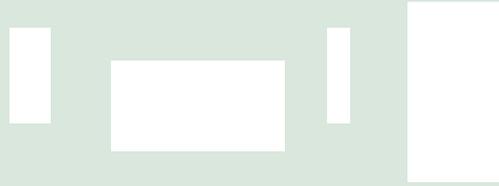


# Viewpoints



## Leading for success: Unlocking M&A deal value through effective leadership

By Craig Keller

With inorganic growth continuing to be a key driver for organizations looking to expand, it's more important than ever to see success when it comes to mergers and acquisitions.

However, the path to realizing value in deals is often arduous; the *Harvard Business Review* estimates that between 70% and 90% of mergers fail to meet their deal objectives. While there are many factors that may contribute to failure, there's one thing they all have in common: people. In fact, overlooking or underestimating people challenges is one of the most frequent mistakes companies make when dealing with a merger or acquisition.

So how do you ensure integration success from a people perspective? A Willis Towers Watson pulse survey found the top driver of people integration success to be effective leadership. Open and transparent communication along with retention of key talent followed closely behind, and it is worth noting that for both of these factors, effective leadership is implicitly interlinked.

In an M&A scenario, various positions can be considered leaders: of course the existing leadership teams of the combining organizations, but also the person or persons chosen to lead the integration. And if, as we know, effective leadership is the key to integration success, then choosing the right person for this pivotal role represents a fundamental step to positively influence the deal outcome.

But what does a good integration leader look like and how do you go about selecting one?

### The key to effective integration leadership: An M&A leadership framework

In a recent global research study, Willis Towers Watson profiled integration leaders from organizations around

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the world in order to identify the specific traits that make successful integration leaders. In our study, senior M&A executives provided insights that centered on the question, "What do successful integration leaders do differently?"

Four fundamental characteristics emerged as most important:

- **Inspirers:** The ability of M&A leaders to motivate colleagues while asserting themselves in the leadership role
- **Crisis handlers:** Calm, thoughtful leadership when a crisis or unanticipated obstacle surfaces, or when the deal integration threatens to go off track
- **Change agents:** Seeking out change that may mean walking away from long-standing business practices and established cultures and behaviors
- **Growth seekers:** Combining a drive to achieve with a willingness to embrace – or challenge – the approaches of others

## What does good look like?

Our research shows that successful integrations require leaders who are:

### Inspirers



Leading by motivating others while asserting themselves in the leadership role

### Crisis handlers



Reacting to issues as they arise and decisively dealing with crisis situations

### Change agents



Seeking out change and acting to get things done differently

### Growth seekers



Combining a drive to achieve with a willingness to challenge the approaches of others

### Coordinators



Organizing and realizing detailed plans specifically helps hit key integration milestones

### Persuaders



Leading through active communication and seeking agreements that are mutually beneficial

It also helps when leaders are able to be:

## Inspirers



At times of uncertainty, employees want to feel confidence in leadership and believe that the company is moving in the right direction.

Inspirational leadership – from the CEO to business unit manager – is vital to inspire and retain key employees, many of whom may be involved in the transaction and subsequent integration.

To enable this, our survey respondents believe that inspiration goes hand in hand with communications. The organization will be looking for an integration leader who can deftly explain the objectives of a proposed transaction and its potential benefits for employees and customers. More than this, however, the inspirational leader must lead a team and build a process that constantly strives to win employee trust and support for the transaction. It requires a combination of candor with the ability to convey optimism – even excitement – at the deal outcome.

## Crisis handlers



With any M&A transaction, leaders must expect the unexpected. Due diligence may turn up information that challenges financial assumptions.

Regulators might question the impact on consumers. Legal challenges might surface, seemingly from nowhere. Think about the ripple effect resulting from an unforeseen resignation of a highly respected senior leader weeks before deal closing. With these examples in mind,

it is clear why survey respondents ranked crisis management abilities high on their list of qualities needed by successful integration leaders.

Being able to react quickly and effectively to a crisis enables integration leaders to stay on course or make the changes necessary to shape the M&A process to achieve business objectives. This skill set must be combined with inspirational leadership and a communication process that keeps senior colleagues, employees, shareholders and customers informed of developments and then explains how those developments will be handled and how the likely outcome will support their interests.

## Change agents



Integrations are synonymous with change – no matter the integration strategy. While leaders may grasp the rationale for change, this is not always the case for most employees. As a change agent, the integration leader must take an active role in bringing employees along. Successful integration leaders seek out change and recognize that doing things differently may be vital to the future of the enterprise, and they communicate this rationale clearly. Proactively embracing change enables the leader to get things done that might have been impossible in legacy organizations. In fact, successful change agents bring an impatience to getting changes executed and provide the energy to make the changes happen.

## Growth seekers



Successful integration leaders possess an innate desire to achieve growth, in terms of both their contribution to the company's short-term success and their ability to chart a sustainable path to long-term success for the business.

Furthermore, effective leaders inspire growth in others by challenging old approaches that some may seek to maintain – a shared feature of change management. Knowing when and how to challenge and prod others to get out of their comfort zones is a key success factor.

## Other factors



While these four characteristics rose to the top of our research, respondents also placed a premium on intellectual, technical and strategic capabilities, particularly the ability to coordinate (unsurprising given the importance of a detailed road map through integration) and persuade (leading through active communication and seeking agreements that are mutually beneficial).

Now that we've established a framework for what it takes to successfully lead an M&A, how can you use these findings to identify and cultivate successful integration leaders?

## Building the right M&A leadership

Action steps to build the right leadership include use of assessment tools, leadership development programs, and enabling leaders to lead and to manage change.

Here are four things you can do to start to identify and cultivate integration leaders within your organization:

**1. Choose the “right” leaders.** When looking for integration leadership, look out for leaders who exhibit the behavior profiles outlined above.

There are several methods to evaluate leadership potential: Interviews, performance reviews (for internal candidates) and assessment tools such as psychometrics can be especially helpful. Each can yield insight into the strengths each leader brings to the table, along with the skill sets that might need further development.

**2. Coach your team.** If an integration team is already in place, share the behavior profiles outlined above so team members understand what is most effective. Doing so will help set expectations for inspirers, crisis handlers, change agents and growth seekers. The process can also turn up areas that need further development to help bring leaders along in their roles and highlight where the integration team may need focused support and coaching.

## Traits to avoid

As well as the leadership traits that make successful integration leaders, the same research also identified leadership traits that are less effective, including the flip side of serving as a change agent: Now that we've established a framework for what it takes to successfully lead an M&A, how can you use these findings to identify and cultivate successful integration leaders?

### Regulators

Unlike genuine change agents, leaders who adhere too rigidly to established principles and procedures offer no helpful example to employees who may instinctively fear change. They are also less likely to address leader/manager behavior that is disruptive to the integration process.

### Supporters

Attending too much to the needs of others appears to make it more difficult for the integration leader to achieve challenging people goals.

### Overthinkers

Our survey respondents also raised fears of “analysis paralysis” that will impede integration efforts. While any transaction requires substantial analysis, most employees will find little comfort in spreadsheets and a technical cost/benefit analysis when they may be more worried about their position and opportunities in the new organization.

**3. Monitor future leader pipelines.** Some organizations use the integration leader role as a career opportunity for leaders coming up through the ranks. If that's your organization's approach, consider measuring and tracking future leaders against the M&A leadership framework. Doing so will help reduce risk of using integration management roles as a means to develop relatively inexperienced leaders, and it will identify where these leaders need development before they come into the integration role.

**4. Build new leadership teams.** New leadership teams are part and parcel of the M&A environment. Teams will more quickly achieve peak performance if they can build group self-awareness and an understanding of strengths and challenges in relation to the characteristics of successful M&A leaders.

While in practice the selection of an integration leader will likely be influenced by many additional factors, this framework can help you understand the strengths and challenges different candidates may bring to the role and identify the key areas to focus support. Bringing different organizations together is no easy task, and effective integration leadership makes all the difference – so it's worth spending this time to make sure you pick and develop the right people!

## About the study

Willis Towers Watson, in collaboration with our M&A clients, undertook a study to shed light on the profile of a successful integration leader. Leveraging our [Saville Wave Professional Styles questionnaire](#) we asked business integration leaders to describe their preferred styles of leading. We also asked them to tell us if they initiated an array of change management activities known to enhance people integration. Concurrently, we asked HR and corporate development leaders their views on what a successful leader looks like through the lens of people integration. Finally, for a subset of leaders, we gathered ratings on the leaders' impact on financial, people and project management goals.

### For more information

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## About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimise benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at [willistowerswatson.com](http://willistowerswatson.com).



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