In today’s blog I continue my discussion around three not-so-obvious threats to a successful integration. I incorporated lessons learned from experience helping executives merge two national airlines. In my first post (hyperlink), I discussed the first threat: change fatigue. I explained how employees from both the target and acquiring firm can feel overwhelmed by change coming from an integration. I then offered three tactics that leaders can to mitigate the risk of employees feeling overwhelmed by the changes happening.

In today’s blog I discuss the second threat to successful integration- disengaged employees.

**Why is employee engagement critical during an integration?**

Employee engagement is all about *creating a workplace environment where employees are committed and motivated to give their best efforts to help the company achieve its goals.* Studies show that there is a direct correlation between an employee’s motivation to help their organization achieve its goals and productivity. Disengaged employees have a negative impact to employee morale, customer satisfaction, work quality and ultimately the company’s bottom line. Organizations that have lower employee engagement suffer from employee turnover, higher safety incidents, few repeat customers, difficulty attracting good talent. Therefore, it goes without saying that if the a*cquiring firm wants to get value from their acquisition, they have have to maintain employee engagement*.

Typically, employees from the target company, are at greatest risk of becoming disengaged because their whole world is changing. Their favorite supervisor or co-workers may be let go as part of the integration. However, in situations where there is a true integration and both companies are changing their leadership, values, policies/processes, etc. to become a new and and better organization, employees from the acquiring organization will sense disruption in their work life.

**Why do employees become disengaged during an integration?**

1. **Failure to define and educate employees about what the company’s culture will be after the integration-** A company’s culture are the behaviors and beliefs that impact how leaders and employees interact with one another and their customers. The culture of the company manifests itself in it’s values, vision and mission.

Engaged employees are those who are willing to spend their discretionary time to do the work to advance a company’s vision and objectives. When a company has a strong culture, employees know the values and behaviors to demonstrate on the job to help the company achieve its vision and goals.

The challenge with mergers is that the culture of the organization post-merger becomes muddled or ill-defined. Then even in situations where the leaders define the core values of the company, they don’t reinforce it by explaining and training employees on what those values mean for how employees should do their jobs.

Taking the example of my client, an airline carrier, one of their values post-merger was to treat guests with “generosity.” Well, the value “Generosity” could have multiple meanings across legacy employees from two different airlines. My client took the time to educate and train its flight attendants and customer service representatives on the behaviors and decisions they should make to show that the airline is generous. This point illustrates how important it is for companies to provide training to its employees to be successful.

Reinforcing the new corporate culture with recognition, rewards 1:1 coaching and feedback are critical to evolving the culture and making it sustainable.

1. **Change saturation**- I talked more about this in my previous post. When employees are overwhelmed with change, this impacts their productivity and feeling of accomplishment. Employees sense that their leaders aren’t looking out for them and giving them the support and time they need to absorb the changes and be productive. This leads to resentment and simply checking out as they fear that they can’t control their destiny at work.
2. **Dissatisfaction with compensation and benefits-** Compensation is a critical component of workplace morale employee satisfaction and motivation to come to work every day and do their best. People feel slighted if their co-worker, who’s doing the same work, is getting paid more. I’ve seen situations where employees of the target company are paid more than similarly ranked employees or even their future supervisor in the acquiring firm. If these pay inequities continue post-merger there’s a risk that key employees, who don’t feel that they’re not getting paid the same as their co-worker, who is doing the same work, will leave the organization.

**What can we do to prevent this from happening?**

Keeping employees engaged through an integration requires a multi-pronged approach and serious effort. Below are some strategies that you can use to maintain a motivated workforce.

1. **Develop a compensation alignment strategy early-** Employees will be concerned about how the integration will affect their compensation. HR and executive leadership need to align early- selection and due diligence phases- on the compensation strategy and then communicate it as soon as possible to alleviate employee stress of “not knowing.”

It would be wise for HR to understand the target company’s compensation structure and overall philosophy on pay and benefits early; legal requirements for compensation; how positions from the target company might map to positions at the acquiring firm and what “hooks” they’ll need to retain key talent upon deal close and then post-integration.

**2. Maintain robust two-way communication with your employees**- Communication reduces the stress of the unknown for employees. Explain why leaders decided to merge/acquire another company; what would have been the negative impacts if they hadn’t gone through with the M&A; “what’s in it for the employees;” benefits of the M&A and what will be process to bring the organization together. Clearly show how the employee is key to the overall strategy and creates value for the company.

On the flipside, establish multiple forums where employees can provide feedback and ask questions. This is a chance for leaders to answer questions that are top of mind for employees.

**3. Help employees feel valued and connected to the organization**- Promote connectedness between employees at the target and acquiring firm. Host cross-company culture building workshops and social events to build connectedness. Communicate each employee group’s accomplishments to one another. Show employees of the target company that you care about their career by encouraging their managers from the acquiring firm to have career discussions with them early on. Find new and creative ways to recognize employees who are going above and beyond in their work- it’s a lot for employees to do their day jobs and handle the changes from the integration.

*In my next post, I discuss the third not-so-obvious threat to a poor integration- lack of solid integration strategy.*