PRODUCE INNOVATIVE SOLUTIONS

Leveraging Networks to Target, Make & Integrate a Strategic Acquisition

CASE CONTEXT

A senior leader navigates an extended network of internal stakeholders to define a strategic need and seek an acquisition that would bring needed expertise to the firm. He learns to engage influencers—both supporters and resisters—in effective ways.

MALE

Level: SENIOR LEADER

Industry: TECHOLOGY

HIGH-PERFORMING LEADERS LEVERAGE NETWORKS TO DO 5 THINGS

Based on 20 years of research in more than 300 organizations, we know that the quality of your professional relationship play a significant role in your success. We have extended this research to describe the way high-performing leaders leverage their networks to: Innovate, Execute, Scale, Thrive and Adapt.

INNOVATE
EXECUTE
SCALE
THRIVE
ADAPT

Todd is a specialist in a fast-growing technology firm. With a background in mergers and acquisitions, he was brought in to head up the company's strategic acquisition efforts. He leads a core team to identify potential acquisitions, negotiate the deals and integrate the companies. As a purchase evolves, he also manages an extended team of legal, finance, HR and communication experts, both in-house staff and contractors. Throughout the process, he facilitates the team of internal stakeholders and experts to get to agreement on a purchase and make a smooth transition.

An acquisition may be sought to gain customers, talent, technology—or some combination—to grow revenue and fill in a strategic gap. For Todd, a recent acquisition was interesting because it involved searching for the "right" company, when it was not clear internally what exactly they were looking for. "Our engineering team identified an area where we were not competitive. We did not have internal resources or the ability to recruit quickly enough to do what we wanted to do. My team was asked to identify who we could buy to fill the gap." Todd and his team initially worked with the product leaders to understand the need and the requirements—which was not easy to do.

"We went in so many directions first … We didn't have the resources or expertise internally to be entirely sure what we were looking for." Todd's team started with a list of 200 companies to research and was able to eliminate about 75% based on obvious factors such as location, size or cost. From there, it was a slow and iterative process. Todd began a second level of research, interviewing and gaining a better understanding of the problem and the possibilities. Still, with 35 options on the list, the technology teams and key stakeholders didn't agree on how to proceed—until the senior technologist had an *Oh, no* moment at a board meeting, recognizing that his group was much further behind than he thought. That meeting made clear that the acquisition project was a strategic priority.

Todd brought together a group of senior leaders to build a list of criteria and try to get the top management team aligned. "In the process of reaching out and asking questions and figuring out what each company does, we started to get a clear idea of what the market looked like, the different approaches companies take, and we started to narrow down what was important to us." From that work, 15 companies were selected for a phone call between technology team which resulted in the target list being narrowed to six. Site visits were arranged for an in-depth look at the technology to see if it could potentially work—and to assess cultural fit.

Through this process, Todd was a broker in the network, carefully observing ways the two sides interacted. The network and collaboration potential between the organizations was a big factor in the decision to move forward, which resulted in four of the companies being removed from consideration. Finally, the list was down to two, with "cultural fit even more important than technology fit."

At that point, Todd was ready for the technology team and business leaders to make their choice between the two, so he could proceed with the negotiation and implementation stages. But, there was not agreement, so Todd returned to key players to re-confirm directions and decisions. His boss helped him connect with key decision makers outside the project team, and he talked to other leaders, to be sure he had covered the bases with the hidden influencers who were not on the core team. While much of the work was tightly held, Todd needed to address any strong resistance. "There was clearly not consensus on everything, but I had to figure out who are the people who matter most and be sure they don't have cold feet … When the three people who would own the business and had the best insight to what we wanted to achieve were clear and agreed, absolutely, then, *OK. Let's get it done*."

Todd was successful in moving the process forward and bringing the rest of the network along by remaining neutral on the decision and always circling back to re-confirm, *Do we want to do the deal or not?* through the various stages of negotiation and decision making. "My role was not to be the decision maker, whether we should do the deal. My job was to remind them of the alternatives and assure them, *If you want to get this done I will get this done*." This simple tactic held him in a credible spot while the other players committed to step-by-step progress until they finally got to a place of non-resistance.

Even when a few people wanted to go back to the drawing board and find new options, Todd remained neutral. "*OK, if you give me the list of other alternatives that you want me to explore in the next week, I will talk to them*." And he did, with one of the naysayers and another technologist in on the calls. "I didn't expect to find a perfect, new option, but I was open to it, *prove me wrong.*"

"It was more an influence or engagement strategy at that point. I wanted to address the concerns, take that final step, so the ones who were not convinced would be OK to proceed, even if they didn't love it." Again, it was clear they had landed on the best option already and would proceed.

Meanwhile, Todd and his team ramped up. Ultimately, about 100 people worked on ten work streams to navigate the deal and make the transition. Legal and finance, HR and communication were all part of the extended network, and each work stream had to interface with the equivalent team within the company being acquired.

After months of work, the sale was made. The integration of the new company is underway and initial indicators around both the technology and the people are positive. Todd also learned and sees how to improve their processes. By sustaining involvement with all key stakeholders, and targeting key influencers, he believes the company will be more streamlined in how they identify and implement future acquisitions.

Network Insights

- **Identify key influencers in the network and make sure you have their support.** Similarly, understand the true network influence of possible naysayers to determine when you can move ahead, even without agreement from all parties.

- **Employ tactics that drive influence without authority.** This may require you to drive the process without advocating. Offer influencers options. Take a neutral stance so as they engage in a direction, they have ownership and are more committed than if they were told the best route to take.

- **Scale with network influencers from throughout the organization.** This helps with practical matters and builds commitment to implementation success.

ABOUT THE RESEARCH & ROB CROSS

Building on 20 years of research with more than 300 organizations, the Network Leader Research Project seeks to understand the approach and strategies that enable certain leaders to consistently achieve peak performance. The research includes 160 in-depth interviews conducted by Rob Cross, a Professor of Management at University of Virginia's McIntire School of Commerce. The Connected Commons is currently focusing its research on leadership effectiveness, talent optimization and change—three areas where network insights can clearly drive performance. For more information visit www.connectedcommons.com or email Rob at rlcrossjr@gmail.com.