



5 Reasons for a Failed Merger

Why do mergers and acquisitions die at an early stage? According to Andrew Sherman, co-author of *Mergers and Acquisitions from A to Z*, it can be due to one of these five problems:

1. The seller has not prepared adequate financial statements (e.g., two years of records and information of the company's current condition).
2. The seller is uncooperative during the due diligence process.
3. The buyer discovers a "deal breaker" in due diligence (e.g., large unknown or hidden actual or contingent liabilities).
4. The seller becomes defensive when the buyer finds flaws (and then focuses on them during negotiation) in the operation of the business, the valuation, the loyalty of the customers, the quality of the accounts receivable and/or the skills of the staff.
5. There is a strategic shift (or extenuating set of circumstances) affecting the acquisition strategy or criteria of the buyer (e.g., a change in buyer's management team during the due diligence process).

Adapted from *Mergers and Acquisitions from A to Z* by Andrew J. Sherman and Milledge A. Hart. Copyright 2005, Andrew Sherman. Published by AMACOM, AMA's book division. For more information on this and other AMA book titles, visit www.amanet.org/books

For insights into how to grow your business—organically or through merger or acquisition—find out more about AMA's program "Growth Strategies for the Middle Market" to be held in November in New York City and December in Atlanta, Georgia. For details, visit www.amanet.org/events

Find the Time to Communicate Well

"Managers who simply make every decision themselves, and then announce the decision to employees, spend very little time communicating with employees. This hurts employee

motivation, but it economizes on the manager's time. And some managers are under so much pressure and have so much work to do that they feel they have to save time whenever and however they can." So writes Alexander Hiam in the book *Motivational Management*.

"Target-Focus Technique"

Hiam offers the following solution, which he calls the "target-focus technique." He explains: "The solution to this problem is to target the single most important issue or decision you face each day and focus on it in your communication with employees. That way, you only have to put time and care into one single topic each day. Let the others slide until you have time to focus on them."

According to Hiam, "Most managers find themselves bounding from topic to topic hundreds of times a day. They lack focus, and so are caught up in the whirlwind of events. Hundreds of e-mails, memos, phone calls, faxes, meetings and one-on-one encounters pull them continually from one topic to the next before they have had a chance to deal with the first topic fully. That is why they feel they have no time to listen patiently to what their employees say or to stop and



ask their employees how they think or what they feel.

One Idea a Day

"By targeting one key topic each day and focusing motivational commu-

nication on it to the exclusion of other topics," Hiam continues, "managers take better control of their time and will find it possible to benefit fully from the ideas of others who may see opportunities blind to their leaders."

Excerpted, by permission of the publisher, from *Motivational Management: Inspiring Your People for Maximum Performance* by Alexander Hiam. Copyright 2002, Alexander Hiam. For more information about this book and other AMA book titles, visit www.amanet.org/books

AMA offers numerous communication seminars for executives and managers. Visit www.amanet.org/seminars to see how you can perfect your leadership and management communication skills.

AMA Soundings

The AMA/HRI study *Magnifying Customer Focus* identified these five barriers to developing and maintaining a corporate customer focus:

1. Time pressures
2. Budget resource constraints
3. Lack of communication
4. Faulty prioritizing
5. Unclear expectations

For more information from the study, visit www.amanet.org/research

Problem Analysis: Understanding Causes, Effects and Possible Solutions

BY WILLIAM A. SALMON

When you are reacting to a problem that already exists, first ask yourself the following questions to help you determine the best approach to take:

1. What will your role be in the problem-solving process? Will you make the final decision or contribute input to others who will? Do you need or want to involve your employees in the process?

2. How urgent is the problem? How much time do you have to solve it? How much time do you have to work on a solution?

3. How much money or other resources can you afford to spend on a solution? What are your budget constraints or financial restrictions?

4. How will you evaluate the quality of possible solutions? What information do you need to help you establish criteria and give them an accurate weighting or significance?

5. Do you want to involve others in the problem-solving process? Consider whether you want your manager, co-workers, employees or customers to participate in the process, take accountability for the problem and share ownership of the solution.

Once you have answered these questions and weighed all the factors affecting how you plan to proceed, take the following action steps to analyze the problem and develop a well-informed solution:

STEP #1: State the problem as specifically as possible. Ask yourself questions like: What has gone wrong? How serious is it? When and where did the problem begin? Be as exact and precise as you can so that others have a clear understanding of the nature, scope and significance of the problem.



STEP #2: Determine the overall kind of information you need to define the real problem. Identify the most obvious and important symptoms, causes and effects of the problem you are trying to solve. Select the best way to collect the information you need to proceed. Some popular data-collection methods include survey questionnaires, one-on-one interviews, work sampling, time-and-motion studies, check-sheets, observations and focus groups.

STEP #3: Collect the data you need. Discuss and document individual views,

proven facts and relevant symptoms until everyone involved agrees that there is a problem. Determine possible causes by looking for changes. Determine what factors are different now from the way things were before the problem occurred.

STEP #4: Analyze the data for patterns or trends. Examine each possible cause independently and pick those that are most likely to be responsible for the current situation.

STEP #5: Document your analysis in an understandable form and present it to those involved or to those in a position to help solve the problem. Discuss your conclusions and any implications.

STEP #6: Identify ways to deal with the major causes of the problem or to minimize the effects the problem is creating.

STEP #7: Develop a specific action plan with clear deadlines and responsibilities.

STEP #8: Test and monitor the action plan. If it seems effective, implement the plan. If it needs adjustment, revise the plan and then implement it.

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To perfect your problem-solving and decision-making skills, check out AMA's leadership and management seminars at www.amanet.org/seminars

Aligning Sales with Your Corporate Plan

BY MATTHEW SCHWARTZ

Plans exist at all levels within an organization. Typically senior management deals with long-range plans; that is, where the organization is heading, what changes may be necessary to generate more profits, what new products will be introduced and other strategic issues that may occur over the next three to five years or longer. On a departmental level, planning is just as crucial. And nowhere is planning more crucial than in your sales operation.

The sales plan for your organization should tie in with the overall corporate

plan. And your sales managers should have some influence over your corporate plan, meaning not only do you allow the corporate plan to filter down from the top to sales but that the overall plan reflects input from your sales team.

If none of this happens, corporate expectations are out of touch with the sales part of the business. This could mean that the sales team is working toward something that does not match the goals and expectations of the overall business. As importantly, this can have a

major effect on the resources and budget that sales demands to generate the desired results.

Adapted from *Fundamentals of Sales Management for the Newly Appointed Sales Manager* by Matthew Schwartz. Copyright 2006, AMACOM. Published by AMACOM, AMA's book division. For more information on this title and other AMA books, visit www.amanet.org/books

For more insights into the role that sales management can play in your corporate growth plans, find out about and register for **AMA's Sales Leadership 2006 Conference** in Las Vegas scheduled October 26-27. Visit www.amanet.org for details.

The Organization's Fault BY MARK VICKERS

A number of experts believe that today's corporations tend to be in awkward transition between the traditional corporate structures of the 20th century and the ones necessary to thrive and be productive in the 21st century. Analysts contend that contemporary organizations, which contain growing proportions of skilled workers, should not be structured in the same way as yesteryear's factories and plants. Knowledge workers depend, after all, on collaboration and the constant swapping back and forth of information, analysis and expertise.

"There is a mass of evidence to suggest that, in the twenty-first century, the time is ripe for sustainable change in the ways organizations use to get things done," states Gerard Fairtlough, former CEO of Shell Chemicals and author of *The Three Ways of Getting Things Done* (Triarchy Press).

Others agree it is time for a change. Lowell Bryan and Claudia Joyce of the consulting firm McKinsey & Company observe that today's "vertically oriented organizational structures, retrofitted with ad hoc and matrix overlays, nearly always make professional work more complex and inefficient. These vertical structures—relics of the industrial age—are singularly ill suited to the professional work process."

Bryan and Joyce argue that companies should, instead, modify vertical struc-



tures in a different way, one better suited to knowledge workers. That is, firms should clarify and streamline vertical reporting relationships and also develop "organizational overlays" in the form of markets and networks. For example, a company can encourage formal networks of people with common interests. Such networks make it easier for people to exchange ideas and information horizontally across organizations.

Bryan and Joyce also recommend performance metrics as a way of keeping knowledge workers on track: "As the workforce increasingly comes to consist of self-directed professionals, leaders will have to manage them by setting aspirations and using performance metrics that motivate them to organize their work, both individual and collective, to meet those aspirations."

Another idea: G. Bruce Friesen advocates what he calls the "lattice"

organizational structure. This model is based on the organization-as-network idea. Hierarchy still exists in a chain of command from CEO to manager to team, but rather than relying on functional silos, the structure is based on work processes (for example, product development). Managers oversee the processes and the teams associated with those processes.

Perhaps the most famous example of a company that relies on loose networks of employees is W.L. Gore and Associates.

The Gore example might fall into one of Gerard Fairtlough's categories. He argues that, aside from hierarchy, there are two other ways for getting things done. There's "heterarchy," which the *Financial Times* describes as "divided, supported or dispersed rule where control shifts around depending on the project and the personality, skills, experience and enthusiasm of those who can make things happen." There's also a concept known as "responsible autonomy," in which teams of employees decide what to do but remain accountable for the results.

Some experts even argue that trying to find the best formal organizational structure is an outdated activity. They note that formal reporting lines seldom reflect true working relationships, anyway.

Mark Vickers is editor of TrendWatch for the Human Resource Institute. Visit www.hrinstute.info

How Interested Are You in Others' Ideas?

Your ideas are important to making change happen. But your ideas aren't always enough to build a successful company. To determine your willingness to listen to others' ideas, ask yourself these questions:

- Are you as excited in others' ideas as you are in your own?
- Do your employees feel free to come to you with their ideas for new products or saving operating expenses or improving customer service?

- Are procedures cast in concrete or can they be changed if circumstances warrant?
- Are employees recognized for taking risks even when their efforts fail?
- Are mistakes truly seen as training opportunities?
- Do you believe in the ability of your employees to be successful at what they attempt?
- Do you look for reasons to say yes to your employees' ideas before you think

of reasons to say no to them?

- Over the last year, have your staff members taken over any of your former responsibilities?
- Do you give employees feedback and encourage them to come up with solutions to corporate problems?
- Do you share not only information on new developments but review organizational basics like values, goals, vision and the organization's financial situation?



Here's what you'll find on the
AMA Members-only Website www.amamember.org

MANAGEMENT

Building Employee Confidence. Want to equip your employees to deal with change? Build up their confidence. Here are seven strategies from a change management expert.

SALES & MARKETING

Book Smarts—Using an Often Overlooked Marketing Tool. Don't underestimate the value of a good read: even in our digital age, one of the oldest communication vehicles—the book—can add significant value to a brand.

PROFESSIONAL DEVELOPMENT

Burnout-busters. Stress is a part of every one's life. The key is not what kind of stress or even how much, but rather how you deal with it. Here's how to recognize the symptoms of unmanaged stress before they lead to full-blown burnout.

LEADERSHIP

Gimme a Break! Former CEO Sander Flaum has some sage advice for executives: "Take a vacation. And leave the laptop and mobile phone at home. If they need you; they'll find you."

Book of the Month:

BOOM: Marketing to the Ultimate Power Consumer—the Baby-Boomer Woman by Mary Brown and Carol Orsborn, Ph.D. Learn the secrets of targeting the demographic that wields the most spending power today—women 40 and over.

For more information about this book and AMACOM's extensive catalog of business titles, visit www.amanet.org/books



AMA Conferences/Special Events Calendar

OCTOBER 25 WASHINGTON, DC • Building Organizational Excellence Through Agility and Resilience. Resilience and strategic agility aren't important only to the business community. Both are just as critical to government agencies—both to better achieve day-to-day responsibilities and to successfully address life-and-death situations. Register online for this complimentary *Briefing Breakfast* at www.amanet.org

OCTOBER 26-27 LAS VEGAS, NV • AMA's Sales Leadership 2006 Conference. Learn how to build, maintain and improve your sales team. Discover what are the strategic processes needed to support sales initiatives and develop a better understanding of the leadership skills essential to drive sales results.

NOVEMBER 13 NEW YORK, NY • Growth Strategies for the Middle Market. Sustaining long-term growth for emerging and mid-size

companies can be a difficult and painful experience. This one-day workshop addresses the challenges for the \$15-150 million in revenue businesses in developing and maintaining growth strategies that will lead to balance and identify those skills that are needed to know how and when to grow.

NOVEMBER 15 WEBCAST • Agility and Resilience in the Face of Continuous Change. Learn the findings of the latest AMA/HRI study during a special webcast. Complimentary registration.

DECEMBER 4 WASHINGTON, DC • Growth Strategies for the Middle Market. Sustaining long-term growth for emerging and mid-size companies can be a difficult and painful experience. This one-day workshop addresses the challenges for the \$15-150 million in revenue businesses in developing and maintaining growth strategies that will lead to balance and identify

those skills that are needed to know how and when to grow.

DECEMBER 6 WEBCAST • Corporate Execution and Drive for Results. AMA will release the findings of its AMA/HRI Study on strategic execution.

DECEMBER 7 ATLANTA, GA • Growth Strategies for the Middle Market. Sustaining long-term growth for emerging and mid-size companies can be a difficult and painful experience. This one-day workshop addresses the challenges for the \$15-150 million in revenue businesses in developing and maintaining growth strategies that will lead to balance and identify those skills that are needed to know how and when to grow.

For details and to register for any of these events, go to www.amanet.org/events or call 1-800-262-9699.

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