenarios were fulfilled and customers returned positive feedback, it generated a regular stream of business wins to drive towards stakeholders. "They're the stories that people want to hear as part of a media relations programme," says Cornes.

Branding the new organisation

One of the first tasks after the merger became official was to survey the options for the brand. An online customer survey was used to present possible options for the new logo, which brought the Exel and the Ocean brands together. A variety of possible combinations were presented onscreen, and customers could select the logo they felt best represented the business. The eventual choice (see left) came out far ahead of the other potential logos. Qualitative research was used to develop a picture of how customers saw the new business, and results were fed across the business. With co-ordinated effort and tight planning across the business, the new brand was ready to roll out by July 31st on support material for the interim report. Speed, planning and a holistic strategy ensured a smooth transition to the new Exel.

Fig. 1. The new logo, combining elements of both legacy companies' original logos.

"Excitement is directly related to job security."
Dominic Walters, Senior Consultant, Synopsis Communication Consulting

Making the vision of the new Exel live for employees

Mergers generate strong emotional reactions because people wonder how the change will affect them. The communications team recognised it was important to align the vision of what the "new" Exel could achieve with a "you" message about what the merger would mean for employees. A key theme was that the merger was about expanding opportunities, rather than reducing costs and, as a result, job losses would be kept to a minimum. "People will not be inspired by the mechanics of change, but rather by the vision," says Walters. "Even then, they want to know what their role is and how they can contribute. Excitement is directly related to job security."

It was also recognised that different phases of a merger create different communication needs. The team used the Synopsis three-stage process for planning merger communications:

1) **Announcement and explanation** – outlining why the merger is happening, generating excitement and explaining what's involved in getting shareholder and regulatory approval.
2) **Integration planning and implications** – ensuring consistency across the channels, establishing common values and communicating success in the new business.
3) **Establishing the new organisation** – introducing the new brand and what it stands for and helping people identify with the business and its management team.

Announcement and explanation

In the period after the initial announcement of the merger, the team realised that managers might not be able to provide people with concrete information because of due diligence protocols. A first vital step was establishing communication channels and infrastructure to ensure people knew what was expected and who they could direct questions to.

A route map was developed to show how the integration process would work. In addition, material was developed to show new reporting lines and infrastructure, emphasising the role of the integration office and its relation to the integration board and teams.

An internal communication specialist was based full-time at the integration office, in order to hear developments at first hand and have day-to-day contact with the integration leaders. The internal communications team was the first integration team to be established because it was important for messages to be aligned quickly.

Integration planning and implications

Having set themselves the challenge of keeping people informed and speeding employees' sense of ownership of the new organisation, the team set out to produce a detailed communication plan, and ensured it was reviewed, signed off and supported by the integration board. This meant that the people driving the integration had some ownership of the plan.

Two key aspects of the plan were communicated to a wide audience: the principles by which communication would be managed (such as the guarantee that people would always know where the next communication would come from) and the communication calender, outlining what to expect when. Making these clear helped set expectations. A "radar team" of senior managers met every month to make sure that principles and calender were stuck to, and that messages didn't collide or contradict each other.

Establishing the new organisation

As the organisation came together, it was important to make as many people as possible aware of successes as they arose, to illustrate the ongoing benefits of the merger. Business wins had been publicised throughout the integration, and the link with the external communication team provided a strong flow of regular stories and customer testimonials.

Stories and feedback were shaped using key communication points (KCP), breaking down material into four areas: Achievements and their significance; Benefits; Concerns; and Prospects. Using KCPs encouraged managers to consider the communication implications of their work, and helped create a constant review of achievement. In so doing, communications helped win commitment from across the organisation for the vision of the new company.

Integration channels
A variety of integration channels were used during the merger:

1) *Growing Together*, a monthly newsletter for the combined business.

2) Monthly letters from the CEO, delivered electronically and translated locally. Line managers were asked to ensure that team members saw these updates.

3) Fortnightly updates from John Coghlan, deputy CEO, to the top 500 managers.

4) Monthly audio tapes issued to the top 500 managers, which also provided background, reasoning and allowed "vox pop" comments.

5) "Open all hours" e-mail and telephone lines, available for comments or questions. Responses were fed through the appropriate channels.

6) Face-to-face meetings run by local managers for unpacking and discussing locally specific information.

Communication for integration

Announcement and expectation

- Update on approval process
- Communicate with customers and suppliers
- Communicate process for updating

Integration planning and implications

- Keep track of integration process
- Communicate between integration board, office and team
- Identify impact and implications of proposed changes
- Identify new communication processes and infrastructure

Establishing the new organisation

- Identify common values, attributes and style. Celebrate the new organisation
- Focus communication on revenue growth
- Communicate brand attributes and employee values
- Establish new communication processes and infrastructure

Synopsis has developed this three stage process for planning merger communication and these 10 tips for executing it effectively.

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Ten tips for communicating through a merger

1) Plan the process and know where you are going.
2) Start early and keep up a steady pulse of communication.
3) Align and co-ordinate messages across all channels.
4) Use separate channels for merger communication.
5) Communicate from the top.
6) Explain benefits to employees, not just the shareholders.
7) Share the thinking, not just the conclusions.
8) Set up feedback channels and listen.
9) Use face-to-face where it will have most effect.
10) Give managers something to say, or they'll make it up.

"Tell the truth. Let's be honest, there are a lot of fibs and half-fibs told during the M&A process. It kills leadership credibility. It gives Scott Adams material for Dilbert. It makes it tough to get people whose productivity you need to be committed."

Jim Shaffer, Principal, Jim Shaffer Group

RESOURCES

The book: **Managing cultures: Making strategic relationships work**
Wendy Hall, John Wiley & Sons, US$75

The website: **http://www.senndelaneyleadership.com/web/Articles/MA.htm**