

Transcription - Takeovers-Acquisitions-Investigations

Welcome back, I'm Kim Baillie, she's Fulyana Orsborn and this is Inside Exec. Today we're going to talk about how you manage yourself and your team when you're in an organization that is the subject of a takeover or acquisition or investigation or a compilation of all of those things.

I have been in a number of organizations that have been subject of buyouts and I've been in the organization when it's been happening and I've been brought into an organization just after it has happened, where I've come to the smaller of the organizations and the one that comes to mind most frequently, because it was fraught with the most problems from me when I was there, was a family owned company in the construction industry. It was a brand name, was well known in the construction industry and it had been bought out by a bigger brand name and bought out for a very particular reason. The smaller family owned company that had been around for not quite 50 years I think, two generations when I was there, had access to one part of the resources that needed to be made for the product that they were selling. They had very cleverly bought out all of the rights to these resources all along the New South Wales coast very early in the company's history and so they held the keys to the kingdom in terms of the rest of this industry's supplies because they were the ones who had this particular resource. So everyone had to buy off them. They also made the product. They had a following, people who in the construction industry were brand loyal, though the decision when the bigger company bought them out was that they would maintain their fleet of vehicles with their product because people would only want to buy their product and so would the others and they were very different, so you could identify them quite clearly but what became obvious when I did my work with the organization was that all of the product was the same. All of it was being made in the same places, in the same place and just the different trucks were going in and getting their fill and going out. It became something of a joke to an outsider, even though I've been in the construction industry and I knew people in the construction industry who were loyal to one brand or the other and here I was all with this inside information that said but you're buying the same product. It doesn't matter. Then it came down to the other things that they found were different but the the process of looking after the people in the organizations, because I worked for the bigger company and was sent to the the smaller company that they were going to buy out, to look at their human resources processes and their records and with a view to them being amalgamated into the one building. They were still going to always work as two separate companies but they wanted to physically have them located in a modern building so there was a bit more interaction and a bit more job sharing and all those sorts of things and a bit more integration, slow integration, of the workforces of the two companies but still keeping the product and the identification of the company separate. A monumentally difficult task to do and I was there for probably three months looking at that, got it to a point where we did, in fact, move both organizations rather than have one organization move into the premises of the other, we chose an independent location but it was a long way away from both of the previous locations and so there was issues with that as well but perhaps when I look back on it that helped because the focus became, we're moving so far away, not we're moving these two companies together.

The main issues I had in dealing with people within the organization was with the managers of the family owned company because they had been, they had run it like a family company, so they had been overprotective, they'd given company loans to people who worked there, they had people with health issues that they were covering up for, so all the things that you would not want to find in an organization, the buying company had not found out during the buying process and didn't really need to know, I didn't think, because it wasn't going to be instrumental in the decision for them to buy or not to buy. So my task in dealing with those managers and the issues that some of them brought to light and some of them continued to hide, was challenging but if I look at it now, I probably wouldn't have handled it very differently but I would have identified the manager types faster than I did because I just went in, well, they're managers, it's been a family company and I made some assumptions about the managers.

The thing for me in thinking about this question is, how could I have helped them to answer my questions because I was the one coming in doing the "investigation", doing the research, doing the the background and I was making decisions based on that activity. I wasn't consulting them, I was I was asking questions and my role was to make decisions and to make it happen and they knew that and they weren't happy with that. I should have addressed that first up but I didn't realize that they weren't happy with it until one of them yelled at me for some extended period of time and I thought, gee, they're not happy with me being here. It just had not ever occurred to me because I thought, well, they've known that the merger, that the buyout, was happening for six months and then it took another six months for it to go through, so they've had 12 months to get used to this idea and why are they not over it now, you know, let's move . I didn't identify that quickly enough, I didn't address it quickly enough and so then I had problems with it.

There's a whole lot of learning in that example which is good. Now I want to look at a major organization that is at two levels. One is as an employee of a larger organization going through major major change, even being sued for something to do with their products or services and how to behave, as an individual of such a company, how to behave as a manager in that company and how to behave as a leader at the leadership level, I guess , with those things. You can always default to it's public knowledge, some of it'll be public knowledge, but it's being investigated. So what happens is they have normally company policy that says how the team will handle this structure. That's not good enough when you are an individual in the company and you're outsourced and there's some news about your company. People will say how are you are you affected by it, what is the real story behind it? The responsibility on you, as an individual, to do the best that you can, then you've got other people that are involved, and some areas of your organization might be in trouble because they may have made a mistake and some of those people might be your friends, some of those people, being people you worked with for many years. So you've got so many layers of responsibility on you as an individual, how do you act, what do you do?

Firstly we can go back to Kim's most favorite topic which is communication. So don't leave communication to chance or just what's in the public domain, because the reality is it's not going to just stay there and everybody's going to say, oh yeah I'll just wait till you know the news, but the tell me

that's not going to happen and so on. That's what we have. You want to help people articulate, so keep your people, a few in leadership position, management position, most important thing is communicate the best that you can within legal restrictions or whatever it is but communicate as best as possible. As an individual in that company while all this is happening just remember the reason you're there is because you're an employee and you're getting paid and you still continue to get paid whether it's a merger, whether it's acquisition, whether it is an investigation. You've got to be true to yourself, continue to perform like you always have, the best that you can and think of the customers and the shareholders, they deserve that because they're the ones that keep us in employment. So at the end of the day, continue to focus on that. Yes we are human and yes we want to know what's happening and yes we have distractions and yes we're worried for some of our colleagues and we're worried about some part of our organization around the world but try and stay focused and positive. As hard as it is, try to communicate by being honest with what you can and you can't say and about what your understanding is.

So if you're at a party and somebody says oh I heard your company is being investigated for releasing this faulty product, what have you got to say? Do you defend your company yourself? Of course you would. They say they know this is not the first time blah blah blah. Just say, look, I work for the company and my knowledge of this particular case is limited to what's in the public arena. I can only share with you what I feel about the company from my experience and from me working there and then you can then say what you like about the company because otherwise you wouldn't be there. If you have got access to information that's not public, you've got to know whether it's legally allowable for you to communicate it as a part of the investigation or talk about other people that may be named.

That's very important, that if there's nothing else that you take away from today, it's that you do have a job, you are being paid and that is your first and foremost focus. If you're in a situation where people ask you questions and it might be that the press for whatever reason, or the people who are doing the investigation or the people who are doing their research before they buy the company, have done their homework and they know that they can get at you by social means rather than by any other means and so they will use those kind of tactics. Not everything is fair in these environments and so you need to have thought about it before any situation arises. You need to have your well-rehearsed ad-libs, we like to say, so you have answers.

I don't think that there's any situation where you should give out information about your organisation when these things are happening because if someone, in a social sense, is asking you, they're asking you for the wrong reasons. They're not asking you because they're worried about you really, because if they were, they wouldn't ask you in that environment, they'd ask you privately. If they're asking you in a social environment, they want the inside information so they can run off and be important. All of us have a trait that craves attention, we want to be important in some way, we want to be the first person with this news or with that benefit information or with this picture or with that joke. So I would caution you against saying anything at all, that I would really strongly recommend that you have an automatic response that you say and people say oh I heard that your

company's being taken over, yes I've heard that too. Simple as that and move on but always have something else to move on to so they don't just leave the empty space where they're waiting for an answer and you're waiting for them to move on.

The point I want to go back to, it's really really important never ever be seduced by that wanting to be part of the first part of the news because that is so short term. I've seen examples where people did that and there was a bit of an activity that wasn't meant to cause any trouble but what they really did, the big picture and this big issue that they were so keen to sound like they know that stuff, it went away and became history but their reputation got damaged in that people remember they spoke when they're not supposed to, they either embellished, made up or got excited by being in drama. Remember your own reputation, I just want to strengthen that point you just made because it, to me that can be dangerous for you as a person. We've talked about how you get social questions but you might, in the course of actually doing your job, be part of the research that gets done or the the questioning that happens from external people. So how do you manage yourself and your team and your responses in that environment when it's an external person that's asking your questions and you know it's part of a process that that has been officially sanctioned. So how do you gauge how much you give in your answers?

I always worked with the thing is tell the truth, tell the whole truth, answer the question, don't answer 20 questions when you've been asked one. You've been asked the question, give it the full attention complete answer and absolutely the truth and back it up with the information. I think that that's where people fall down because when we say back it up with information, then they start to stray from what the actual answer was in the process but that gets to that point. So we have to reinforce that we're saying, answer the question. Now we both know, from a public sector background, we know how to answer the question and only the question, but that was good training that it was instilled in us. This is what they're asking, so there is an answer to that question, not all of the other stuff that happens around it. Just answer the question and people who are investigating or inquiring, whatever, they would ask you other questions. So wait till you're asked and then answer it because otherwise you might confuse the picture. We're not trying to say don't give them any more than what they need to know and if you've got other relevant information and all, that's not what we're talking about we're talking about. You focus on the question, you're giving it absolutely 100% accuracy and truth and then when they ask you the next one, you answer it and you give it exactly same regard and if when you get asked the question, it triggers half a dozen different responses, ask for clarification. Don't answer the question you think they asked, answer to make sure you know what they're asking and then you answer it.

I think we've covered that for you. Let us know if you have any more difficulty with these sorts of situations and we'll think up, or we'll use a case study and give you some more particular examples but for now I'm Kim Baillie, she's Fulyana Orsborn and this is Inside Exec.