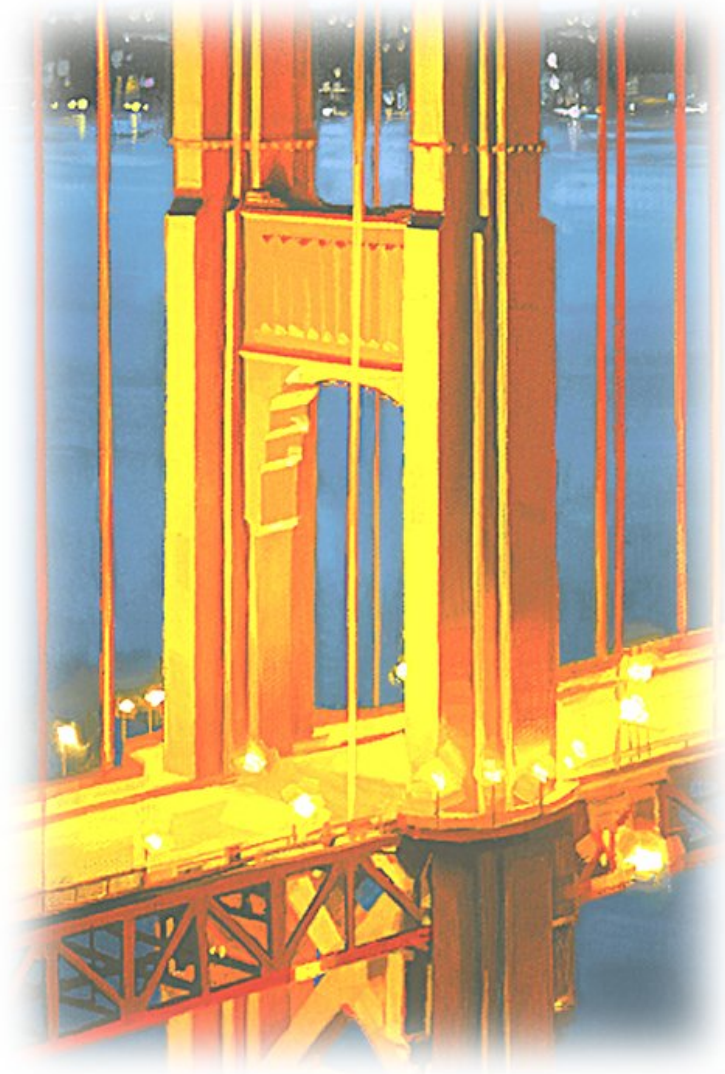

IDEABRIDGE



The IdeaBridge White Paper Series:
Merger Success Workshop



MERGER SUCCESS WORKSHOP

1

World's Leading Merger Success Strategies

Summary

The following pages represent the leading thinking on successfully integrating either a merger partner or acquisition. There are many pitfalls and rarely do such transactions meet the intended objectives. One can dramatically increase their chances of a successful merger or acquisition by paying careful attention to the people-issues and by reviewing the following lessons learned from some of history's most notable business mergers.

Critical Summary for CEOs and Corporate Leaders

- These changes will affect employee attitudes, you just can't get around it, so don't waste your time trying to be the first CEO ever to pull-off a trouble-free merger.
- Plan on taking advantage of the opportunity the merger presents to get rid of marginal employees.
- Major organizational change is never trouble-free.
- The destabilization creates an entirely new set of problems, increasing job stress while adding to the workload.
- Employee productivity will get cut in half during the first several months of a transition period.
- Action works wonders to relieve feelings of fear, helplessness, anger and uncertainty.
- It's not at all unusual for an employee to be an all star in one culture, and fail miserably in another.
- Establish priorities that the Board will buy-off on, and then focus on them intently.
- Always operate with the assumption that there will be turnover.
- There will typically be a downturn in effectiveness matched by an increase in problems shortly after a change effort gets underway.
- Managing major change is always a discovery process.
- Take action that turns heads. Your opening moves should leave no doubt that the old culture is incompatible with what's to come.
- Upper management catches a lot of criticism during time of transition and change.
- Don't even consider cultural change until you and your management are willing to hit hard, go fast, and follow through.
- Be ready and willing to sacrifice those people whose attitude and behavior could sabotage the culture change.



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2

- An overly-democratic process usually inhibits team reconstruction.
- During times like these, people often feel vulnerable, helpless.
- All people, from senior officers to front-line employees need to be aligned and working in concert with one another.
- A direct by-product of the merger process is an increase in employee turnover. It's a fact of life.
- Don't waste your time trying to salvage people who won't respond. People that won't change must leave. Period.
- Mistakes are absolutely unavoidable when consolidating companies and dealing with the people issue.
- If nobody takes pains to measure results, employees won't take pains to produce results. It's really as simple as that.
- Part of your job is to hold people's feet to the fire so they adhere to a very tight integration time frame.
- Everybody will have their own private agenda...each employee will want a part of you.
- Create an environment where people can achieve, and you will create a climate of greater commitment.
- There will be a lot of impromptu management decisions that no amount of planning can see.
- Create a coalition of like-minded people so you have a base of power that enables you to carry out big changes.
- You cannot take on the old culture and win unless you surround yourself with a core group of strong supporters.
- Don't be a fool and think that your people are going to be more concerned about your company than they are about themselves.
- Deputize employees to be on the lookout for problems. Talk to them often.
- Problems seem to pop-up from everywhere; usually it's a total surprise and couldn't have happened at a worse time.
- Integrate one company...not two.
- Either get backing of all managers, or get rid of them.
- When weighing the alternatives in reaching your decision, always take the financial angle into consideration.



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3

- The best merger managers are more flexible, more risk-tolerant, more aggressive than cautious, more decisive and more creative.
- Mergers should be done in a six to nine month period. That alone will dramatically increase the chances of success.

What To Expect In The Change Process

- Keep everyone focused on achieving tangible results and performance gains. Plot and monitor those gains.
- Employees must know where they stand in all of this. They must know quickly.
- Some people will damage their career just to get even with the company.
- Change leaves people feeling exposed, vulnerable, and insecure.
- Be sure to tell everyone at the outset that they can expect some mid-course corrections as problems surface.
- Everybody ends up losing if people keep questioning the wisdom of the strategy and the speed of the changes.
- Some people resist change as a way of getting even or to “punish” the Company.
- The entire workforce needs to rally, close ranks and commit their heart to the process of change.
- Organizations which refuse to change, or change too slowly, won’t survive in this age of instability.

Danger Signs to Watch Out For

- Managing this kind of transition is very difficult and stressful. You will not be popular and must develop a thick skin.
- You cannot afford to go forward struggling to deal with overt opposition or subtle sabotage.
- Moves that cause change are sure to cause stiff opposition. Your popularity will go into a free-fall.
- Never rely on “yes men” who would not challenge your thinking.
- There is no doubt that you will have some false starts and probably make some big mistakes, that’s the nature of leading rapid change in a merger environment.
- Taking charge doesn’t mean you have all the answers, nor is it an excuse for cruelty or cockiness.
- People will question your motives, criticize your approach and condemn you personally.



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4

Ethics and Character Must Be Stressed

- Sometimes the voice of your conscience gets drowned out by the crowd.
- Taking an ethical stand based on your principles takes nerve, guts and heart.
- Stay on the highroad in your ethical standards. Now, during the tough times is when you really define your character.
- When you make mistakes, admit to them quickly and get on with your business.
- When the heat is really on you, you show your true character. Everybody will now be watching to see if you really walk your talk.
- When considering your actions, if the threat of exposure to public scrutiny makes you squirm, then you can bet it's wrong.
- Any violation of honesty or integrity, however small, dilutes your ethical strength, leaving you weaker for the big challenges ahead.
- Don't count on ethics, values and your high principles to make you popular with everyone. In fact, you will become a big target.
- Teams in transition need a leader who stands tough and has the courage of his convictions.
- The Leader does what's right, even when it's hard. Your personal standards are revealed under stress.
- People won't show much faith in what you say or your claims of personal standards. Instead, they watch closely.
- High standards and principled leadership leaves absolutely no room for soft discipline or mushy morals.
- Candidly acknowledge errors and press on.
- High standards come to life through your basic values, your character, integrity, honesty and your principles.
- Showcase the people who fight for high standards. Spread the word about their example of high ethical standards.
- Ethics and character are grounded in action, what you do is more important than what you say.
- Not everyone will be on your side as you struggle to do what's right and ethical. Get used to it.
- Eventually, you will always have to "settle-up" and pay the price for ethical lapses or violations.



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5

Establishing Commitment from Your Team

- The leader's intensity, focus, drive, ambition and dedication carries major influence with his team.
- Commitment and morale start to climb when things start to click. People feel better when they are winning.
- The more consuming the leader's commitment, the more he draws his people to him and their goals.
- Ask for job commitment. Commitment works a lot harder and gets more done than morale.
- Figure out how to give people a piece of the action. Some responsibility.
- Commitment grows when folks have a chance to contribute.
- Give people responsibility and their commitment goes up. Zero responsibilities may mean zero commitment.
- Commitment gives meaning to work and deepens one's sense of self-worth.
- Commitment climbs when people see passion in the person leading the team. They catch the feeling and energy.

Leadership Principles to Observe

- People will listen to what you say, but then they will watch you very carefully to see if you walk your talk.
- People will be watching you intently looking for a role model.
- Take charge and stay in charge. Progress stops when people stop believing in the boss.
- Your people need to have their own ideas, input and opinions, but you need to call the shots.
- Set high standards, and then defend them.
- You can't do too much without power. And if you can't do much, you have no business being in charge.
- Part of a leader's job is to help set, promote and enforce the ethics of excellence and honesty.
- The leader who looks and acts helpless won't be a leader for long.
- Provide employees quick, accurate feedback regarding shortfalls in their performance effectiveness.
- Quickly act to clarify roles and responsibilities for each employee and manager.



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6

- You must move with authority, make decisions, take action and move quickly.
- Just don't confuse respect with popularity. Forget about popularity and the rumor mill. Focus on results and what needs to be done.
- You cannot make it work if people are pursuing their own private strategies of sabotage and undermining your strategy.
- People need to see you make some dramatic, high profile changes.
- You will be one of the architects of the corporate conscience. You help build the character of the company.
- The best fuel for team performance is the passion of the Leader. Your intensity and your drive.
- Team reconstruction begins when the person in charge, takes charge and makes the things happen that need to happen.
- You are paid to manage the problems, increase the bottom line, integrate the business units and grow the company.
- People always look to the leader when they want to take the pulse of the organization.
- Culture transformation requires a unique chemistry of determination, courage, audacity, thick skin, fierce spirit, and guts.
- You will be watched very carefully and will be the subject of the company's rumor mill.
- Aim for excellence in order to build pride, passion and cohesiveness.
- There's just no way that I can keep every employee happy...don't waste time trying to do that.
- Raise the performance standards, even though you may expect a decline in productivity during the first few months of a merger.
- Unless you have the guts to proceed with authority, you weaken the entire group.
- Your challenge is to quickly rev-up the group, mobilize it and redirect their activities to conform to your company's cultural values and business philosophy.

Maintain Open Lines of Communication

- How you share data with them heavily influences the trust level in the group. Don't be selfish and tight-lipped.
- If you don't regularly update your team, they'll fill in the blanks and rumors will feed the grapevine.
- You need a tremendous amount of high quality communication to sustain a culture change.



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7

- Pull no punches when explaining your integration strategy.
- Clearly explain what the new cultural realities will be.
- Give your people constant updates. Even no news is news.
- State your objectives regarding standards of performance.

Putting the Plan Together and What to Expect

- Even when an overall strategy is correct and right, we must be willing to live with some mistakes and foul-ups.
- Move immediately to make measurable progress in a matter of weeks, even just a few days.
- The strategy will only be completely known once some time has been spent in the trenches.
- Keep the plan pure and simple. Set short term goals that can be quickly accomplished.
- Many blanks will be filled-in as circumstances develop. The strategy evolves over time.
- Directions should be unequivocal, easily understood and drilled into everyone.
- The Plan should outline in crystal-clear detail, your goals and objectives, giving the team laser-like focus.
- Focus on things that go right to the bottom line. Go for improvements and gains that can be readily measured.
- There is no such thing as an error-free plan.
- If we waited until the changes were absolutely perfect in design and strategy, it would be too late.
- It's particularly important to produce some quick wins, some financial success right out of the gate.

The Necessity of Speed

- Keep the pressure on for productivity. Set tight deadlines and stick to them.
- Push for quicker actions; Operate with a bias toward action.
- Step forward and quickly set an agenda for all to follow.
- Start out fast and keep trying to pick up speed. Leave skid marks.



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8

- One of the key predictors of a merger's success is the quickness of the transition. Obviously, faster is better and cheaper.
- Taking your time and moving slowly are highly inappropriate for transition management.
- A lengthy, slowly paced integration is a high-risk strategy.
- The slow methodical approach typically results in failure in a merger integration environment.
- Speed creates a sense of urgency, and is also a sign of commitment.
- The "best of both worlds" strategy brings traumatic destabilization to both organizations.
- Decisiveness will be a high virtue and caution becomes a curse.
- The average merger transition spans 24 months...twice what it should!
- Playing it safe is often the biggest risk of all. Prudence beyond a point becomes imprudence.
- Your effectiveness depends largely on your credibility, and you undermine that credibility when you waffle and wimp-out.
- In a merger transition, slowing down is the most hazardous move you can make.
- Unwillingness to make mistakes is a fundamental and serious error that can paralyze the transition process.
- If you are tentative and weak, you're asking for trouble.
- You need to show fire, enthusiasm, a strong sense of urgency. People should warm by the heat of your passion.

Implementing Cultural Changes

- Always remember that the existing culture is designed to protect itself, not to bring its own demise.
- Your style, technique, and overall strategy for culture change should be alien to the status quo.
- The embedded beliefs, values, behavior patterns and ideas about business carry tremendous power.
- Culture change moves at a slow crawl if the existing employees hang to their culture and call the shots.
- Success under these circumstances comes from cool-headed thinking, clear focus on the important goals and action.
- If you think that you can pull off a major change without a serious shake-up, you're kidding yourself.



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9

- You must hit with enough shock effect to immobilize the old culture, at least temporarily.
- Trying to keep everyone happy and appease all their concerns by taking it slow and easy, can be the cruelest move of all.
- A full 20% will buy-on immediately. 50% will be on the fence. The remaining 30% will be anti-change and won't change.
- Major culture change does not occur unless it's driven by deep conviction. It must be driven by burning passion.
- The anti-change crowd will roll their eyes and point to all kinds of trouble. Get ready.
- Push for a culture of personal responsibility.

What To Say To Your People In The Change Or Merger Process

- There really will not be much let-up in sight or for the foreseeable future.
- Make it perfectly clear that I will expect nothing less than high ethical standards from coworkers, managers or clients.
- Even if your job title remains the same, this situation calls for something new out of each one of you.
- It's very common to care deeply for others and still not be in a position to give them everything that they want or need.
- The level of performance that qualified you as a winner last year, may make you a has-been next year.
- During times like these, the pace changes. Work moves at a faster tempo. Problems can hit in a hurry.
- Only those employees who constantly grow have a chance of staying employed in the years ahead, either at your company, or anywhere else.
- With everything changing so rapidly, the "news" may be dead on arrival. It's a moving target in a period of rapid change.
- Don't believe the gossip you are bound to hear. Most of the stories you hear will never come to pass.
- We don't need Monday morning quarterbacks, we need team players.
- The only thing you can count on to go away is, "the way things used to be done."
- Employees will soon find that they are working a lot harder, longer hours and not having as much fun as they use to.



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10

- Often what looks like a mistake to many, may be exactly the right move when taken into the context of the big picture.
- You don't have to like the changes or believe that they were a good idea. But you must support them.
- What we are experiencing are reactions to changes in the outside world.
- You have to do more, with less, and do it better than ever before.

Creating a Vision

- Vision gets the entire team moving in the same direction.
- Vision should not be some dry financial objective, but a movement, a cause a rallying cry.
- The vision must be like a beacon, a clear beam of light that defines where the culture is headed.
- Look beyond the bleakness of the moment and paint a picture of a brighter tomorrow.
- Keep reviewing the goals, objectives and the vision until everyone sees the picture and memorizes it.
- You need to come up with dynamic reforms. Make changes that focus people's attention on the vision.
- You cannot get enough support through a pep rally or propaganda blitz; employees don't buy that bull.
- They must be able to clearly see the vision, the picture...they must get passionate about it.
- Vision must stir the soul and capture the heart.
- Keep the vision alive. Promote it, sell the dream. Help your group see the invisible.
- People have to see that you are dead serious about this endeavor and determined to see it through.
- Concentrate on making the vision a cause.
- Provide employees a grand purpose, a mission with a larger meaning, a cause that transcends the dullness of their everyday duties.
- People don't care about working for a company; they want to work for a movement, a cause.
- Give people a "cause" and they will rise to greatness. Folks fired up by causes are energized and put their hearts into their work.
- Promote the vision constantly.



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11

- A vision can engage the heart, fire the commitment and glue the group together toward a common cause.
- The vision draws a team together and pulls them forward.
- Some dry, sterile, commercial goal will not fire up commitment. Instead, build your cause around a concept, a principle, a vision.
- Keep the vision clear, unequivocal and communicate it constantly.

Employee Morale and Other Needs

- People will not follow a boss they don't believe in or one which they don't believe has any power.
- People are not going to worry about your company until they are assured about their own survival within the company; do they have a job? That's what's constantly on their mind until you or someone else tells them otherwise.
- Employees need answers. They want closure.
- When organizations fail to provide a proper orientation, employees feel like merger victims.
- During this period, employees need clarity, limits, direction and consistency.
- People will respond well when you show earnest respect, empathy and genuine appreciation for their efforts.
- Make it absolutely clear that you cannot tolerate resistance to change.
- Give them assignments that stir their passions and their hearts, and they'll work harder because they love what they do.
- Give them opportunities to help. Let them help shape their future.



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12

The Pareto Principle & the 80-20 Rule

Summary

Entrepreneurs and CEOs consistently report that their number one problem is 'lack of time to get things done.' Consistent application of The Pareto Principle will lead to dramatically improved productivity. While the rule is not an absolute, one should use it as a guide and reference point to ask whether or not they are truly focusing on the 20% (the Vital Few), or the 80% (The trivial many). True progress results from a consistent focus on the 20% most critical objectives.

In the late 1800s, economist and avid gardener Vilfredo Pareto established that 80% of the land in Italy was owned by 20% of the population. While gardening he later observed that roughly 20% of his plantings yielded 80% of his harvest. And thus was born a theory that has stood the test of time and scrutiny. The Pareto Principle or the 80:20 Rule has proven its validity in a number of other areas.

In the business world, it has been found that the principle could be applied to many areas, such as:

Applied to Meetings:

80% of decisions come from 20% of meeting time.

Applied to Managerial Headaches:

Roughly 80% of your managerial problems and headaches are caused by just 20% of your problems.

Applied to time management and your daily To-Do List:

80% of your measurable results and progress will come from just 20% of the items on your daily To-Do list. The major problem is that most people are so busy fighting fires that they never get around to the most vital few activities that will lead to the greatest results.

Applied to Interruptions:

80% of a Manager's interruptions come from the same 20% of people

Applied to product defects:

Roughly 20% of the input errors typically cause the lion's share of defects.

Applied to Salespeople:

Roughly 20% of a sales force will develop 80% of the annual results.

Applied to Customer Complaints:

Roughly 80% of customer complaints are about the same 20% of your projects, products or services.

Applied to Business Unit Production:

Roughly 20% of a company's business units will produce 80% of the annual revenue.

Applied to Advertising:

Roughly 20% of your advertising will produce 80% of your campaign's results. If businesses could only determine which 20% of their advertising was really working, businesses could save literally billions in advertising costs each year.



Vision and Mission Statement Workshop

Summary

This template has been assembled by taking bits and pieces of mission statements, vision statements and core values from some of the world's most progressive and successful organizations. The Checklist format has been designed so that a busy team of executives can quickly scan and check those items that appeal to them. This process serves to stimulate discussion and ideas, dramatically reducing the time such a process would normally take.

Elements That Should Be Part of Any Mission Statement

- Standards
- Expectations
- Corporate Philosophy
- Performance Expectations
- Goals and Objectives
- Strategy, Purpose, Our Plan and our Mission
- Crystal-Clear Performance Expectations at all levels
- A unifying core-purpose for all employees, Company wide
- Our Core Values-the essential and enduring tenets of our company. Should not be more than 5-6 at max. Must survive a hundred years from now. Must truly be what we believe, even if it may cause us a temporary problem. (i.e. Johnson and Johnson's recall of Tylenol, because they have a core value to protect their customers above all else.) What we stand for. What we believe.
- Our Core Purpose- our fundamental reason for existence, beyond that of just making money. A perpetual guiding star on the horizon. It is timeless. It transcends product lifecycles, management fads and new leaders. It provides the bonding glue that holds a company together as it grows, decentralizes, diversifies and grows. Do not confuse this with specific goals or business strategies. The primary role of purpose is to guide and inspire. This must be authentic, something we really believe and live. The purpose is broad, fundamental and enduring. It should be the deeper, more fundamental reasons for our existence.
- Core purpose plus core values will form the Core Ideology. The core ideology should never change. This defines the enduring characteristics of our company. It's who we are. The fundamental principles, as in a religion, that will never change.
- Core Ideology = Core Values + Core Purpose



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14

Values/Philosophy

- What does the company stand for? What are our principles and beliefs that guide our behavior? What are our unifying beliefs and values? A visitor should be able to walk into our outermost satellite office and quickly assess exactly what our corporate values are.

Purpose

- Why are we working here? What do we accomplish that's useful in the world? How do we benefit society at large?

Mission

- What are we trying to achieve? What are our most important goals? What is our great challenge? What will we look like once we achieve this goal? What do we aspire to become, to achieve, to create? Describes the aim of our current business practices. It offers us direction. It clarifies the direction and general goals of our company, enabling employees to better understand their company and the role they play in our success. It provides a reference point from which specific business strategies can be assessed and progress can be measured.

Vision

- Our statement of core values that defines our culture and our way of working. To identify our goals and provide direction for prioritizing all our initiatives and strategies. Declares how we will operate in philosophical terms, in decision making, serving customers and measuring success.

Layout Ideas for a Mission Statement

Different possible elements include:

- Mission
- Goals
- Beliefs
- Business Philosophy
- Corporate Values
- Corporate Principles
- Our Business Credo
- Our Strategy
- Core Values and Beliefs
- Our Vision
- Our Primary Purpose
- Our Primary Aim



Introductory and Connecting Statements

- In accomplishing this mission, we are guided by a clear, widely-held set of values:
- These strategies form the foundation of our actions and guide our business decisions:
- We are guided by a strong set of corporate values
- We will be known, respected and admired for our enduring set of values which form the foundation of our actions and guide our daily decisions:
- Our Values are the foundation for our corporate drive to excel.
- These capabilities, our people, and our commitment to living these values will be our global platform for growth.
- A company endures and prospers only by moving forward. The past has given us the present on which to build upon. But to follow our visions to the future, we must see the difference between traditions that give us continuity and strength, and the conventions that no longer serve us.
- Fundamental to success for the company are those basic values that have guided our progress since our founding.
- Our Values: We have a set of enduring beliefs that are ingrained in the way we think and act. These values guide our choices, defining for us the right courses of action, the clearest directions, and the preferred responses. Consistent with these values we set our objectives, formulate our strategies and judge our results.
- This statement is an expression of our mission and shared values, the achievement of which is an ongoing challenge and a never-ending process. It requires us to respond effectively to an ever-changing environment. It requires pragmatism and dreams, courage and confidence, trust and commitment.
- To accomplish these objectives, we hire bright, action-oriented people who share our passion for business and our goal of _____.

Corporate Strategy or Mission Statement

- Maintain our focus on those few opportunities that are a unique complement to our core business and our existing corporate culture.
- Our strategies will build on the competitive strengths that distinguish our company.
- Maintain a flat, decentralized organization focused on the customer. Seek business synergies that create strength and reduce costs.



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16

- Funding growth-oriented, privately held businesses is our core business and always will be. Other businesses complementary to this will be needed over the long-term to maintain and enhance our position as a growth company.
- Aggressively drive to retain and add customers within our profitability and risk criteria.
- Our balance sheet and earnings will be a source of strength.
- We pursue strategies designed to foster long-term relationships with both customers and employees that share our values and business philosophy.
- Looking ahead, we will consider opportunities to expand through acquisitions which complement and enhance our core business.
- We will stay in the business we know best and will focus our time and energies in building and enhancing our market leadership position.
- Ancillary products and services are designed to strengthen existing customer relationships, enhance our competitive advantages and provide additional cross-selling opportunities. Any of the products and services we provide must add profit on their own or through synergy with other products.
- We will pursue our vision through focused growth based on our core strengths where we have a competitive advantage.
- We will set ourselves apart through our responsiveness and flexibility to custom-tailor unique financial solutions to growth oriented businesses.
- We foster a strong sales and service culture that understands our local markets and work to expand our share of customers in all of our regions.
- To accomplish our objectives, we recognize the importance of setting priorities and executing plans consistent with our strategic objectives. This requires strong leadership and the pursuit of excellence in every aspect of our business.
- We strive to grow faster than our markets. We strive to be a highly competitive company, controlling costs while growing in sales and profits.
- We will be a vigorous, aggressive and effective competitor in our core businesses.
- We will seek growth by building upon our existing core businesses.
- We will focus on those business sectors where we either have or expect to attain, a market leadership position.
- We achieve growth by differentiating ourselves in a market that considers our product to be a mere commodity. Growth is essential to maintaining a position of strength in our markets and attracting and retaining the high-caliber winners that are crucial to our success.



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17

- Our fundamental strategy is to build market share and leadership positions in businesses that we are in and know exceptionally well.
- First, we are performance-driven. Profitable growth which builds shareholder value is our primary objective. We approach the business with a focus on results, a sense of urgency and a healthy dissatisfaction with the status quo. To accomplish our objectives, it is important to hire and retain bright, talented people who share our passion for business.
- We remain vigorous, tough, relentless competitors known for our high ethical standards, consistently profitable growth and a business style that reflects the entrepreneurial-drive, clarity of purpose and intensity of a small company. We have a unique, entrepreneurial zest that business owners can readily identify with.
- Our strong credit culture has produced a strong balance sheet that provides us with the opportunity to win in the marketplace, regardless of economic cycles.
- Decisions will be based on facts, be reached objectively and implemented promptly.
- Growth: We aggressively seek sustainable, profitable growth through the relentless pursuit of our vision, simplicity of style, speed of action and leadership in all of our chosen businesses.
- We run a trim operation and continually strive to eliminate waste, minimize cost and seek performance improvements.
- We strongly believe in, and support, the Free Enterprise System and accept our responsibility to further its greatness globally.
- To profitably grow our business by successfully pursuing strategies that capitalize and leverage on our core business strengths.
- We build long-term relationships with clients, based upon value added solutions and advice, not lowest price.
- We help our customers achieve their goals by custom-tailoring a unique financial solution to their growth problems.
- We will strengthen our position in existing markets by focusing our efforts in the retention and expansion of our core business, by acquiring other financial institutions and by our aggressive pursuit of new business opportunities.

Performance-Based Culture: WINNING!!

- Intensity, Razor-Sharp Focus, Determination
- Passion, energy, excitement, zest
- Entrepreneurial. Bold and Courageous



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18

- Sense of Purpose, widely shared. Alignment.
- Restless and ruthless
- A fighting spirit
- Encouragement of individual initiative
- Autonomy and entrepreneurship
- Winners and strong Leaders at every level. People are winning!
- Aggressiveness and boldness. Self confidence
- People as the source of our success
- An aggressive sales culture.
- Pay-for-performance
- A winning culture
- Individual opportunity and reward based on merit
- Work hard, yet keep it fun and exciting
- Beating big goals
- Reward success, performance and loyalty
- Hard work and productivity. Demanding standards of performance
- Continuous improvement, never being satisfied, never slowing down.
- Work with passion, commitment, enthusiasm and drive
- No cynicism allowed
- A distaste for the status-quo
- People that naturally take initiative...without prodding to do so.
- People that understand the necessity to make money
- A burning desire to win by any ethical and legal means
- People driven to succeed...to win



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19

- A respected and feared competitor. Viciously competitive
- Winning. Being the best, knowing it and delighting in beating others
- Hard work and continuous improvement
- Pursue ever-higher goals
- PERFORMANCE: We encourage high expectations, set ambitious goals and meet our financial and other commitments.
- Link incentive compensation with results and performance.
- None of us can ever settle for doing less than our level best, and we can never stop trying to surpass what already has been achieved.
- Having a spirit of excitement
- Accountability: Will hold people and groups accountable for results in line with corporate objectives and will provide rewards commensurate with performance. Our people readily accept personal responsibility from beginning to completion.
- We seek talented, action-oriented people who are enthusiastic, honest, open and hard working. Who want to do their jobs well and who expect their co—workers to do likewise.
- We want people to use money as carefully as if it were their own, who suggest way to be more productive and who help each other. We want and will encourage to go the extra mile, work the added hour, and make the additional call. Above all, we want employees who accept responsibility and accountability for their own performance and who readily step-up and take initiative.
- We will be vigorous, tough, ethical competitors.
- We favor simplicity, we want action. We are results-oriented. We favor substance over form and quality over quantity. We strongly believe and encourage the free flow of candid, direct, objective information, up down and across all organizational lines. We insist on doing the homework and we love over-achievers.
- We mutually establish clear accountability and goals. We attack the problem and not the person.
- People will be hired, paid and promoted base on merit, teamwork and performance.
- Winning is fun. We enjoy winning and derive great satisfaction from beating the competition in the pursuit of profitable new business opportunities.
- We will attract, motivate and retain high-performing, energetic people in all areas of our company. We are committed to competitive, performance-based compensation.
- Our employees are winners, ever striving to exceed their past accomplishments. Exceptional performance is the result of these people working together in a spirit of teamwork and collaboration.



MERGER SUCCESS WORKSHOP

20

- We are a dynamic, action-oriented team of winners who delight in the thrill of competitive victory and growth in market share.
- We seek action-oriented, high achieving people.
- We expect our employees to be motivated and excited about the company and to believe in what we are doing.
- Our employees exhibit the spirit of initiative, persistence and entrepreneurship.
- Our employees are recognized and rewarded for achieving results. In the end, it's always the special efforts of people that make great things happen.

Employees are our Strength!

- Our continued success depends on honest, thoughtful, hard-working people who work as a team and are dedicated to the importance of setting and achieving ever-higher goals.
- Our company encourages employees to become involved in activities that make our communities a better place to live and do business.
- However large and complex a business may be, the work is still done by people dealing with people. For our company to succeed, we must operate in a climate of openness and trust, in which each of us freely grants other the same respect, cooperation and decency we seek for ourselves.
- Employees who are accountable, creative, entrepreneurial, profit-minded, and quick.
- Our employees are the source of our success. We treat them with respect, promote teamwork and encourage their ideas to improve our company. Excellence in performance is sought and rewarded.
- We seek to attract the highest quality individuals whose personal values and professional skills are consistent with our values and business philosophy.
- We strive to attract, motivate and retain the most talented and enthusiastic people in our industry.
- We recognize that our success depends upon the attitudes and performance of all employees.
- Our employees will be known for their teamwork and will be faithful to our core values and beliefs.
- We seek to recruit, develop and retain the most talented people in our markets. We will reward people based on merit, teamwork, results and shared values.
- To encourage and support the activities of our employees in civic, social and professional organizations where they live and work.
- We recognize that our employees are the primary reason for our continuing success.



MERGER SUCCESS WORKSHOP

21

- We view our employees as our greatest resource and will provide every opportunity for them to achieve their hopes, goals and career aspirations.
- This business is built around people. We want self-directed winners who have a passion for business and a burning entrepreneurial drive to excel at growing our market share.
- Our people are our company's greatest competitive advantage.
- We encourage and support our employees, recognizing that through their high standards, creativity and commitment, our company will prosper.
- This is a team business where we depend on one another. We expect each person to make a contribution.
- Our strength is our people. The collective talents of our employees comprise our most important resource.
- We firmly believe that our people are our most important resource, making the critical difference in how well we perform and through their work and effort, separate us from our competition.
- We firmly believe that our people are the best at providing custom-tailored, relationship-oriented financial solutions to growth-oriented businesses in our markets.
- Our employees make the difference. Success depends upon a strong customer focus, quality service and continuous improvement by employees who show integrity, caring and initiative.

Focus on the Customer!

- Developing and maintaining relationships rather than just executing transactions.
- Customers are the reason we exist. We must provide them with creative appropriate financial solutions and serve them in a caring way.
- We seek to build sustained relationships and recognize the importance of continuity of people.
- We must never forget that in order to deliver our promise of delighting our external customers, we must be ever diligent in serving our *internal* customers. Delighting our customers stands above all other values.
- Everyone in our company must strive to satisfy our internal and external customers, at all times.
- Customer satisfaction is the source of employee, shareholder, supplier and community benefits.
- We recognize that our business can only succeed if we can consistently create and keep customers.
- We clearly understand that without customers, we have no business. Therefore, adding and retaining profitable customers must remain our first priority and at the core of everything we do.



MERGER SUCCESS WORKSHOP

22

- Customers are the ultimate focus of all our business activities.
- If we fail to provide total satisfaction, we forfeit the right to that customer's business.
- Everything we do and stand for is directed to the satisfaction of present and future customers. We serve our customers with excellence. Our existence depends on them.
- Our employees make every reasonable attempt to return every phone call by the close of business each day. That applies to both internal and external customers. That's just how we do business.
- The customer is the key. Customers have choices. We compete with others to add and retain our customers. We must be ever diligent to protect our customer base by truly adding value. Value is what the customer says it is.
- Our customers come first. We prosper only to the extent that we create long-term relationships with satisfied customers.
- Our customer focus requires that we earn and retain the respect, confidence and loyalty of our customers by serving them so that they will benefit from their association with us.
- To profitably grow, we must focus on customer addition, retention and expansion.
- Serving our "internal customers" is critically important to serving our external customers

Integrity In All We Do And Say!

- We are committed to doing what's right, without exception. Every decision we make, and every action we take, must follow the highest ethical and moral standards. We must tell the truth, keep all commitments and use our time and resources to make our world a better place.
- We expect integrity, civility, openness, support for others and commitment to the highest standards of achievement.
- Absolute integrity, regardless of the consequences
- Honesty, integrity and ethics in all aspects of our business

Open Lines of Communication

- Communication: Clarity regarding company, divisional, regional and individual goals, People will know what is expected and will receive ongoing communication that is timely, open, direct, candid and honest.
- Fierce agreement around our goals and objectives
- Straight talk. Candid. Direct. Open. Honest. Communication



MERGER SUCCESS WORKSHOP

23

- An open environment where people freely tell us what's wrong
- All employees, Company wide, have a crystal-clear understanding of our mission, goals, objectives and values. No ambiguity.
- All employees will be appropriately informed and trained in the vital aspects of our business so that they fully understand the consequences of their actions and decisions. We will develop leaders from within our ranks. Our communications will be honest, open, timely and widely shared.
- Communication: We will effectively communicate corporate objectives and policies.
- We are direct, clear and ethical in our communication and actions. We speak with honesty courage and care.
- We will share the information needed to do our jobs and provide a sense of direction and purpose. We will communicate our goals clearly.
- We must provide clarity about our expectations and must enforce these standards throughout the company.
- We must share information, ideas and knowledge freely, quickly, candidly and unencumbered by organizational structures or individuals.
- We strongly encourage and foster open lines of communication, without fear of reprisal. The freedom to speak one's mind on any subject concerning the company's welfare is a vital ingredient to our constant improvement and success.
- We take action based on facts, not emotion. Sound business decisions are based on sound data and rigorous analysis. Facts are reviewed in an atmosphere without blame.
- We encourage each employee's participation and ideas.
- People must know exactly what is expected of them and receive timely, honest, feedback on their performance and career aspirations.

What is the compelling Vision for Our Company?

- Now, what about the "Envisioned Future"? This should consist of two components: A 10-30 year Huge Goal and vivid descriptions of what it will be like when we achieve the BHAG. It's a dream, a hope, and an aspiration. It's only a 50-70% bet, but the company should believe that they could achieve it anyway. Passion, emotion and conviction are essential parts of the vivid description. Does it get your juices flowing? Is it stimulating and does it generate forward momentum? Does it get the rank-and-file motivated and moving? It should produce a bit of an audible "gulp" when people hear it and think about what it may take to achieve the BHAG.

Other Phrases and Ideas To Incorporate



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24

- We are flexible in our approaches, practice responsible risk taking and learn from our mistakes.
- Management, which is customer-focused, urgent, empowering, simple, passionate and driven to win for the team.
- We must learn to thrive on change, shun bureaucracy and strive to destroy our competitors.
- We are proud to be members of the team and enjoy coming to work.
- We will encourage our people to take the initiative in their work, understanding that some risk is involved, but also recognizing that the potential benefits to the company often outweigh such risks.
- We are fiercely determined to keep bureaucracy to a minimum by keeping a lean organization with a minimum of managerial layers.
- Enthusiasm at all levels of our company is important to us.
- Our leaders have enormous energy and the ability to energize and invigorate others. They are exceptional role models and are open to ideas from anyone.
- We grant decision-making authority consistent with responsibility.
- Our employees, especially our managers, must be leaders who generate enthusiasm and respond with extra effort to retain and attract new customers.
- Integrity is the cornerstone of our business. We will always conduct our affairs in a manner consistent with the highest ethical standards.
- We hold managers and employees accountable to model those behaviors that are in accordance with these objectives through our employee performance review process.
- We set high performance expectations for ourselves and for our business. We strive to build a culture that is open and treats all fairly. We will create an environment that encourages individual decision-making and working together as a team in the interest of serving our internal and external customers.



Success Plan for Building Coalitions of Support

Summary

Expectations are extremely high for the Chief Executive to quickly chart a new course and to make things happen. But no one can succeed in a vacuum and for a CEO to successfully launch their initiatives, they must quickly build strong coalitions of support. This document will serve both new and seasoned CEOs and will also prove highly-valuable to Entrepreneurs.

Building Credibility, Trust and Coalitions in Support of your new Role:

- You must establish productive working relationships and build credibility as soon as possible. These relationships are essential for getting things done and getting support.
- You must take the time to take the organizational pulse, what will work, what won't. Before you come out with new, sweeping initiatives, first understand if the culture is ready for these changes. It's too much, too soon. *Watch out!*
- You must build a supportive coalition that is capable of overcoming resistance to the cultural changes that you will be demanding within the first 100 days and beyond.
- You must adapt your style to what the company is ready for and can take. For example, they may not be ready for the Rubber Chicken, or the Battlefield Pep Talk or the halftime locker room chew-out session. Tailor the approach to suit the audience, the culture and the situation.
- The support of the Chairman and Board, even in combination with the formal authority to allocate resources and make decisions, is not enough to make change happen. You must build an internal and external coalition of political support for your change initiatives.
- The secret to most turnaround successes is the ability to get people focused and working as a team toward common objectives. You also have to have the strength to persevere in defining the right thing to do, and people have to believe in you. That takes credibility, sincerity and the ability to earn respect while executing the tough calls.
- New leaders must quickly create momentum for change by tailoring their approaches to fit the technical, political, and cultural situations they enter. Momentum is created by securing early wins and building strong personal credibility and supportive coalitions.
- It's important for the leader to solidify the support of subordinates early on, because they understand the company and hold the keys to making the changes happen quickly.
- Despite your talent and proven record of consistent success at other companies, if you cannot earn the support, loyalty and respect of your subordinates and senior team, you will be FIRED by the board. It's as simple as that. *Any Questions?*
- Don't try and sell people. Build relationships first!



MERGER SUCCESS WORKSHOP

26

- You must work incredibly hard to quickly build internal and external coalitions of support that will rally behind your change initiatives.
- The right to lead the company must be earned from key subordinates.
- Gaining acceptance for big changes can be a huge challenge. Further, every move, action, speech, conversation, meeting and initiative will be carefully analyzed for hidden meaning or ulterior motive. People won't take you at face value until you have proven to be trustworthy.
- Personal credibility emerges from a myriad of decisions, actions, interactions, memos, reactions to emergencies and unexpected problems...like it or not, you are always on display and they pick up on the most subtle of nuances. Credibility is the result of a slow process of accretion as your conduct is observed over time.
- Say to your senior team, "I want you in front of your people to show public support for these plans now. You had your chance to change the plans and give me input. Now it's time for you to step up and lead your people, not just sit there like one more member of the audience. You are the leaders of this company and you have to stand up and start taking that leadership role. Beginning right now."
- You must show the people that you've inherited that you have some respect for their judgment, thoughts and ideas. You've got to show them that you will give them a shot of being on your team.
- Criticizing past efforts or programs can easily come across as self-serving and can cause the people to become angry adversaries looking for the first opportunity to sabotage whatever you are trying to do. Watch out!
- Never make sweeping changes without first running them by the major internal and external constituencies...pre-sell them on your ideas. If they don't like the plans, maybe they can help you make them better.
- The process of building credibility tends to be incremental; you will build it an inch at a time.
- The leader's actions will be widely communicated, told and retold, becoming stories and legends within the company. These stories will powerfully shape the beliefs of people within the company...either positively or negatively.
- Credibility is essential to mobilize the energy of the staff. But it's hard to build, easy to lose and difficult to regain once lost. To build credibility, you must come to be seen as having the judgment, values, energy and wisdom to take people to unfamiliar territory. Leadership is not a right, it is a gift that is given to you by those who trust you to lead them.
- Some people in the company will just naturally have more influence over the staff. People just tend to go to them for answers, support, opinions, etc. Find those natural thought leaders and deputize them.
- Your goal should be to build winning coalitions and prevent the formation of blocking coalitions. Managing cultural change involves the hard work of building winning coalitions with the power to take action and the robustness to survive the inevitable opposition and crises. Leaders must also forestall



MERGER SUCCESS WORKSHOP

27

the formation of blocking coalitions by those seeking to protect the status quo. All these challenges require figuring out who will offer support and who will raise opposition.

- The leader must analyze the various political arenas: top management, middle management, the Board and the workforce. The leader must cultivate and retain the confidence of these key groups, and with his boss. The support of one or two of the most influential senior managers can make a huge difference, and this support may be enhanced if the leader helps them to promote cause or projects that are important to them.
- Assessing pivotal people's sources of power involves assessing the resources at their command and the nature of the people who follow them. Does she have a monopoly over the flow of information? Do others take cues from him? Does he have the power to distribute or withhold desirable rewards, or does he control resources that others need? Does he control large or important sectors of the company? Has she built up a reservoir of loyalty or indebtedness by protecting others and helping them? Does this person have an "in" with the Board and therefore is untouchable? Before you start cutting people, first ask the Board about anyone who may be protected. When you go to meetings and you see the same people answering the questions, and then you see other people defer to them, you've got yourself a pivotal player!
- People who have reasons to resist change don't necessarily do so openly or directly. Your efforts can be seriously jeopardized if others can prevent you from learning, securing early wins, laying a foundation and building credibility. Key people may withhold support or resources by not providing the best talent and full information. More subtly, they may express alarm or concern in private meetings with their peers and subordinates about the risks inherent in your proposal; this is called "subtle sabotage." These campaigns may be waged against you by individuals or by established coalitions.
- Resistance may arise later when you begin to articulate a vision and initiate deeper changes for the company. A standoff may force you to use blunt power of position to squash resistance, and perhaps ultimately to fire those who persist to be stubbornly opposed. The leader should seek to avoid such a no-win confrontation by building these powerful coalitions. However, it is rare for any company to undergo cultural change without senior-level people getting fired or pushed aside...this is just the reality. But using aggressive tactics against those who disagree with you will label you as a tyrant and a bully.
- When you face political opposition, it usually means that your solution or proposal has negative implications for someone in the company. "Politics" is really just people acting in their own self-protective interests. To work through the politics, you must think about how your solution affects the players in the company. Then you must build a consensus for change that takes into account all of the factors driving the politics. Consensus building may require you to change your solutions to make it acceptable. If so, do it. Remember that politics is the art of the possible, and it's no good creating the perfect plan or the ideal solution if the rank and file refuses to execute the changes.



MERGER SUCCESS WORKSHOP

28

Strategic Planning Questionnaire and Survey

Sample Letter Format and Questions for Strategic Planning Session

Dear Participant,

You have been selected to help craft the future of our company.

On [enter the date and time], you will be participating on the team that will be developing the Strategic Plan to guide our company's efforts over the next several years. Your active and candid participation is essential in our planning process.

Attached you will find a detailed worksheet that will be used in our planning process. Please answer the questions completely and provide attachments or other detail as you see fit. Your responses will not be viewed by me and I will not see the results. Rather, you will forward your responses directly to our facilitator. The facilitator will consolidate all the comments and responses for your planning meeting.

As an important member of our team, you have valuable insight that we can all benefit from, so please be absolutely candid in sharing your thoughts and ideas on how we might improve our company.

The worksheet must be completed by [insert deadline] .

As we look toward our future, I am energized by the exciting opportunities that we will uncover through this process. Your participation is vital and greatly appreciated.

Sincerely,

[Insert name]
President



MERGER SUCCESS WORKSHOP

29

Strategic Planning Worksheet

1. What should our company look like in three years? What services should we be providing? Will we have more employees; will our company be twice the size? Share your thoughts about where you think we should be headed and what we'll look like once we've arrived.

2. List three external or internal factors that you believe could hinder our growth or your vision of our future.

3. In a bullet-point format, please list all major projects or business initiatives that you or our team are working on. Just list the project or initiative, don't give too much detail, but be sure to list them all.

4. Go right back up to the answers you just provided above.

- Step 1: Circle those projects or initiatives that could be a new source of revenue for OUR COMPANY.
- Step 2: Cross off (but do not erase!) those that you believe are a total waste of time or money.
- Step 3: Put two stars next to those projects that are simply "political" in nature. What we mean by "political" is that they really add no value to the company or to our clients, but for some special reason, we find ourselves working on them.



MERGER SUCCESS WORKSHOP

30

5. How do our clients perceive our company? What are they really saying about OUR COMPANY when we aren't around?

6. What do you believe should be our Top three Strategic Initiatives in 2000? Be specific, but only list the top three most important for the future success of the company.

7. Describe the culture of our company. What do we, as a company, hold as our important attributes?

8. How would you characterize communications at our company? Direct? Insufficient. Adequate? How could we improve?

9. What are the three primary strengths of our company?



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10. What areas of the company are we weakest? How could we improve? Please give specifics.

11. List three additional markets that we are not serving which could be entered using our strengths.

12. What kind of work are we best at and in what areas do we clearly perform better than our competitors? In what areas do we truly have a unique competitive advantage over our competitors?

13. What geographic areas should we service?

14. Should our company have a marketing and sales focus? If so, who should lead that effort? Does this require a full time effort by a business development team, or can we all share equally in the responsibility to grow our company?



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15. Should our company have a defined bonus and incentive plan that is based on results? If so, how might such a plan be structured?

16. Should employees receive an annual review that outlines specific objectives and ties any potential salary or benefit increases directly to achieving measurable performance objectives?

17. Other than salary and bonuses, are there other compensation or benefit programs that we should be offering? Please be specific?

18. If we had to double our business in 5 years, where would we focus and what would we do?

19. If you were named CEO of our company, what three reports, policies or programs would you immediately eliminate? Why?



MERGER SUCCESS WORKSHOP

33

20. If you were named CEO of our company, what three programs projects or initiatives would you immediately launch? Why?

21. If you owned 100% of the company, and all profits or losses were yours alone, what changes would you immediately make?

22. Rank the services we provide, best to worst. Which services have the greatest opportunity for long term growth and profits?

23. Describe our toughest competitor. What makes them so hard to compete with.

24. What areas of expertise do you feel we are lacking?



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25. What constitutes "good service" in the minds of our clients?

26. How important do you feel computerization is to our clients?

27. What tools would you like our staff to have to aid them in their work?

28. Do you feel we need more decision makers? More workers? Or both?

29. Do you use E-mail? The internet? How? How does our company rank in regard to the use of technology?



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30. How could we better employ technology as a tool to improve productivity in the company?

31. List the most important traits we should look for when hiring new people to work for our company.

32. Identify the specific positions we need to fill, add or replace to improve our company.

33. What traits should people in these roles have?

34. How do our benefits compare with other companies? How could they be improved? Be specific.



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35. Identify one thing we could do better today to improve the human resources effort in our company.

36. Do our people really know what authority level they have?

37. Suppose you were given 90-days of unlimited authority to make any changes, add any staff, pursue any initiative or eliminate anything or anyone. Nothing was off limits. The monetary results of your decisions and actions would be measured over an 18 month period and any profits resulting from your actions would be yours alone. What exactly would you do? Simply eliminating people doesn't help if our clients aren't delighted and if the work doesn't get done. So what are you going to do to improve the business while also keeping our clients happy?

38. Are you satisfied that we generally pay our employees a fair compensation package? Would our employees agree with your answer?



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39. Where could we earn additional revenue or fees?

40. What could be done to ensure that our employees feel respected, appreciated and happy with their association with our company?

41. Should the financial performance of the company be communicated to all levels of management and all employees? If not, who should know how we are performing?

42. Who is responsible for making money for our company? Should your pay, raises and bonuses be somehow tied to our financial performance? If not, what metrics should be used to determine overall compensation? Please be specific.

43. If you had to make \$200,000 in quick expense cuts, but employees, salaries and customer service were off limits, what would you do? What would you eliminate?



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44. What could we do to immediately increase our annual revenue by 25% next year?

45. What impact does the economy have on our finances?

46. List three things you, your team or any other department can do today to improve the finances of our company.

47. What advice would you give the executive management team of our company?

48. What are the biggest mistakes we are making as a company?



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39

49. As we enter this Strategic Planning Process, please list those areas that are absolutely critical that we focus on. These are the major themes that we *must* explore in our planning session:
