

## Speed is Crucial

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### **Justyna Kubicka-Daab** **interviews** **Hanne Dannulat –** **Practice Group Leader at** **SpenglerFox**

**Justyna Kubicka-Daab:** In what kind of change process(es) have you been involved?

**Hanne Dannulat:** My experience with mergers and acquisitions is quite rich – I personally experienced four of them, always as a management team member of the acquiring company

**Justyna Kubicka-Daab:** Which one was more challenging for you / your company?

**Hanne Dannulat:** As the most challenging, I recall the 2001/2002 merger of Glaxo Wellcome and SmithKline Beecham, mainly due to the fact that between the first announcement and physical integration there was a one-year gap, during which we could observe the majority of mergers' shortfalls. During this critical year, we lost quite a number of valuable people, in the same time facing a hiring freeze. I remember the atmosphere of paralysis and frustration.

**Justyna Kubicka-Daab:** What kind of role did you have during the process?

**Hanne Dannulat:** I was Commercial Director of Glaxo Wellcome for Denmark, managing 90 people. It was the merger of equals worldwide, but in case of Denmark, the SmithKlineBeecham commercial forces were more modest – app. 30-40 people. I was a member of the integration committee comprising of 5-6 top managers, including Commercial, Medical, and Financial Directors from both companies.

**Justyna Kubicka-Daab:** What were your responsibilities?

**Hanne Dannulat:** I was responsible for development – in coordination with other team members – of the new structure of the future organisation, new processes and synergy targets to be set and achieved. Right from day one of the actual merger, we made the structure transparent and we were honest about that redundancies could not be avoided. However, we were able to create some new jobs in the combined structure in sales and marketing, and we added new positions in HR and IT due to the size of the new company. We encouraged people to apply for the new positions even though it meant that they would get new responsibilities but also new challenges and competences.

**Justyna Kubicka-Daab:** What would you say was the most challenging part through that change?

**Hanne Dannulat:** The most difficult was this first year with almost no real activity but a lot of speculation, gossip and uncertainty. To maintain the morale of the staff was challenging indeed.

**Justyna Kubicka-Daab:** What did surprise you most?

**Hanne Dannulat:** The biggest, and unfortunately, very negative, surprise, was the attitude of certain employees, usually those who felt uncertain because of their previous performance. As an experienced manager, I could and did expect this to happen, but still the level of disloyalty, negative emotions and destructive activities did surprise me.

**Justyna Kubicka-Daab:** Retaining talent could be one of the most important missions during such a change process – what did you/your company do, to retain the talent?

**Hanne Dannulat:** When publishing the new organogram, we encouraged everyone to feel free and apply for the positions they

thought would be interesting as a next career step. At the same time, everyone was told to continue business as usual at their current positions. All this was well perceived by the employees. We obviously observed some disturbances, but as employees knew there was new openings and they would be considered in the recruitment process – those highly motivated remained highly motivated and performed well. My role at this stage was also to conduct all the “recruitment” interviews, which also served as a very good communication and “ventilation” measure. As for the employees of the SmithKLineBecham, we had access to their performance track records and reviews which was helpful during decision making process. Overall, we made approximately 10-15 people redundant.

**Justyna Kubicka-Daab:** With your experience today and looking back at the change process then, would you do anything different?

**Hanne Dannulat:** I think I should have paid much more attention to the early signs of discouragement and frustration of the low performers. As an integration team member with positive and pro-synergic attitude I was focusing on new structure and securing talent on key positions, maybe not appreciating enough the fact that not all were equally enthusiastic. Today I will probably try to surround myself by “scouts” who will be tuned up to allow me to deal with any disturbing and worrisome signs, I am sure I was the last person to hear of problems arising and therefore the magnitude was bigger compared to if I had dealt with it earlier.

**Justyna Kubicka-Daab:** Is there anything you took away from the changing process?

**Hanne Dannulat:** Going back to this experience of one-year gap between the communication and the actual merger, I am sure that speed is of crucial importance. The basic principle should be to follow up the announcement by the immediate action plan, or not announce anything.

The other must, once the news are announced - is the ongoing and constant communication process– there is always some information to put forward or you can just say “nothing new we are on track”. The realistic, true, consistent and timely communication is the best cure for uncertainty and fear. Even if we are not ready on time with some decisions, it is always better to communicate and shift the deadline; anything else creates frustration and speculation.

The third lesson I will always remember is to take care of the best talent at the earliest stage possible. They should be treated with special care, by which I mean not only direct and comforting talks but also well-defined retention plans. What is also extremely important is “business as usual” during the merger process. The burden should be on the management team and line managers should not be constantly distracted from their normal duties, which ensures the continuity of the business, which was probably an important part of the reason for the merger in the first place.

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