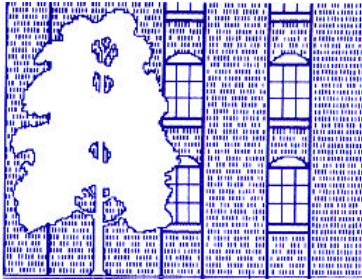


# Managing Amalgamation & Restructuring

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## **The Berkeley Consulting Group** *Collective Wisdom ... Fresh Ideas*

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**Collective Wisdom...Fresh Ideas**

The Berkeley Consulting Group is pleased to outline its thinking about the management of amalgamation and restructuring based on twenty-five years of organizational change experience.

### **Initial Focus is Typically on Organization Design and Management Structure**

While the initial process of merger and amalgamation may vary to some extent from place to place, it will generally focus on organization design — the structure, process and practices that will allow each department to accomplish their purpose effectively and efficiently.

### **Organization Mergers Must Deliver Promised Benefits in Measured Ways**

Although the content is about management structure, we must be mindful that an amalgamation or merger is not simply about fusing a number of entities. It is fundamentally about accomplishing benefits that the amalgamation promises to offer. In the private sector, how will value be added and shareholder wealth increased? In the public sector, what will be improved for stakeholders (Council, the public, taxpayers, and customers) after the amalgamation is complete?

- Finding savings in cost structure.
- Introducing more efficient ways of delivering services.

- Achieving economies of scale while avoiding diseconomies of big bureaucracies.
- Continuing to deliver quality services meeting standards established and mandated.

To deliver promised benefits, the organization design must first deliver savings in terms of reducing management overhead. Then, new management roles must be structured in such a way that leaders are in place to achieve the planned results in a timely way. Giving attention to promised benefits provides an anchor that staff need to continually return to — why are we doing this and how are we doing.

### **Supporting Senior Managers Lead the Change Process**

Establishing the new structure allows the Board/Council, CEO/CAO and senior management to move forward with the change process and broaden their team to lead the effort down through the departments. This leadership group needs advice that goes beyond management positions and organizational boxes. That advice will need to focus on and consider the following matters:

- What is the balance between getting organized for the future and producing short term wins?
- Strategically, what approach should be taken to maintaining staff

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participation and motivation — move fast through difficult changes or make changes in small increments to allow for greater acceptance?

- Should the focus be on establishing the new leadership group and delegating putting the new structure in place to each assigned executive, or on managing the transition as a team?
- Strategically, in the early transition, should there be a parallel organization structure while process/systems changes are made so that the infrastructure is in place for the new organization before switching over?
- Is there a need for transitional steps in establishing a new 'blueprint structure' recognizing that some changes will need to await improvements to the infrastructure (information systems and so on)?

While there are no magic answers to these questions, there are poor ones. The Senior Management will need to weigh the risks and benefits and ultimately choose a path with the best advice available.

## **Making Progress on Multiple Fronts**

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Effective merger planning and implementation happens when there is progress on many fronts occurring in parallel. One cannot go sequentially and logically through the vision/business definition to organization structure to action projects, completing each phase before proceeding to the next. Instead, the management team needs to develop a change program that makes progress on all fronts at once. At points in the process, the team needs to re-integrate and balance their efforts based on the progress made. In the final phases, they will want the whole picture to fit together.

While the mission and structure is being worked out, the following business and operational service issues need to be identified. Then, the team can assess work commissioned to prepare for emerging decisions or whether some items can be fast-tracked to accomplish some early wins.

- Identifying levels of service and addressing the need for clarification, better measurement, and/or harmonization.

- Determining best delivery methods including alternate delivery.
- Improving the use of resources in terms of staff — organization, job design and methods and equipment and facilities.
- Asset reconfiguration and management.
- Establishing productive processes in terms of technological supports, streamlined processes, reduced waste/avoidance of low value activities, and quality assurance.

It is crucial to have consulting resources that are knowledgeable in the functional areas. At the same time, it is important to utilize existing staff to the extent possible in order to promote ownership.

## **Communicate, Communicate, Communicate**

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While most senior managers realize this conceptually, their behaviour often does not show it. In merger or change situations, the leadership needs to establish communication forums that get the word out to all constituents. Our guidelines and suggestions for communications are as follows:

- Create someone on the management team as morale management to monitor and advocate communications.
- Establish informal forums where possible so that speculation about what may happen can be communicated and questions can be asked.
- In informal settings, ensure Q & A periods happen by making it easy for people to ask questions — written not spoken to be more anonymous, small groups develop questions, and so on.
- Ensure management and supervisors are part of the communication channel for news and announcements.
- Share the load of personal involvement among the management team.
- Create task forces to study short term issues as a participation and communication strategy.



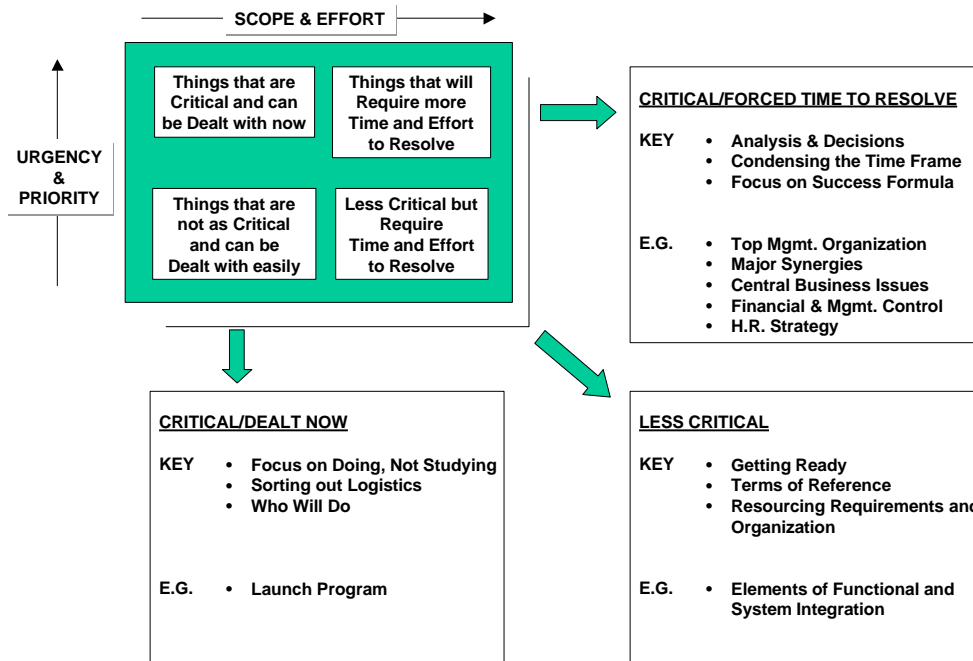
## Bits & Pieces on Large Scale Change and Mergers

Here are some key things that should be kept in mind as leaders take their organizations through the process.

- Keep Situational Factors in Mind when looking for Models — Not a voluntary collaboration but not an acquisition either.
- Chunk Up the Pieces of Work — Priorities and different process characteristics (see diagram).
- Support the formation of leadership groups to manage the tasks and emotions.
- Process needs Gantt charts but also points of integration to reinvent the critical path and change the pace or focus of efforts.
- Form new teams of leadership for change at all levels:
  - Familiarity breeds familiarity.
  - Focus on building 'NEWCO'/new organization.
  - New hats create new perspectives and attitudes, fast.
  - Systematically reinforce positive messages and praise those message givers. Don't overreact to the negative messages. Listen to, but don't overly recognize the negative message givers.

- Cascade down as leadership is assigned versus framing it from top and then bottom and let the middle fill in?
- Who's on first is very important — ambiguity is the enemy, not anxiety!
- Remember the emotional process and find ways to speed it up:
  - Denial, Anger, Bargaining, Depression, Acceptance.
  - Three steps forward and two back.
- Know about the 'who's winning' scorecard — felt fair is not about process but results.
- Little things mean a lot — changes to practices, space, forms are intimate and affect people's attitude about change and fairness. Let as people involved from all sides work out as many of these as possible.
- Make it easy for leaders to communicate and listen — Create non-chain of command forums, informally and formally, for chats about progress and feelings.
  - Feedback will cause the consensus builders to move ahead and the Attilas to consult, at least a little.

This is a preliminary outline of some items to keep in mind when one is moving through a merger or amalgamation. More specific advice for your situation can be obtained from Berkeley.





**Berkeley supports senior management to lead their organizations through strategic transitions to create the capacity for sustained successful performance.** Supporting this mission, Berkeley's practice includes strategy development & planning, organization design, change management, outcome management, and leadership feedback and development.

Formed in 1986, Berkeley Consulting Group, a Canadian partnership, has a full time staff of 5 consultants and support staff in our Toronto office. The office supports our affiliate Berkeley Feedback & Development Inc. and its associate in London England and Berkeley's network of twelve consulting associates in Ontario.

Berkeley's philosophy and consulting approach is captured in the phrase, **Collective Wisdom...Fresh Ideas.** Berkeley's core competence lies in its ability to bring seasoned associates together as a team, to use leading edge methods applied to the client's strategic challenges so that results are delivered with cost-effective use of consulting dollars and management time.

- Our consultants are knowledgeable and experienced in their industry or part of the public sector.
- Our teams are formed to fit the client's needs and not just to utilize available junior staff.
- We think about each project on its own merits and avoid simplistic black-box answers.
- We combine sound analysis and thinking with effective process to promote implementation.

To keep 'fresh' and broaden our network, Berkeley has linkages with other organizations. For over a decade, we have worked with the Rensselaerville Institute (TRI), a non-profit organization in New York that is a leading edge player in public sector results and outcome management. We also have close links with academic learning centres, since Berkeley's Managing Partner is an Adjunct Professor of Strategic Management at Schulich School of Business (York University).

