



Don't Forget the Sales Team After a Merger Bob Hatcher

BetterSell Solutions
A Miller Heiman Sales Consultant

Mergers and acquisitions happen all the time. It seems always to be the same story about synergy and revenue growth. In fact, McKinsey says that 80% of all mergers state revenue growth as the primary growth. If that's the case, then why do only 12% actually achieve that goal? My guess is that after the merger executives spend far too much time with analysts, the press, and internal structuring of operations than worrying about customers and the sales force.

That's what this paper is about... what to do after (and even before) the merger to keep customers happy, keep the sales force happy and keep revenue flowing!

McKinsey reports that 80% of mergers are done for revenue reasons, yet only 12% actually result in revenue increases.

Let's face it, your sales force is your primary face to the customer. What they say and do in the critical time right after a merger is of paramount importance. Give them contradictory or unclear messages about the positive side of the merger and you're in danger of not only losing a customer, but of losing a good sales rep.

Prepare a Communications Plan

Right after a merger you are at your most vulnerable. It's a time of great uncertainty to your customers and it's something that your competitors will try to exploit. Not only will they be trying to steal your customers, but they'll try to steal your best sales reps too! Unless you have a plan to retain your sales force on the day of the merger announcement you are likely to lose key salespeople and probably many customers.

Unless you have a plan to retain your sales force on the day of the merger announcement you are likely to lose key salespeople as well as many customers.

The goal of your communications plan is to generate enthusiasm, to ensure that the sales team communicates consistent messages and to allay fears.

Your plan must include a well-orchestrated communications effort and a clear roadmap for integration and the right kind of financial incentives. Your people will want to know whether the merger makes sense, how the company will change, and how their behavior should change. You've got to preempt questions like:

- How will this affect my career? Will I even have a job?
- How will I be paid?
- How do I deal with (the other company's) competing products?
- What will happen to the product line I'm selling to my customer?
- What will happen to prices?

As part of this communications plan we recommend that both merging companies hit the road to visit each sales office and each strategic customer. This should happen as soon as possible, but certainly within one week of the announcement. They should answer questions directly and



honestly. This time of uncertainty is fraught with fear and the time will be ripe for the rumor mill to be in full swing. The sooner the CEOs dispel rumors the better.

The bottom line for your communications plan is that your front-line people are armed with an understanding of the merger's aims how to position it as a positive to their clients and is positively incented to do so from their management. This should help them be able to reach out in a positive fashion to their individual customers.

But, don't expect them to be able to handle everything. Certainly, a bunch of one-off questions will come up that they can't handle. That's why you need a speedy way to get action, to get them what they need, to answer any questions they might have.

Communicate with Clients at Three Levels

At Miller Heiman we talk about building relations and sales skills at three levels. And, each of these levels is critical in the times of mergers.

- At the account level – your best clients are your best assets. You can not afford to mis-communicate with them, or you risk losing them. Whether you are a highly efficient “low cost provider” or a high end, consultative “trusted advisor” your clients want to know how the merger will affect them.
- At the opportunity level – you obviously have deals on the table, opportunities. These opportunities now have generated huge red flags and they need to be dealt with. Your competitors will do everything to unseat you in the deals currently in play.
- At the sales call level – how your people talk to and answer questions from clients and prospects is critical to their retention and to client retention. Train them in how to answer questions and to ask questions. Train them to anticipate questioning sequences and to answer them assertively and with confidence. These are the people who will implement your communication plan. Arm them to be great.

Create a War Room

Ok, this might seem extreme, but it's necessary. You won't believe the types of questions and issues that will come up. Everything from a competitor making a bold move on one of your key accounts to a sales rep that's ready to call it quits.

Staffed with two to four high performing (not necessarily “ranking”) people with a few junior members, this will be a temporary management structure that can help resolve problems quickly and efficiently and can help retain customers and great sales reps. (Team members should be evenly split from both organizations.) Let's face it; the senior management team will be preoccupied with the merger and integration issues. You will need a team, who has been delegated authority to make things happen on-the-spot and cut through the red tape; and, who has ready access to senior executives.

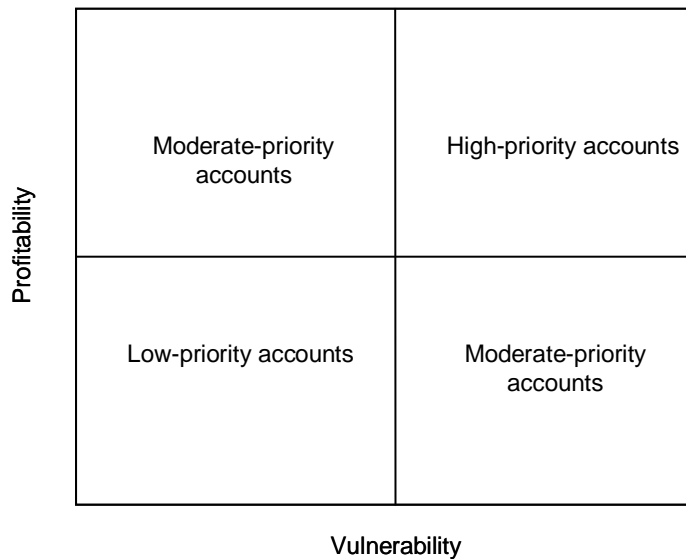
This group will have several functions:

- It helps new sales leadership craft detailed messages about how customers benefit from the merger.
- It can create customized sales toolkits for presentations, demos and materials.
- It acts as a clearinghouse for information about the concerns of customer and the strategies of competitors, and it develops and disseminates appropriate responses.

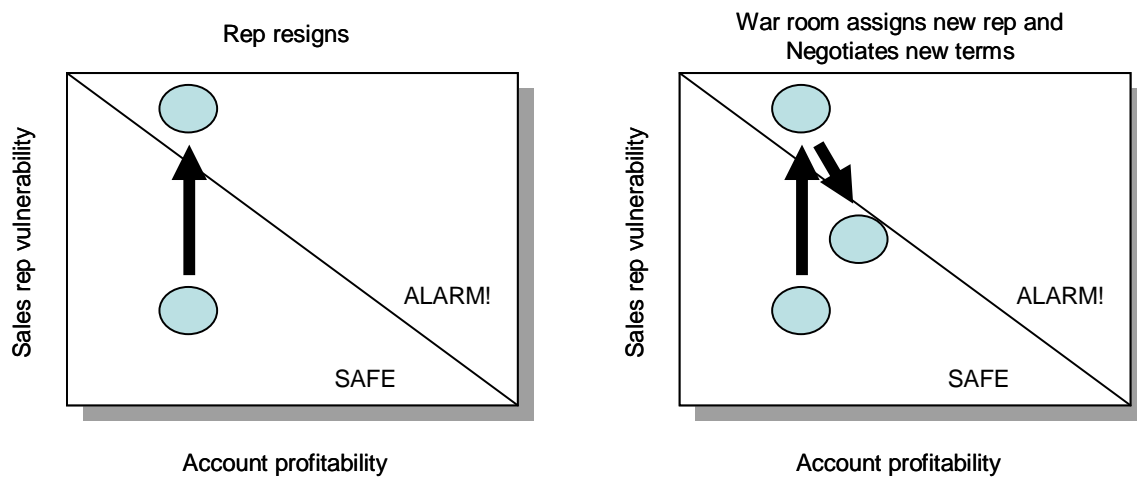
- It can dispel confusion about the company's new product and service offerings and develop creative cross-selling tools by leveraging its cross-organizational expertise and market intelligence.

Here are some thoughts at the highest level, that Account level mentioned above. One of the major responsibilities of the war room staff will be to track each account in terms of its risk and vulnerability. Grouping together accounts with similar retention problems, this group can plan strategy and actions and develop specific retention plans if necessary.

We suggest this team assess each of your customers according to the matrix below to determine a hierarchy of accounts. This should be the order in which your war room people prioritize their actions.



You also should do this for each of your sales reps, determining their value to the organization in terms of the accounts they manage. You, then, can put the two together in the following way:





The figure above illustrates a way to think about your customers. Each customer should be ranked according to its profitability (or, gross sales is that is a more important metric) on one axis and the vulnerability of the sales rep on the other. The more profitable a customer is the less risk you can assume for the sales rep. In the case above a moderately profitably customer and a sales rep for whom the merger creates a big risk decides to start interviewing. Your war room people should be on top of this and take appropriate action. In this case they reassign the customer to a new rep who renegotiates terms.

Although, it's tempting to keep your best reps in the field, it's critical that you staff this war room with the expertise and credibility to make great decisions and get things done. It's worth it.

Compensation

Lastly, let's talk compensation. The time after a merger is one of the most critical times in your company's history. It can make or break you. Only about 12% of all companies who merge or acquire another company actually increase sales. One thing you should consider doing is to provide financial incentives to your sales team to retain and grow customers. In the long run it's worth it.

Conclusion

Don't take your eye off the ball after a merger. Whether you are on the acquiring side or the acquired side, there are things that you do to retain and grow your customers and keep the staff you've worked so hard to train. This is when you'll be your most vulnerable and your competitors know it. It's also a time of confusion for your customers so don't let them down. And, lastly, err on the side of over-communication. You won't regret it.

About Us

BetterSell Solutions is a sales consulting company located in Newton, Massachusetts and a Miller Heiman consulting partner. We work with companies large and small on revenue issues. Please see www.bettersellsolutions.com or call 617-969-8887. Miller Heiman is at ww.millerheiman.com