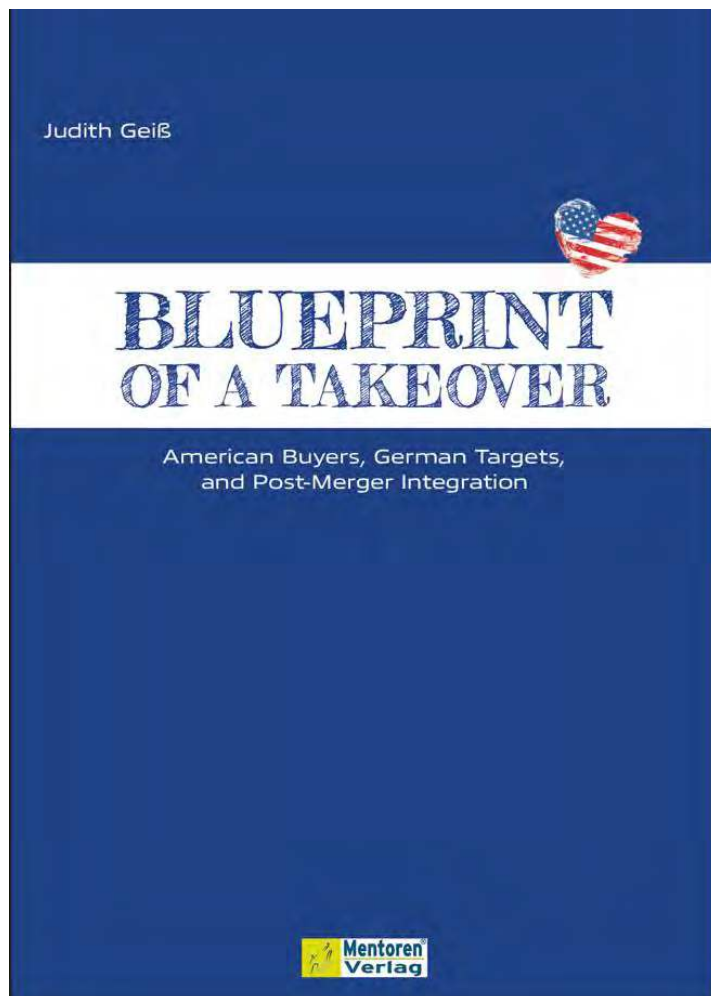


**Blueprint of a Takeover:  
American Buyers, German Targets, and Post-Merger Integration**



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## About *Blueprint of a Takeover*

German *Mittelstand* companies are coveted acquisition targets of American companies. And a sale can have serious ramifications for German companies. This book lays out a systematic approach designed to help you master, and to gain your employees support for and during, the post-merger integration process. This tried and tested approach is predicated on nine elements, ranging from the initial assessment to new routines. It addresses core issues such as accounting, SOX, and the unspoken rules of working with Americans. Numerous real-world examples and tips help readers navigate their new day-to-day reality post takeover. This book lays out ways new American parent companies can prepare their takeovers and shows how post-merger integration can succeed on both sides of the pond.

### Key takeaways

- Why German companies are so attractive to American companies.
- The major fears and obstacles post acquisition.
- The blueprint of a takeover and its secret to success.
- Post-merger integration as a change process.
- What will guarantee your takeover's failure and what you should do instead.

The book has already been published in German:

Publisher:	Springer Gabler Verlag, Wiesbaden
Edition	1st Edition
Audience:	Managers and employees of German companies acquired by American companies who will lead and shape the post-merger integration process
Extent:	239 pages
Format:	Hardcover
Dimensions:	14.8 × 21 cm
ISBN-10:	3658329394
ISBN-13:	978-3658329396
Published:	May 11, 2021
Description:	18 chapters (see the table of contents). Each chapter begins with a summary. 22 real-world examples, 30 tips, and lists of American abbreviations, phrases, and terms to help you navigate your new day-to-day reality post takeover.

## Extract from the Preface to the Book

### A guide to finishing the takeover marathon

I like to compare American takeovers of German companies with a marathon that many of those affected treat as if it were a sprint. I know the reaction all too well. As soon as the first requests and requirements arrive from the new parent company in the United States, only one thing seems to count on both sides of the pond: speed. One email after the other arrives, peppered with tight deadlines. With some luck, there will be a good team at the company acquired, which will put in the overtime together, work weekends together, and help each other when the going gets tough. Still, not even that team, in and of itself, will be enough to guarantee that the takeover succeeds.

Even the first American takeover I went through as an employee at a German company felt like an entire series of sprints—one after the other. In spite of everything, we were pacing ourselves well, and I thought we would be entering the home stretch before long. But then, out of the blue, the race was over for me. In the middle of the final spurt. With no alternatives. Under the *Sozialplan*, or Social Plan, as one of the youngest employees, I was stopped in my tracks and kicked off the team. Ever since, American takeovers have seized my attention and have never let go. I was, and continue to be, confident that things can pan out better than they did for me.

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This book will lead you and your counterparts at the acquired company from the widespread, but unhealthy sprint mindset to a sound marathon mindset. And with that, you will be able to provide the support the management at *Mittelstand* companies need to make the best of the opportunities following any takeover and to prepare the employees for their new future as a subsidiary of an American company. Together, we can turn your American takeover into a success story. This book will act as your guide from here on out.

## Extract from Chapter 5 – Introduction to the blueprint of a takeover

### The blueprint of a takeover as process roadmap

Now you might be asking yourself how the blueprint of a takeover came about. My projects made me realize two things, that certain issues and situations arise time and again post takeover and that certain companies are better prepared than others. I felt it necessary to develop a concept that provides guidance for both my clients and myself during the integration process and that therefore acts as a kind of roadmap. This concept took over ten years to develop. I tested it in practice repeatedly, made adjustments, and ultimately came to define the blueprint. This blueprint is predicated on three actions: agree, adjust, and align.



**The blueprint of a takeover combines three core actions: agree, adjust, and align.**

Of course, this blueprint is a drastic oversimplification. It aims to help you focus, and to help you concentrate on the most relevant issues. A simple-as-possible blueprint was, therefore, a conscious decision of mine. In a word: Simple will aid us in our efforts to navigate the jungle of information and requirements.

#### **Agree** (extract)

Agreeing with the parent company will form the foundation of the entire integration process, because the entire process would be unnecessary without the new demands coming from the United States. I often hear employees moan when a decision by the corporate leadership is announced, "Just another lazy compromise." Yes, compromises will be necessary. And negotiating agreements will also be necessary. My approach always consists in searching for the greatest common denominator. That search is not always easy, especially because American culture tends to favor quick decisions over long deliberations. Hence, agreement talks should be prepared, and prepared well. They should also present proposed solutions to the issues discussed. At the same time, there should be a sufficient amount of openness to

change. Instead of understanding objections as criticisms and going on the defensive, there should be a willingness to talk, and this willingness should also be stated openly ...

This is all to say that agreement does not mean only that you and your American colleagues sit down at some table and negotiate. Agreement also means that you have ready all the necessary requirements and guidelines in good time.

### **Adjust** (extract)

The core of the integration process will be adjusting to each other. The best-case scenario is when the company taken over is not obliged to make unilateral adjustments on its end, but rather when both companies compromise. Adjusting occurs at two levels:

1. business level (demands of the day-to-day business)
2. human level (culture and interactions with others)

Research shows that the clearer the interpersonal collaboration the faster and easier it is to put in place new work processes (Witzmann and Dörrenbächer 2015, 7, with further evidence). Here it will be crucial that experience displace the—in part negatively loaded—metaphors (stereotypes) on both sides. Displacing these stereotypes with experience can have far-reaching effects: positive experiences can help bring about a change in how differences are perceived, from their being perceived less as severe and more as enriching. Negative experiences can contribute to bringing about the opposite, to the interpretation of these differences as being problematic, which will frequently lead to difficulties.

### **Align** (extract)

Before new processes become obligatory and routines anchored, an alignment should be made:

- Are all the rules and regulations being complied with?
- What unforeseeable effects do the new changes have?
- What has experience taught that demands consideration moving forward?

At the same time, a positional reckoning of sorts will have to be undertaken: What has been accomplished so far, what still needs to be accomplished? Only the answers to these questions can determine what the next steps will be, which in turn will be subjected to the agreement process. Appropriate recognition should also be given to what has already been accomplished.

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**What is the secret to success behind this blueprint (extract)**

All three actionable elements of the blueprint of a takeover share a common foundation. In theory, they all seem so quotidian and self-evident that many people dismiss them as banal—and then fail in practice still. The entire integration process requires one core competency: the courage to communicate. In the end, communication is the secret to post-integration success. The successful implementation of all changes described in what follows requires lots of time for communication. In most takeovers, so it has been experience, this fact truly remains lost on many. Not enough questions are asked. Not enough information is shared. There is not enough bold rethinking. And there are too many sole decisions made. All this is often driven by a fear of mistakes. No one wants others to mistrust them. But people will gain the mistrust of others, if they fail to communicate enough.

## Extract from Chapter 6 – The blueprint of a takeover's nine components

### From preparation to a new culture

Agree, adjust, align. These three actions will be repeated time and again during the post-integration process. Agreement comprises all the steps involved in clarifying how and when which changes will be necessary. Adjustment involves making the necessary changes. Alignment involves reviewing whether the desired outcome has been achieved or whether discrepancies exist. The entire triad of agree, adjust, and align will be played out time and time again in all departments, each with a differing number of processes until sufficient integration has been achieved.

In practice, nine components have emerged, which I use to implement the blueprint of a takeover.



The blueprint of a takeover is a system of nine components.



## Extract from Chapter 12 – Workgroups

### Your project teams for the win

To master your integration project, you need teams you can rely on. I call these teams workgroups. Without them, nothing moves post takeover. You need the best people for these groups to ensure that you can shape the integration process in the most satisfactory way possible. This applies both to the management review committee (MRC), even if it consists of one person, and to all workgroups tasked with individual subprojects. Quality integration outcomes come not from fiddling about, but from hard work. My motto here is: Do everything right the first time. That is preferable to getting stuck in the quagmires of a takeover and having to rework the parent company's change and to-do requests for months on end. Integration should not become a permanent job. It should be completed sooner rather than later. That way, everyone can return to their normal jobs and concentrate on the future of the company.

How do you recruit the right employees for your workgroups? As a rule, the department heads will be represented in the MRC. I work with department heads even when it comes to SOX. SOX concerns the entire company. And I presume the department heads prefer to keep any department-relevant procedures in their own hands. SOX without department heads would be like an inventory without a warehouse manager.

#### **Real-world example 16: Workgroup kickoff meeting**

Mr. B. thought up a strategy and called the department heads to the management review committee. Their first task was to consider which employees should be part of which subprojects. Mr. B. wanted employees, who wanted to play a positive role in the integration efforts, together with him and the management review committee. The employee selection criteria included having good standing in their departments and the courage to speak up when something doesn't go well. After that, they verified every department was represented.

The employees selected were invited to a kickoff meeting to discuss the overall issues. Why were they needed in a workgroup, what were the workgroups supposed to achieve, and what was expected of them and the collaborative efforts?

Everyone realized that what Mr. B. cared most about was for everyone to get through the integration process in one piece. And because of that, he soon had a true workgroup in his corner.



## Do-not-disturb

We've all been there. You finally find the time to concentrate on something important. But new emails keep popping into your inbox. The phone keeps ringing. Or a colleague is at your desk asking you something important. It's impossible to do justice to all the employees all the time. And it's long been proved that multitasking doesn't work (Lohr 2017), even though we try to multitask anyway day after day. This has side effects. We are unable to concentrate properly and feel as though our to-do lists are never done.

In situations like these, some employees take unfinished work home with them and try to finish it in the evening or over the weekend. Often, they don't even choose to do the most important work. Other employees come to work early and stay late. The thought that they could be left alone during their normal work hours either never occurs to them or is dismissed out of hand. "That's just how it is here," is the explanation I often receive.

### ▶ Tip 25: Ensure productive work time

Set aside, and communicate, times during which you do not wish to be disturbed. And make sure you have no distractions during these times. During these times, your colleagues or a switchboard should answer your phone. Close your email program and turn off all notifications. Believe me: The world will still be there afterward. Tell any colleagues, who are used to receiving quick responses from you, why your future responses won't be forthcoming during these times.

Numerous well-conceived routines in the stressful periods following any takeover are founded on finding the time, despite everything else, to provide favorable working conditions. Don't buy into the thought that none of this will work. Time and again experience has shown that more things work than we are wont to believe—and with outcomes that are better for everyone involved.

### Overview Workgroups

- Identify workgroup members.
- Hold a kickoff meeting for all workgroup members to discuss its objectives and the approach.
- Define and communicate meeting routines and productive work time routines.
- Define quick-wins at the outset.
- Ensure project progress monitoring (meetings and continuous contact with employees).

## Extract from Chapter 17 – Guaranteeing that your takeover fails

### Learn from mistakes before they happen

#### Business as usual

- ▶ At our company, everything has run smoothly so far. We are well positioned within our industry—why would anyone want to change anything? After all, never change a winning team. Our buyers know that too. It would be foolhardy to change or abandon a winning strategy. If we achieve our usual outcomes, we are no doubt meeting our buyers' expectations. No one can expect more than that.

Of course, you should know how your company's positioned and what has been accomplished to date. Past successes are not guarantees for future outcomes. You now have the opportunity to get to know the different facets of the company you're employed at. Be prepared to help shape a new future in which you will contribute not only to your company's success, but also to your parent company's overall success.

- ▶ No one knows the industry better than we do. After all, we have been a market actor for generations and always strived to improve. The Americans should be happy they have such an experienced company in their portfolio now. Our work is sophisticated. We deliver top quality. And we bring to market a new product only when it is truly market-ready. Quality made in Germany. That's what we're known for, and also what makes our company so attractive to the Americans.

Up until now, your industry was your relevant environment. Now, this perspective is no longer enough. Your company is part of an American parent company. There, your future successes are what counts; the past does not. In other words, the context in which you should view your company has grown larger. In addition to your industry position, which will continue to be important, you should understand the position your company occupies within the group structure. This new perspective will help you position yourself.



### **Communication is hopelessly overestimated**

- ▶ The people at the company should do their work and not socialize much. Everyone should know what they have to do. Of course, we will provide information if something has to be done differently in the future. But we don't need to organize big meetings or assemblies. Things get handled via email. Everything else would just cause uncertainty and hold things up for far too long.

Information is important not only to understand how new situations fit into the bigger picture, but also to be able to assess everything. This means that the employees' need for information and their informational needs will be particularly significant following an American takeover. People will discuss the situation amongst themselves. And these discussions will shape the mood at the company. And they will impact productivity. And so, you should react to the rumor mill, whenever it grinds out half-truths and sows fears. Provide information at regular intervals and in person, when and where possible. And take time to answer questions. If you are an employee, ask questions when you don't understand something or when you need help.

## About the author

### Judith Geiß



Judith has over 20 years of experience in international accounting and controlling. She experienced an American takeover firsthand and knows what doesn't work. Today, she is a consultant who shares her expertise with recently acquired German subsidiaries of American parent companies. Whether as an interim or as a project manager, she serves as the sparring partner for management or as a mentor to management and staff alike as they make their way through the post-merger integration

process.

## Work approach and precepts

She understands the clash of cultures that often poses a greater risk to successful takeovers than do numbers, data, and facts. That's why she founded the Bridge. Her mission is to build bridges, both within a company and to the new owners. Whether she's providing accounting or controlling support or furthering SOX implementation efforts or working as a project manager, she draws on her expertise and communication skills in equal measure to lead companies through the post-merger integration process, to structure operating procedures both efficiently and simply, and to meet the demands of the situation. This guiding precept is also at the heart of her *Blueprint of a Takeover*.

Another of her precepts is that companies need not go through an American takeover alone. Team work affords Judith the ability to address the various challenges posed by post-merger integrations. Over the years, she has built a network of experienced interim managers, consultants, teachers, and trainers. Through this network, she can find the right teachers for on-the-job English courses or provide intercultural competency training focused specifically on cultural differences between German and American companies and their impact on the integration process. Judith's goal is and remains a holistic approach designed to shape any post-merger integration in an efficient, expedient, and proactive manner.

## About the birth of the book

The idea to publish a book outlining this approach ultimately came from clients and colleagues with whom Judith worked to complete many a challenging project. They knew her blog, Bridge TV and Talk videos, her podcast interviews, and her articles published in German media outlets such as *Stern*, *Merkur*, *Businessinsider*, *Markt und Mittelstand*, and *WirtschaftsWoche*. And they asked why she's never summarized her thoughts in a single publication. After all, a book would simplify everything for everyone.

Judith accepted the challenge. It was clear that a book had to be more than the sum of articles and blog posts. She thought about how she could externalize her inner road map as simply and pragmatically as possible. Thus was the *Blueprint of a Takeover* born, as a cycle of agreeing, adjusting, and aligning.

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