

Strategies

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Managing the Communications Aspects of a Merger

The scene was typical of many in recent years: two powerful executives, chairman Jürgen Schrempp, of Daimler-Benz and chairman Robert Eaton of Chrysler, smiling for the cameras and clasping hands to celebrate the joining of their two companies. The DaimlerChrysler deal, billed as a merger of equals, represented a marriage of opportunity, not desperation. Nevertheless, behind the traditional "grip-and-grin" shot lay weeks of careful communications planning, preparation and implementation.

Word of the synergies expected to result from a merger needs to be passed on to everyone who has an interest in one or both combining companies: investors, employees, labor unions, Wall Street analysts and the media, among others. Communications must also play a critical role in building a new unified, productive corporate culture out of what formerly were two distinct entities.

Standardizing Customized Messages

While it takes time to modify a corporate culture, other merger challenges that require communications expertise need to be dealt with promptly. Take, for example, a situation where recalcitrant groups of shareholders have to be wooed to vote in favor of the merger. Just like employees, suppliers or any other group, shareholders are comprised of individuals who have a wide range of diverging opinions on various matters.

Do You Have the Answers?

As soon as news of the merger gets out, numerous interested parties will have questions about how it will affect them. The company's responses should be prepared well in advance. Here are just a few of the many queries the CEO or communications executives may have to field:

EMPLOYEES: Will I have a job after the merger? Will I have to take a cut in pay or benefits (for example, my pension)? What will the new company look like? Will there be more layoffs in a year or two? Will I lose my Union and the protections that a contract gives me? Will a contract employee replace me? Will I get a different boss? Will I have less autonomy? Will I be relocated? Who will have power over my career path and growth?

SHAREHOLDERS: Why is the company merging now? Is the company as good an investment as it has been? What will happen to the dividend? The dividend reinvestment plan? What sort of stock will I actually receive? What are the tax implications? Who is running the company?

UNIONS: Will we still have a cooperative management to deal with? Will layoffs and resignations deplete our membership ranks? Will one company or the other send work to another state or country?

ANALYSTS, BROKERS, ARBS: What's the rationale for the merger? What does the balance sheet look like? What's the likely effect on near- and long-term share prices of the companies? Will this merger be followed by others? Who's in charge now? What is past experience? Can management get along?