



# Multidimensional Workforce

## Will the Real Key Employee Please Stand Up?

*Using informal network analysis to uncover the real talent in an acquisition*

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In an acquisition, access and understanding of talent is often hard to obtain or uncover. Differing motives and personal desires can obstruct the ability to obtain a real picture of an organization's critical resources. In the speed of trying to integrate the company and keep business moving, HR leaders and Corporate Development throw money at whomever they've been told are the most talented employees. Additionally, many acquiring companies rely on titles to make their decisions about locking in talent and providing equity for retention, thus spending millions on a guess.

Even over the first year post-close, there are very few touch points that can give you a true understanding of the key employees, those individuals that are critical to making the day-to-day business run, or to developing the next generation of products. Most leaders will not find out how important an employee is until he or she walks out the door, and by that point, of course, it's too late.

*Spending millions on a "guess"*

**However, there is a surefire way to identify your key talent.**

Formal networks, focusing on titles and organizational structure, are usually clearly defined and have an impact on people and the role they play in the company. However, the real key to unlocking the most valuable talent metrics in an acquisition is looking underneath the formal network at the "Informal Networks," also often referred to as social networks. Informal network analysis is the process of looking at the non-structured interactions that move information, knowledge, and advice in a company. Comprised of relationships built over time through interaction, informal network relationships are used by employees to share information, answer questions and get things done outside of the formal process. They are not based on a title or level in the organization, but rather focus on identifying who everyone goes to for information on work-related questions, confidential guidance, career advice, or to gain support for a project. The information obtained from the analysis of these networks is extremely powerful.

**The right networks can shine light on hidden gems within the company.**

The process starts with a survey that gathers information from employees about who they network with for different types of information. The information is then compiled to provide a holistic view of where employees fall compared to their colleagues within each type of network. There are a number of different networks that can be examined, but for acquisitions, there are three critical networks worth exploring.

**Lock in talent that will build next generation technology.**

The first type of network that should be explored is the *knowledge network*, which identifies the individuals that others go to when they need information on solving work-related challenges. These people tend to be the technical gurus or the people who have the capability to translate business complexities into understandable solutions. Whether an employee is in Accounting or Engineering, each group will have someone they can go to who will know "how to do it" or have the ability to talk through the business problem. *These individuals are critical because they serve as links that connect technical know-how in the business with hitting strategic goals.* Many times, these are the employees who really make things run behind the scenes, and without them, business projects stall or the company loses time and momentum. And these critical people can go unnoticed because they may not have a title that gets them the proper review or discussion in retention or succession planning discussions. However, these "true" key employees are the individuals that a company should lock-in with an employment agreement or through retention incentives in an acquisition. Organizations can prevent losing them by soliciting their know-how and advice as they conduct their post-close integration work, or alignment into the new organization.

Using this informal network methodology applies a quantitative analysis to identifying key talent, rather than solely relying upon the traditional softer, more qualitative relationship or gut-feel approach.

**Can you afford to lose the person everyone trusts?**

Another important network is the *trust network*, which highlights the individuals to whom employees go when they want to discuss confidential information or obtain opinions. This is the person that employees feel they can run ideas by, or share concerns without fearing repercussions. Many of their conversations may start with "What do you think..." or "Do you think I should..." or even "How do you suggest I..." The conversations with the trusted

individual are not focused on the technical know-how but rather, the politics and softer side of getting work done. The opinion of these individuals is very influential, and they can sway the employee population's opinion of initiatives and projects. The trusted individuals would make great allies in building momentum and acceptance in post-integration activities. During a period in which time is critical, their positive involvement is powerful in helping speed up the overall acceptance of the acquisition and increase employee retention. *In reviewing a number of deals that saw a spike in turnover, the loss of "popular" or trusted influential employees was one factor impacting these departures.*

The data from the trust network analysis will also help to keep leaders from selecting the wrong people to champion the integration projects. Placing someone your organization does not trust into a key role could harm or permanently damage your initiative. A smart leader will learn to align with these trusted individuals to get a pulse of the employee population. The trust network is one of the most important networks to identify and can be leveraged to expedite change and encourage retention in an organization.

And finally, there is the *communication network*, which identifies who employees go to for their "water cooler" information. These employees communicate the color around the latest big announcement, rumors or other work events, regardless of whether the information is correct or not.

Experience has shown us that rumors travel fast, and can permanently damage an acquisition. By identifying the top 20 percent communicators, you can tackle 80 percent of the population with effectively targeted information to these sources. This is one of the best ways to manage and monitor the rumor mill. You can gain greater control over the messages by ensuring accurate information gets to the communicators. You can also query the communicators to determine the most frequent questions employees have, or uncover areas that need additional communication. *Understanding and leveraging this channel of communication will help you ensure that effective and accurate messages are reaching the intended audience.*

As you explore the results of each of your networks, you'll also want to watch for those employees who appear prominent in multiple networks. For example, an employee may appear highly trusted and highly knowledgeable. These are your "rock stars" and they are extremely critical to the company. You need to know who these people are and you should build a plan to make sure the company is fully utilizing them.

## Can looking at the whole organization predict future problems?

*Identifying the key people in these different types of networks is just one aspect of the analysis.* Informal networks can go beyond individual analysis and provide a comprehensive view of the organization and its process

of integrating into the acquiring company. The overall structure of networks will provide insight into how well the acquired team has started to reach out in developing relationships with the employees of the acquiring organization. *If the acquired employees are not seeking out relationships in the new company, you can almost guarantee they aren't planning to stay.* You have a chance to remedy this situation before it becomes a retention nightmare.

The holistic view can detect structural problems or challenges. For example, if the network is structured like a bow-tie, it indicates that one person is the only link sharing information between groups. This may be more prevalent in a post-acquisition phase because an employee may feel threatened and hold on to information or control data, rendering him or her more important in the process. However, this bow-tie is a potential bottleneck for a company in moving information and completing tasks. This can be easily corrected once you've identified the situation.

Similarly, an organization may have holes or disconnects in its network – a common problem in global organizations, where the newly acquired team in a remote location may no longer have ready communication paths into corporate headquarters. Not only is retention and communication a concern, but you will also have problems with general business processes. In these situations, teams will frequently make up their own way to get things done in the absence of corporate guidance. Finally, the density of a network can provide clues to future challenges. If you are breaking apart the organization and rolling the groups into their functional counterparts, employees may have trouble adjusting because of the break in all of their traditional networks. They may be at a standstill until they build the new connections to help get work done.

## How successful is your integration?

We conducted the informal network survey within a company approximately one year following the close of an acquisition. The analysis looked at data from both the acquiring team and the acquired employees. It quickly became clear that specific areas in the organization were not effectively building networks between the two companies, as these groups also had the highest areas of dissatisfaction and turnover. As a result, we took several steps. First, we began to focus more time on these groups to help increase collaboration and partnerships. Second, we hosted a number of events focused on joint development and knowledge sharing. Next, we paired up individuals and departments from each organization so that they would be held accountable for deliverables as teams. Finally, we restructured the formal organizational structure to support the needed interactions.

We also found that we had successfully identified a portion of the key employees in our original diligence. However, the analysis uncovered a few employees two layers down from leadership that were instrumental in two areas: trust and knowledge. These individuals did not have any retention in place, nor were they even on our

radar. But they were very tightly tied to our “identified key employees” and were consequently critical hubs within the organization.

Since, at the outset of the project, we had no insight as to how communication was really moving within the organization, this survey served to highlight critical employees that others leverage to obtain information. Not surprising for this company was that the administrative assistants/secretaries were found to be key people that others consulted for information. We consequently conducted additional training for the Admins and tied them into all the key communication channels. We also identified a few sales employees as important communication hubs for the company.

The survey also identified a number of red flags. We quickly began implementing specific targeted actions to address them. For example, we recognized that we had potential retention risks for a few critical employees that didn't have any trust links developed within their new organizations. We also found that one of the senior employees did not seem to have the influence we had originally thought he had in the organization. This proved to be an elemental tool to implement post-close in order to really help understand organizational dynamics, reduce turnover, and increase productivity.

Using network analysis over time will give leaders a picture of how the two integrated groups are building relationships, thus offering an early warning system of potential future problems. *If the two groups are not building or expanding their relationships outside of their previous networks, there could be internal issues brewing, such as process flow issues, decreasing engagement levels, or flagging morale.* This network analysis gives you an opportunity to implement changes to mitigate those issues before they lead to employees walking out the door or business productivity being impacted.

Also, by monitoring this situation over time, you will be able to see which interventions or activities (i.e., mentoring, cross-training, retention packages, etc.) are successful, so that you may deploy them in future acquisitions. HR leaders should be using this as one of their key business tools because an early warning system is critical to helping the business maintain stability while growing.

The recommended time frame for deploying the informal network analysis in a recently acquired company is six months to one year post-close, depending on the size of the

acquisition. The analysis should include a broad spectrum of the employees from both companies. By initiating the survey, you are also signaling to employees that collaboration and working together are important. This alone will start to change employees' behavior. If they know that leadership is looking to use feedback from the entire organization, they will understand that their own feedback and that of others will count, not just the formal chain of command upward. *By using this type of network analysis, employees will see that they can share knowledge and work with others, and that this can get them noticed in a positive way.*

## Benefits of Informal Network Analysis

Identifying an organization's informal networks provides two significant benefits: First, you will identify which employees are truly critical to the success of the acquisition. Second, you will be able to monitor the development of new connections between the two organizations, thereby tracking the level of success of integrating the teams.

Using informal networks is a quantitative approach that leverages direct information from the employees to gain greater insight. The value HR provides in applying this tool is exponential and can protect the acquisition investment made by the company. Informal network analysis is a critical tool for any organization growing through acquisitions.

## About the Author



Shari Yocum is managing partner, Tasman Consulting, a San Francisco-based consultancy firm specializing in Human Resource Mergers and Acquisitions services. The firm designs customized solutions and cost-effective strategies to help its clients make smooth, successful acquisitions and mergers. Yocum has more than 18 years of experience at global firms, and is an industry leader in M&A, change management, communications and process re-engineering. Prior to co-founding Tasman, she was at Cisco Systems, where she led their HR Mergers and Acquisitions organization in over US\$10 billion of acquisition investment. She holds an MBA from the Duke University Fuqua School of Business and a B.S. in Psychology and HR Development from North Carolina State University. For more information, visit [www.tasmanconsulting.com](http://www.tasmanconsulting.com).