# *Improvement of acquisition strategies and employee satisfaction between multiple companies*

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***Abstract*** — *In the United States, various mergers especially those with engineering applications, have been notoriously unsuccessful compared to other industries. The purpose of this project is to eradicate two of the most common concerns, the lack of a financial integration process and employee attrition. Two solutions were developed individually starting with the financial aspect. In the creation of the transaction plan, the financial team will prepare forecast analysis and documentation for the stakeholders. Both documents will indicate how the proposed merger will become a more secure organization compared to the pre-merger companies. To diminish employee attrition, survey answers were collected to determine which are their biggest concerns. Based on these answers, several communication pathways were developed, and new trainings were implemented. Both efforts made possible to strengthen the organization and made leadership more credible and advantageous.*

***Key Terms*** —*Productive interactions, Lean Six Sigma, Synergy, Joint Ventures.*

## INTRODUCTION

The first documented mergers in the United States were around the years 1895-1904. The motivation of creating mergers and acquisitions has been the same along all these years, to expand their market power. Now in the 21$^{st}$ century, even the most common household brands have experienced a type of joint venture [1].

In the last few decades, engineering and technology-focused companies had undergone through infamously experiences in mergers and acquisitions. It seems that these companies share a negative pattern among them. Very quick mishandled decisions, lack of communication and unrealistic expectations are the top reasons of these failures. The result of this mishandling makes that the attrition rate rises, stock prices decline, and customers start to leave and do new business with competitors.

The objective of this project was creating an improvement plan to handle acquisition strategies and employee satisfaction with the purpose of optimizing financial arrangements by utilizing decision-making tools and create synergy between all employees. Software tools, consulting, and proper training and communication implementations makes possible that mergers have a successful transition.

## LITERATURE REVIEW

To recognize what makes a merger to fail, it is imperative to study the history of previous mergers. Figure 1 demonstrates mergers and acquisitions activities in the past two years in the United States related to several engineering industries. For the year 2021, there were 8,575 deals that the total value was $2,650 billion USD. For the year 2022, quarters 1 and 2 are only taken in consideration. At the moments, there has been a total of 4,000 deals valued at $1,025 billion USD [2,3].

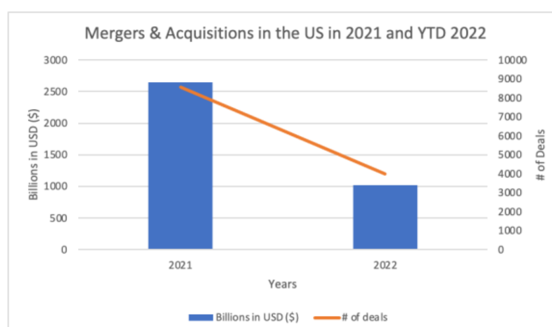


**Figure 1**
**US M&As 2021-2022**

Fast-forward to 2020, T-Mobile US, Inc. decides to acquire Sprint. This time around T-Mobile is the main contributor obtaining Sprint employees, stores, and customers. After the merger, approximately 20,000 employees from both companies were laid off. The Communications Workers of America (CWA) have stated their valid concerns on this merger and were shut down by T-Mobile directives [5].

Another current failed acquisition is from Elon Musk with Twitter, Inc. Earlier in 2022, Elon Musk proposed to purchase Twitter and create a technology that could eliminate fake accounts on the platform. Twitter accepted Musk's offer with the condition that the company switched to private. After few months, Elon Musk says that no longer wants to acquire Twitter. Twitter reacts by filing a lawsuit against him. Many economists and lawyers agree that this does not look for Musk and that probably the result will be that he must finish his end of the agreement. This situation demonstrates that even before officially finalizing a merger, there has been monetary loses from both parties [6].

For a successful merger it's also necessary to study how it can be achieved. The merger of Disney (The Walt Disney Company) and Pixar Animation Studios is one of the best in the United States. Pixar started to enjoy of Disney's legacy and funds, while Disney obtain the talent and creativity from Pixar's employees. After this merger, Disney has been able to have several titles in the list of top highest grossing movies in history [7].

Consulting companies and independent researchers have tried to tackle the issues of mergers and acquisitions. Currently there are several software programs and engineering management tools that can help to make improved decisions. Trello, Asana, and the conglomerate of Microsoft 365 are the top software collaborative options. On the more traditional side, Agile/Scrum and Lean Six Sigma are crucial for managerial and business decisions. It is highly suggested by professionals and academics to use all these tools at the same time [8,9].

## METHODOLOGY

The intention this project is to create realistic acquisition goals with a doable time setting. A strategic plan was created to accomplish these goals. For preparation of this plan, it is highly recommended that both companies research about how previous mergers in their industry have been accomplished. Having this knowledge on hand will make the path for resolution more straightforward. Figure 2 demonstrates the evolution of this project during a course of three months.

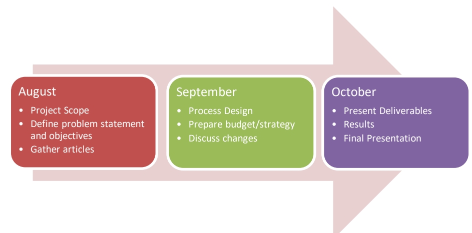


**Figure 2**
**Plan of Action**

### Creation of improved acquisition strategy

The first part of the solution is to address the financial aspect of the merger. To starts this, both companies must identify which type of merger will be the most beneficial. In the engineering industry, the three most common types of mergers are horizontal, vertical, and concentric. A horizontal merger is a joint venture of two direct competitors. A vertical merger is a joint venture of companies that offer the same product but are in different stages in the supply chain process. A concentric merger is a joint venture in which companies share the same clientele but offered different products before the merger. All these different mergers require different financial structures and strategies.

The second step to obtain the improved strategy is to identify the stumbling blocks that prevent the creation of equals. From the board of directors, the Chief Financial Officer (CFO) will be the most crucial for this solution. Both CFOs must analyze cash flows, current financial strengths and be transparent about any hardships or weaknesses. In case of too many weaknesses to tackle, a decision about any external consulting resources must be finalized. The reason to make CFOs more active in the decision-making process is to create a mitigation plan if needed and to identify any cultural corporative clashes. In the case of a bigger company acquiring a smaller one (based of finances and number of employees), it is suggested to work together for a seamless proposal. As part of the proposition, the new board of directors should be half from company A and the other half from company B. An agreement of both CFOs should be declared to know who will remain and which position may the future ex CFO obtain.

Customers and stakeholders must be aware of when the merger will officially start. Contracts must be reviewed for all production items. Stakeholders must be aware that usually the share cost may decrease in the first days of weeks of the merger, but that this will not have significant consequences in the long run. Future projections must be made to provide security to stakeholders.

### Increment of satisfaction

The second part of the solution is to prevent employee attrition as much as possible. This can be done by having a clear communication between leadership and employees. This communication flow must be firstly between the board of directors and top-level management. After this, all levels of management should be knowledgeable of timelines, workflows, and any day-to-day changes in operations. Finally, all employees must have a consistent understanding of how these changes will affect them. Depending on the number of remote/hybrid/on site employees, the discussions should be virtual, face to face, or both.

Expectations regarding benefits, workload and any drastic changes must be informed preferably before the merger closes. In the case of benefits, it should be decided if it will be a benefit hybrid of both companies or if will be remaining of one of them.

In the case of workload expectancy, the roles and responsibilities of middle management and full and part time employees should remain the same. In case of preparing for additional product lines or vertical moves, all employees must receive proper training in the first weeks of the merger completion.

Even in a perfect merger, some employees may leave for various reasons. In this case, exit interviews are needed to be completed to understand the reason behind it.

Information collected during the meetings discussion the financial aspects of the companies and employee's morale provide opportunities to provide awareness to all levels of leadership. Suggestions and concerns of employees must be taken seriously independently of seniority status.

The method used to collect data from employees were online surveys and open panel questions and answers. Retaliation is illegal in the United States, but the company can provide anonymous survey to protect the employee's wellbeing. For onsite meetings, open panel discussions and Q&As are influential to obtain instant answers and help relieve most concerns. Both methods are used to sort out final decisions between the financially successful of the company and employee morale boost.

At the end of the survey and the panels, a leadership team must prepare a visual representation of all the concerns and new changes. Any graphs of flow charts obtained must be sent through email to make everyone aware that their concerns are valid and worked on.

## Results & Discussion

For the first part of project, making this financial review will eliminate the wastes of not utilizing talent. The financial board of the companies with the leadership of the CFOs will finalize the deal and present to the rest of the directors the integration plan. This creates a leadership alignment, and the merger schedule will become viable. By day 1 of the merger, all overlaps in leadership and resources will already be eliminated.

As for the second part of the project, it was concluded that most of the employees feel that uncertainty and confusion are the top reasons that mergers fail to treat to work towards the retention of their employees. No matter how good how the finance aspect is going, with low employee count there is no way to work towards the common goals. When the new board of the new company began to be aware of these issues, they made possible for employees to become more involved in the company and start to have a feeling of belonging.

## CONCLUSIONS

Summarizing all the findings, this project made aware that promoting communication channels and utilizing engineering management tools create an encouraged environment for everyone. This is an ongoing learning process because today's problems will not be the same 5 or more years from now and communication must always be a priority.

Lean Six Sigma was overall the most beneficial tool for all groups. The monitoring of survey results made possible to make a strategic agenda for communication pathways. All engineering management tools must be used also after the merger ends for any future company goals.

Any trainings provided to employees to minimize attrition must be recorded and studied to verify in a determined amount of time if the employee has a balanced workload. Understanding that changes may always and top management enhancing their communication relationship with all employee levels will make possible a successful company in the years to come.

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