The Whole is More than the Sum of its Parts…

MINI CASE STUDY

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One of our clients is a leading global engineering, consulting and construction company. The company changed from a partnership structure to employee ownership in the late 1990's. This change spurred significant growth, both organic and acquisitive. Multiple acquisitions resulted in the company doubling the size of its management consulting business. Garnering the cooperation and commitment required to integrate multiple acquisitions of significant size is difficult for any organization, but the challenge for this company was even greater. Each of the acquisitions had separate and distinct buyout formulas. A buyout formula is the method for calculating the price to be paid for the acquired business. That price is a function of the acquisition's performance going forward, measured by distinct performance factors. The executives from each of the acquired companies had a compelling interest in accomplishing whatever the particular requirements were of their own buyout agreement, and little interest in working cooperatively together to create the synergistic effect that was the rationale for the acquisitions in the first place. Not only was the result a "modern Babel" of objectives and egos, but also, the key executives had no real desire to work with the parent organization if it meant a decrease in their buyout incentive payments.

Facing this serious roadblock to integration, the company realized it needed some outside, expert help. We were asked to assist with the integration. We recommended developing the overall total reward strategy for the consulting organization starting with the broad-based employee work force and using the acquired executives as designers of a single integrated employee reward strategy for the new entity.

Continued on Page 2…

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Continued from Page 1…

The executives, with our facilitation, worked as a team to develop a new, unified reward strategy for the consulting business. The executives quickly learned that cooperation and compromise are critical to developing a single reward strategy that would align with the organization's overall business strategy. After much discussion, compromise and debate, the team was successful in developing the employee reward strategy that aligned with the business strategy. As a result of the executives' first hand experience in developing the employee reward program and envisioning how these rewards would align to the business strategy, they developed common goals, understood the process and gained respect and trust for one another.

That left us with only one set of problems: to negotiate new reward strategies for each key executive. Although negotiating the executives rewards packages was not easy it would have been far more difficult if they hadn't first had the experience of working toward an integration goal with the employee rewards program. When they went through this process for their own rewards packages they were more wiling to make the necessary compromises, even those that impacted them directly, as long as it supported the overall business goals. Since the integration, the consulting organization has shown ever-increasing levels of performance that would never have been attained by just summing up the results of each of the separate organizations.