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T-Systems Saarbruecken



Excellence in Integration

Active Post Merger Integration by Leaders

Excellence in integration

The real case

- ➔ Post Merger Situation in IT & consulting industry
- ➔ 2 companies → one new company EnSo with 1,000 employees
- ➔ merging business and people / cultures
- ➔ One cornerstone to become operational: Integration management of people
- ➔ Application of the “World Café” Method by CEO and Board

Excellence in integration

Professional biography (excerpt)



- University degree electrotechnical engineering, Rheinisch Westfälische Technische Hochschule RWTH Aachen, Germany
- German Delegate to Intelsat Satellite Organisation, Washington D.C.
- Director planning switching centers, Deutsche Telekom Saarbrücken
- Director radio & international affairs, German Federal Approval Office for Telecommunications Equipment
- Director Business Excellence T- Systems Saarbrücken
 - Implementation and training of the EFQM model
 - Strategy process
 - Strategic improvement projects
 - Communication
 - Award process: 2004 Winner EQA
- New structure: Strategy & Communication, T-Systems Enterprise Solutions
- In parallel: Consultant & Coach, Assessor EQA

Excellence in integration

Directory

- The situation: a merger is given
- Background on mergers – our results achieved
- The integration method selected: World Café
- The deployment of the method – the process
- Summary

The post merger situation for a new unit in early 2005

It is given... make the best out of it

- Corporate decision on Top Level of T-Systems: Merger of Debis/Daimler and T-Systems units set to start on operational level January 2005
- 2 different company cultures
- many additional locations
- many people do not know each other
- many people do not know their new leaders
- The new sub-units are strongly mixed
 - people from former T-Systems and former debis
 - distributed over several locations
- High degree of uncertainty
- High degree of emotionality



High risk potential for the new company
EnSo!

The post merger situation in early 2005

Road shows are necessary but not sufficient

- The official road shows (standard presentations) were run early January

- Analysis of the road shows :

- „ Absolute MUST”
=> people get to know the big view
- However: road shows are not sufficient:
- 99% monologue event, big audience
=> few questions
- Hot and more operational matters are not discussed
- People feel that they are not really be “picked up”.
- Tendency: emotionality even increased than reduced.
- studies: monologues only are on the long term nearly as efficient as no action !



Still high risk potential for the new company EnSo

Decision of EnSo Board: quick & new integration actions ! ...which ones ?

Excellence in integration

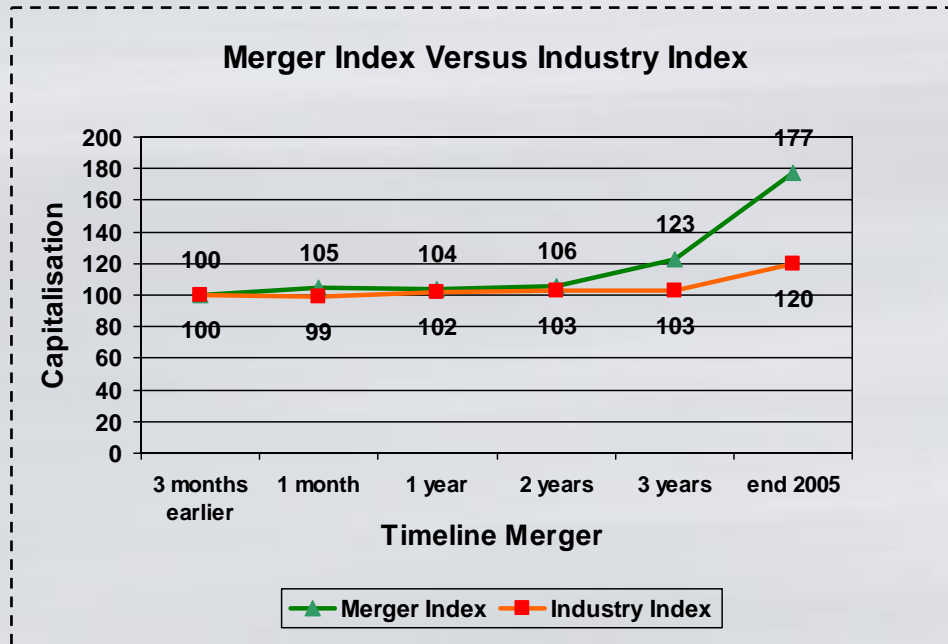
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Background on mergers

High potential- high risk

- Mergers are strategic decisions to increase the company value



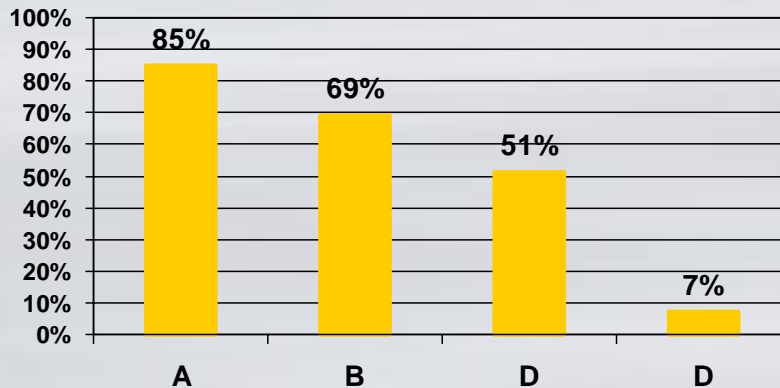
Ernst & Young Study 2006
189 mergers evaluated

- The successful mergers need about 3 years to show improved performance
 - improvement is significant !
- However:
 - about 60 % of all mergers fail (dramatic loss of share value)

Background on mergers

Integration management is a relevant matter

Reasons why 60% of mergers fail



A = wrong or no integration management B = wrong merger preparation
C = wrong acquisition strategy D = Others

- **merger killer #1 :**
wrong or no integration management
not legal, due diligence, tax...
- **Success:**
systematic integration concepts
→ company value
will be increased or destroyed

Ernst & Young Study 2006
189 mergers evaluated

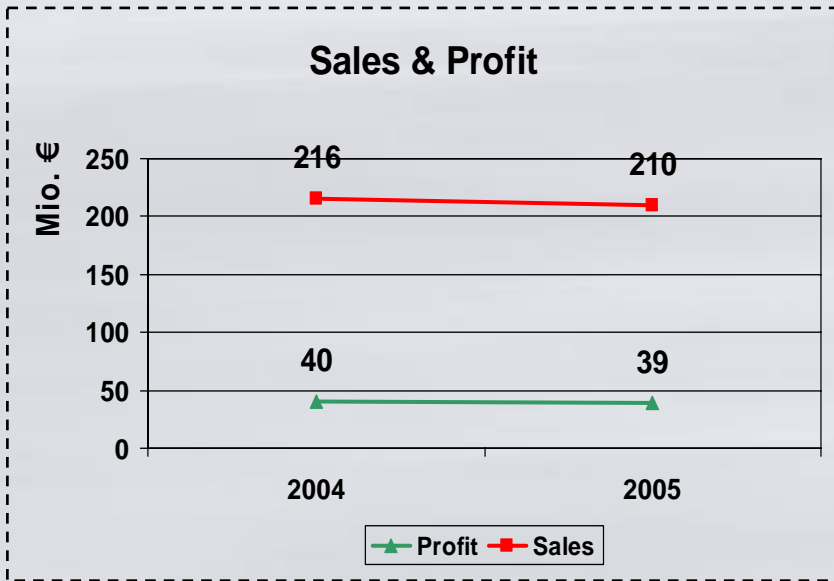
▪ **Integration = Job of Top management:**

- Start early – before rumours come up
- Focus on the survival functions, prioritise
- New structure and new personal networks before culture
- Intensive communications with and from Top Management from the very beginning

Results achieved for EnSo

Quite okay !

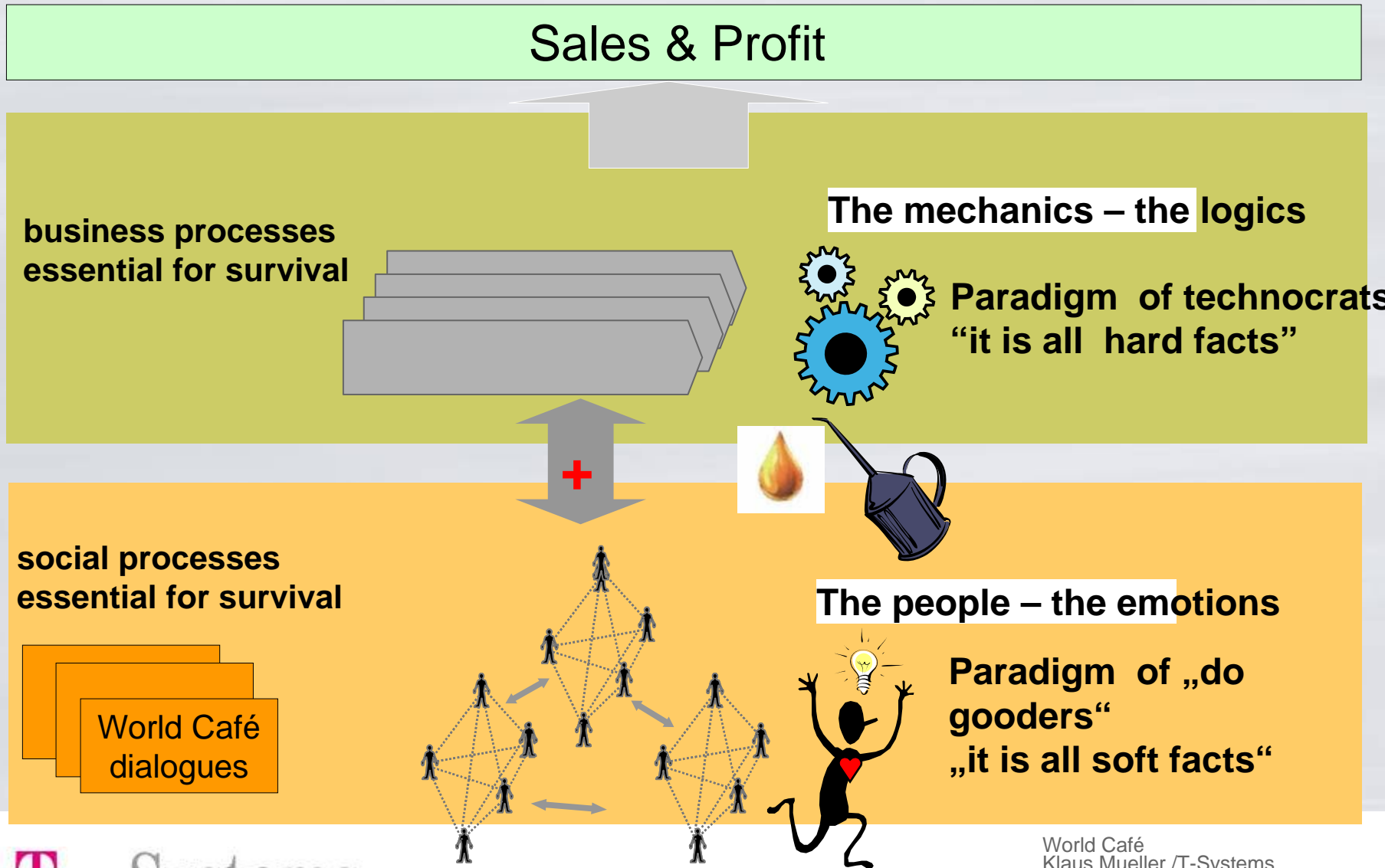
remember:
60 % of all mergers fail
the successful 40% need 3 years



values for 2004: regression calculation based on results of originating units

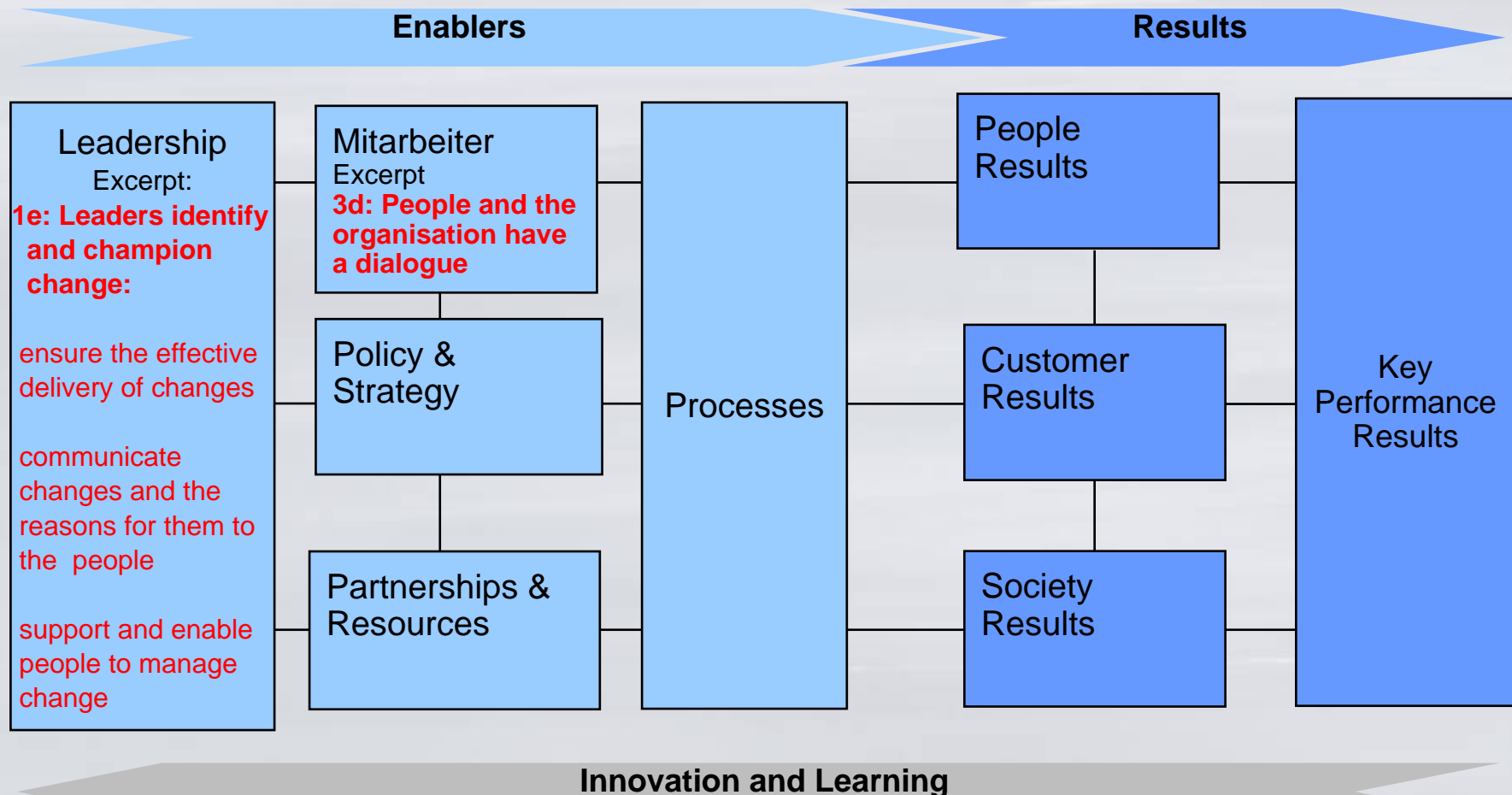
Post merger integration

Success is a two component matter



EFQM Model and Post Merger Integration:

A “to do” for leaders - required by the model itself



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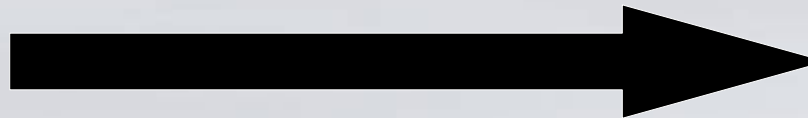
Decision of EnSo Board

Quick & new integration actions.....



- No monologue event
- real open dialogue between board and employees

- small circles of participants



evaluation of different methods

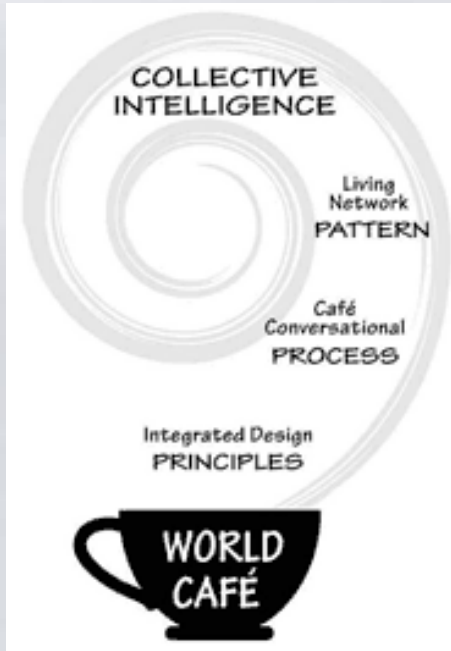
- try to reach as much employees as possible
 - high diversity of views and ideas
 - many potential multipliers after the sessions

World Café Method:

- recognition, motivation, identification, commitment
- new personal networks
- leaders feel the heartbeat of people
- people are the experts – collect their knowledge

World Café Method

Philosophy 1 (3)



An innovative organisation development method

Conversational process to create effective solutions on questions that matter

- informal approach instead of formal
- interconnects people and ideas from different origins
- inter pollinates ideas, creates new synergic ideas
- discovers and saves new insights for actions
- one decade of practice – based on vast experience
- round table discussions with mixed people
- easy to apply – if you understand the psychology behind: group dynamics & collective learning

World Café Method

Philosophy 2 (3)



Integrated design principles

- Question that matters → the topic we wish to tackle
- create hospitable space → warm, inviting , “safe”
- Encourage everyone´s contribution → diversity is improvement
- connect diverse perspectives → co create pictures drawn on the tablecloth
- listen together for insights → “listen with the heart “
- share collective discoveries and proposals for actions
→ forum discussions of round table results

Be relaxed



World Café Method

Philosophy 3 (3)



■ Imagine

...one evening after work you just step into a tea house

... you just meet a colleague from the other company.....you talk

...your new boss is passing by, comes in as well ... you talk

... you all are far away from the formal and cold atmosphere of the company building, you feel “safe” to speak

... you all are interconnecting your views and ideas

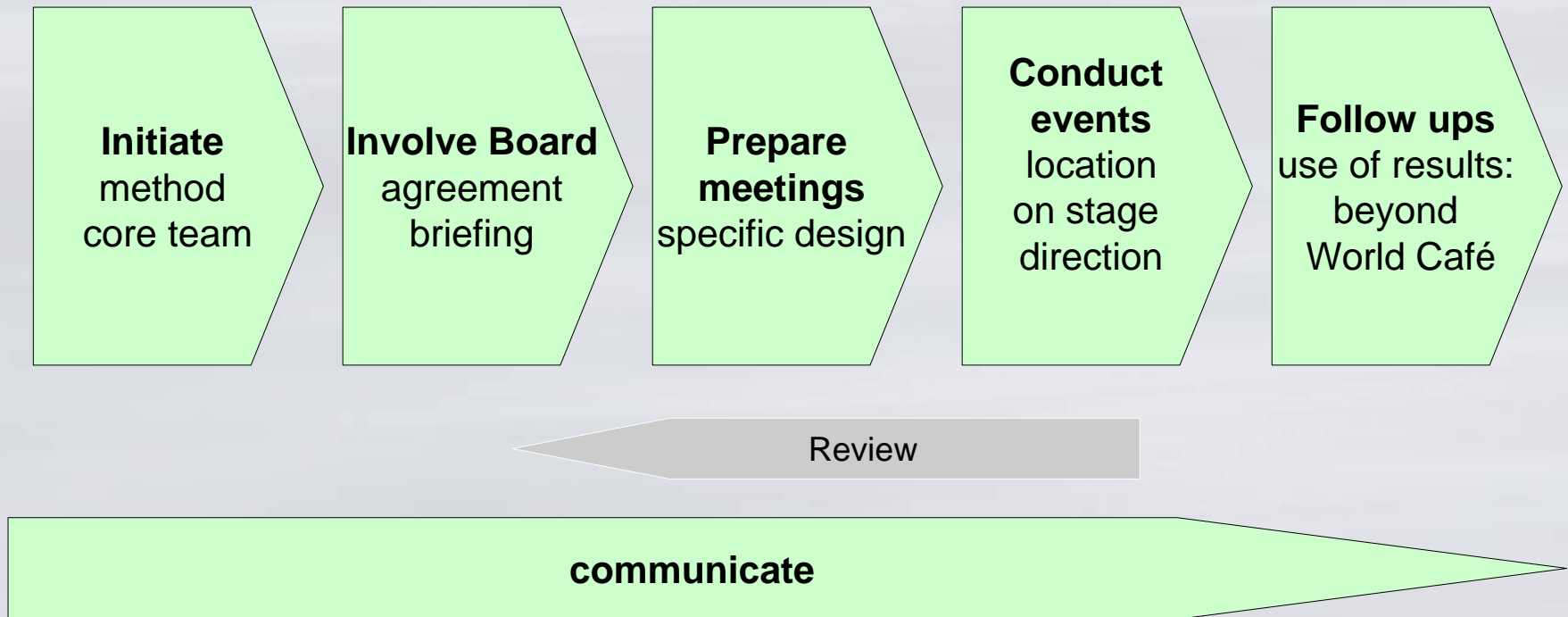
**→ you contribute
to make the merger of the new company work**

Excellence in integration

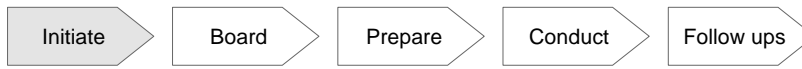
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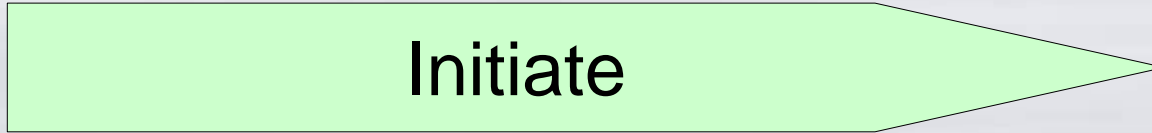
World Café – the deployment Process overview



Process was scientifically accompanied by a Doctoral Thesis



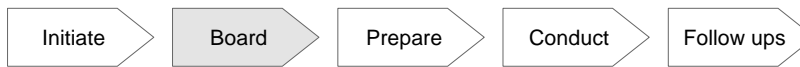
Initiate



- understand the philosophy
- you need a World Café experienced moderator to design and to firmly direct on stage during meetings
- Be aware: you have to guide about 40 high emotional people per meeting, group dynamics !!
- etc.....

Process overview

Involve Board 1(2)



Involve Board

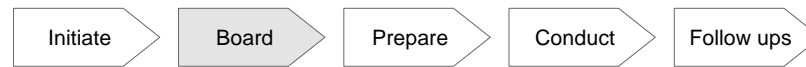
- agreement

- general agreement on application of the new philosophy
 - mostly new experience for board people
 - no pre-survey, no prepared answers
 - etc.
- commitment of personal participation of CEO / Head of Unit and all board members at all meetings
- etc.

**please no misunderstanding:
leaders remain leaders and deciders !**

Process overview

Involve Board 2 (2)



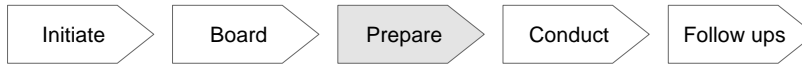
Involve Board

- briefing

- Open discussion: Have confidence in the people and in yourself
- You need not to justify yourself:
At the early stage of the operational merger not all problems can be solved already
- listen in an empathic way with ears and heart:
 - first try to understand – then try to be understood
- etc.

Process overview

Prepare meetings



Prepare meetings

- Careful design und planning
- Participation is free – not mandatory
- select venue according to the rules of “World café”:
- Prepare short opening presentation with CEO
- etc.....

the first meeting is decisive

Conduct meetings 1(3)

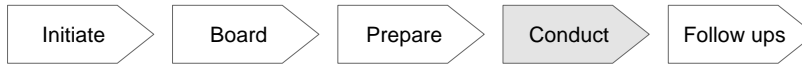


Conduct meetings

- the moderator is the stage director for about 40 highly emotional people and the board !!!!
- explain procedure
- manage execution of procedure
- coach discussion
- assure saving of results
- etc.

clear and stringent moderation

Process overview



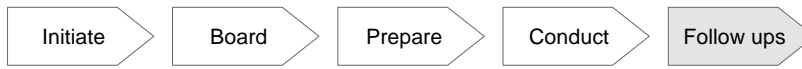
Conduct meetings 2 (3)



Process overview

Conduct meetings 3 (3)





Follow ups



Follow ups

- communicate results of each session to participants
- **build clusters of interested people across the origin companies**
- Give cluster teams and their gossips from board opportunity to present their results : organise a fair,.....
- communicate to all employees, e.g. Intranet



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World Café Method

Experiences made 1(2)



- World Café is appropriate for dramatic change situations
- Group dynamics : psychology behind has to be understood and be applied by experienced experts
- Courage of CEO and Board for open discussions was rewarded:
 - within 4 months: 6 sessions with a total of 250 employees each one 3 x 0.5 hrs direct discussions with board/CEO
 - many new insights for board decisions, many new contacts
 - 250 multipliers
 - 6 tandem teams linked to strategic projects of board (employees & board gossips)
 - very positive feedback from all participants (directly, via scouts)
- Business results:
Sales & profit and results from employee survey remain stable, no slump

World Café Method

Experiences made 2 (2)



- Follow up actions are essential
 - stimulate and coach spin off teams for specific issues
 - link the teams to strategic projects of board

- Communication is a catalyser
 - direct feedback to participants
 - reporting in the intranet

- Meanwhile World Café was used for other tasks as well
 - Internationalisation
 - Offshore

Last but not least

Thank you

You wish to know more ?

Please do not hesitate to contact me

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