

Mergers & Acquisitions: Interpersonal fantasies that hinder successful management team integration

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ABSTRACT

Most business mergers and acquisitions fail, for a variety of diverse reasons. Sometimes the economic proposition did not make sense in advance and the costs did not justify the added value. Other times the market conditions changed and what looked like a good deal initially turned out to be unworkable in the new environment. The complex interpersonal processes that surface during mergers and acquisitions, and the interactions and fantasies among the management teams of the two organisations (prior to and post integration), can equally undermine effective business outcomes.

Negative fantasies are overcome and truly integrated management teams do emerge in rare circumstances. Understanding the nature of the fantasies that typify the 'acquiring' and 'acquired' management teams can, however, provide a basis for interventions that will help the newly formed organisation to build on the best available managerial talent and create a successful integrated business.

This proposed paper will use the authors' experiences in several roles: as consultants working with mergers and acquisitions, as a senior executive in large international corporations that have acquired (and attempted to integrate) other businesses, and from within organisations that were the target of acquisition efforts.

The authors will describe the fantasies experienced by 'acquiring' and 'acquired' senior executives and relate these to typical actions that reinforce such fantasies. The authors will also describe the interpersonal process between the 'acquiring' and 'acquired' management teams and the negative spiral of fantasies and resultant actions. This negative cycle hinders effective integration efforts. As a result, the "acquiring" senior executive teams one year after the merger will often survive intact, leaving almost no trace of the 'acquired' team. This process gradually radiates down the organisation with a huge loss of executive talent.

The focus of the paper will be on the dynamic processes between the teams and not on the kind of pre and post merger interventions that may help to reduce the negative impact of these interpersonal fantasies and, thereby, to support effective integration. The discussion will be opened to the audience to share their own experiences in this area and to discuss the kind of supportive interventions that they found to be useful.