

ACG TORONTO

DealSource North Panel Article

What can COVID's uncertainty teach us about how to lead people through the execution and post-deal integration of mergers and acquisitions, where uncertainty is a disruptive factor? That was the topic of the keynote panel discussion at ACG Toronto's DealSource North event on June 10, 2020.

I had the privilege of leading the discussion with two seasoned C-Suite executives who have successfully navigated and lead organizations through multiple M&A transactions:

- **Jennifer J. Fondrevay**, accomplished author, speaker and founder of *Day 1 Ready™*, a leading human capital advisory firm, and
- **Diana Fife**, most recently CFO of private equity-backed Voortman Cookies.

In the face of disruption, uncertainty and fast-moving scenarios there's no steady state, and change becomes the norm. A situation common to M&A and what we are each experiencing with the pandemic. To glean lessons from COVID that had applications for M&A execution and integration, we explored three aspects of the COVID crisis:

1. What style of leadership is most persuasive in times of uncertainty?
2. Who is best equipped to craft the strategy and roadmap for the way forward?
3. How do you communicate plans that motivate people into action?

The interactive panel polled the 100 participants throughout the session, providing real-time questions and insights from the attendees while offering an excellent forum for solution sharing on the traditional M&A roadblocks and obstacles.

Gauging the Pulse of CFOs

To set the stage for the discussion, we shared results from a recent [Stanton Chase](#) survey, conducted at the height of the pandemic. Canvassing over one hundred CFOs across North America, we asked what were their top three concerns in steering their organizations through the COVID crisis. The responses were overwhelmingly consistent:

- 1) Liquidity
- 2) People
- 3) Communication

Beyond basic survival and continuous scenario planning, what kept CFOs up at night with the fallout of the pandemic were the human capital considerations and ensuring clear and consistent communication with their teams and across the organization. This, they noted, had been increasingly challenging as the landscape shifted daily, sometimes hourly.

CFOs equally found themselves being the 'nerve center' through the crisis. Consistent with the post-deal M&A cycle, CFOs recognized that companies need a communication and action plan coordinated by leaders that empower teams to develop creative, pragmatic solutions,

with the autonomy to implement them. For many, it reinforced that they did not have robust crisis management plans in place.

What Leadership Style Works in Uncertainty?

A “disrupted world where uncertainty thrived” is how Jennifer described the three multibillion-dollar M&A deals she experienced in her best-selling book, [***NOW WHAT? A Survivor’s Guide for Thriving Through Mergers & Acquisitions***](#). Sound familiar? Like most of 2020 to-date? Given the parallels of the constant change that can happen in M&A post-deal and what we are experiencing now, we explored the style of leadership that works best to lead people through uncertainty. Here are a few highlights from our conversation.

Cathy Logue: *One of the key observations you make in your book is that traditional leadership styles aren’t as effective in a time of crisis. Can you elaborate?*

Jennifer Fondrevay: Historically, in the normal course of business, we tend to look for bold, confident leaders who have a vision which they expect people to execute. Uncertainty however makes people think and act in unexpected ways. This traditional leadership style can stumble as the metrics for success change and people are motivated by a different type of leader.

“Uncertainty makes people act in unexpected ways....and people are motivated by a different type of leader.”

When assessing leaders for post-deal integration, we often apply the traditional leadership criteria to evaluate the management team. This crisis has taught us that those are not always the right criteria.

Empathy, humility and transparency are the three key leadership characteristics that have proven to be most effective in influencing people to change behavior through this crisis. Leaders demonstrating these have engaged people by being transparent about that they know and don't know and have "walked the talk", showing through their actions what they expect others to do. The lens through which we evaluate a leader's effectiveness has shifted.

Cathy L: This is absolutely consistent with our survey results and what our clients are telling us this year. We've heard how new leaders and different sides of leaders have emerged through the crisis. It was all about communication, communication, communication. In the absence of that, people were left to assume the worst; not a healthy or productive environment when you are mid-crisis.

As Diana noted, based on her experience, a great communication plan builds trust. Culture can be tricky and transparency is the key to having that trust.

"It's important to not only have a Plan B, but a Plan C, D and E; a contingency plan for the contingency plan."

Cathy L: *Would you describe how people are acting now as similar to what you see a workforce do during merger integration?*

Jennifer F: Yes. Another key parallel between COVID and what we observe in people during M&A is that people grieve the loss of the future that won't be. This is called *secondary* or *ambiguous loss*. There's a certain amount of denial, looking back on a past way of life and ahead to an uncertain future. The path to acceptance is a journey, and it's not a linear one.

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Cathy L: What we discovered in client conversations through the pandemic is that the crisis highlighted organizational and leadership gaps: from crisis management and communication plans to leadership, and that even with supposed plans in place, the “cracks” became that much more evident. There were people who stepped up, and conversely, those who did not.

Jennifer F: I am not surprised. In fact, in a recent [Fast Company article](#) I highlighted that in times of crisis, new leaders can emerge. Leadership should be open to this and encourage it. One of the key learnings from this pandemic is to allow for the people closest to the work to lay out the roadmap for the way forward. The Playbook must incorporate those who are actually doing the work, and that will help guide the success of moving people into action.

It all comes back to the people side of the equation; the importance of getting teams onside, preventing unwanted turnover, and sometimes flagging that you may not have the right leaders in place. The make or break to the success of any deal – from due diligence through to successful integration – all comes back to people. From a buyer's perspective, ultimately they're investing in people, not companies. Human capital is a company's greatest asset.

Thanks to all who tuned in. For a full recording of the panel, "**Covid's Uncertainty Has Things to Teach Us About M&A**" visit the ACG Toronto website: <https://www.acg.org/toronto/events/dealsource-north>

***Cathy Logue**, FCPA, FCA is Global Leader, CFO & Private Equity Practice and Managing Director with Stanton Chase, a global retained executive search firm with over 70 offices worldwide. Specializing in Board/Board diversity, CFO and Finance leadership roles, Cathy is a trusted partner to many long-standing clients, helping them attract the best talent and make their most important business decision - building their executive leadership team.*

***Jennifer J. Fondrevay** is a Fortune 500 C-Suite "survivor" of three multibillion-dollar acquisitions. She's the founder of Day1 Ready, a consultancy that advises forward-thinking business owners, private equity and C-Suite executives on how to prepare for the human capital challenges of M&A. Her best-selling satirical business book, "NOW WHAT? A Survivor's Guide for Thriving through Mergers & Acquisitions," guides executives and middle managers through the challenges of business transformation to find the opportunities in change.*

***Diana Fife**, CPA, CA who began her career at KPMG and has held senior roles in marquis Canadian companies, building and leading high performing teams that drive business insights to deliver outstanding results. Most recently, as CFO at Voortman Cookies, she experienced the transformation of a founder run company to private equity owned company and the ultimate sale to Hostess Brands. Diana also has M&A experience on the acquiring side at Nortel and on the sale side at Tim Hortons.*