GUIDE

CX and EX in Mergers and Acquisitions

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Mergers and acquisitions (M&A) are transformative events that have the power to define the future of your professional services firm. The stakes are high—both in terms of financial investment and the potential impact on stakeholders, from employees and clients to vendors and partners. As firms grow through acquisition or position themselves to be acquired, success isn't just about the financials; it's about the experience created for everyone involved.

Customer Experience (CX) and Employee Experience (EX) are crucial factors that can make or break an M&A transaction. In this guide, we'll explore how to effectively integrate CX and EX strategies during M&A to maximize value, minimize risk, and ensure a smooth transition for all stakeholders. We'll provide step-by-step instructions, practical examples, and in-depth FAQs to help you through each phase of the process.

LAYING THE FOUNDATION

01 The Role of CX and EX in M&A

The importance of CX and EX in M&A goes beyond managing change—it's about creating and capturing value. When firms acquire or merge, the goal is to generate new synergies and growth opportunities. However, 20-30% of acquisitions are considered failures because they fail to deliver expected returns. By designing a comprehensive CX and EX plan, you can reduce the risks and create value for all stakeholders.

STEP-BY-STEP GUIDANCE

- [ ] **Day 1: "Today, the same as before."** The focus is on continuity. Reassure employees, clients, and partners that no immediate changes are happening today. Emphasize stability while creating a sense of hope for a better future.
- [ ] **Identify Key Stakeholders:** Buyers, sellers, clients, employees, vendors, and partners—each group will experience the acquisition differently. Begin by mapping out their journey through the acquisition process.
- [ ] **Define Success for All Stakeholders:** What does success look like for your clients, employees, and other stakeholders? Creating a "desired future state" for each group helps align goals and focus efforts.
- [ ] **Develop a Communication Strategy:** The way you communicate changes can significantly impact perceptions and experiences. Create a messaging plan that speaks directly to each stakeholder's interests and needs.

FREQUENTLY ASKED QUESTIONS

Why is CX and EX so critical during M&A?

Mergers and acquisitions are stressful, involving numerous changes that can lead to uncertainty and disengagement. Prioritizing CX and EX helps mitigate risks like client churn, employee turnover, and cultural mismatches—ultimately preserving the value you're aiming to create.

02 Pre-Acquisition Preparation

A successful M&A starts well before the deal is closed. Preparing for M&A involves understanding where you currently stand in terms of CX and EX and establishing benchmarks to guide improvements.

UNDERSTANDING THE CURRENT STATE

- [ ] **Conduct Employee and Client Perception Studies:** Understanding your existing strengths and weaknesses will help you anticipate potential challenges. Use surveys and direct feedback to gain insights into how employees and clients feel about your firm.
- [ ] **Assess the Cultural Fit:** Culture clash is one of the primary reasons mergers fail. Conduct interviews and assessments to determine whether the two firms share similar values and working styles. Identify gaps and areas for alignment.
- [ ] **Develop Personas for Stakeholders:** Create detailed personas for different types of clients and employees involved. This helps you predict concerns, potential motivations, and how different groups might react to the upcoming changes.

PRACTICAL EXAMPLE

One professional services firm used a cultural due diligence survey before acquiring a smaller company. They found key differences in decision-making processes and communication styles. By anticipating these differences, they were able to proactively create a strategy for cultural integration, avoiding a potential crisis. In order to protect the confidentiality of the process, it's critical to engage a third party to mediate this pre-close due diligence. A third party like ClearlyRated can position the client and employee surveys as "best practice" industry strategies, assuring clients and employees of the target firm aren't tipped off to a potential acquisition.

ANTICIPATING CHALLENGES

03 Due Diligence and Design

Due diligence is not just about finances; it's also about understanding the value of human capital, brand loyalty, and client relationships. Effective CX and EX approaches help reduce the risks inherent in these areas.

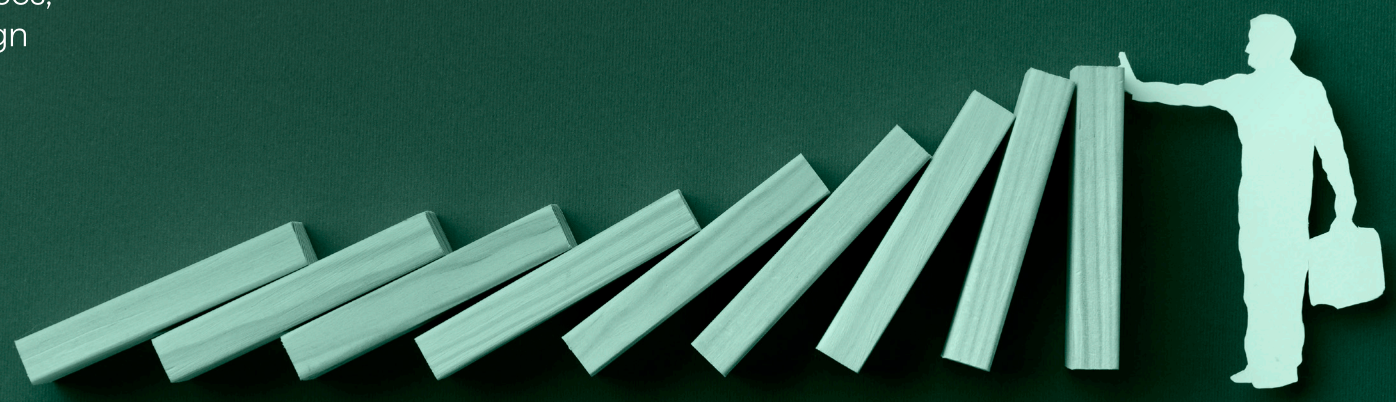
STEP-BY-STEP GUIDANCE

- [ ] **Gauge Employee Sentiment:** Use employee surveys to gauge engagement levels and assess potential attrition risks. High employee turnover can severely disrupt a newly formed organization. Employees who leave often take clients with them, especially those clients who are loyal to individual employees. This can lead to significant revenue loss and further destabilize the newly formed organization. By assessing both client and employee loyalty, the buyer is able to identify where these employee + client flight risks may be.
- [ ] **Client Perception Study:** Measure client satisfaction to identify areas of strength, weakness, and potential churn risk. Understand how clients perceive both firms, and highlight any areas needing immediate attention. Client insights reveal immediate churn risks that can be mitigated, as well as short and long-term cross-selling opportunities with clients who indicate they are most preferential and open to additional services.
- [ ] **Anticipate Resistance:** Determine where resistance might arise—from clients, employees, or vendors. Use empathy mapping to understand their fears and motivations, and design interventions that can help alleviate these concerns.

FREQUENTLY ASKED QUESTIONS

What are the top risks that CX and EX can mitigate during due diligence?

CX and EX strategies can help reduce employee turnover, avoid client churn, mitigate cultural mismatches, and ensure smoother integration of systems and workflows.



DELIVERING THE MESSAGE

04 Announcement and Day One

The announcement of an acquisition or merger can trigger anxiety, excitement, or uncertainty. Handling the announcement well is crucial to the success of the integration.

STEP-BY-STEP GUIDANCE

- [ ] **Create Tailored Messages for Stakeholders:** Each group—employees, clients, partners—will have different concerns. Develop customized messaging to clearly communicate what's happening, why it's happening, and what it means for them.
- [ ] **Use Multiple Communication Channels:** Town hall meetings, emails, personal phone calls, and FAQ documents are all useful tools. Consider which methods will work best for different stakeholders.
- [ ] **Define Critical Moments of Truth:** Day one is a major moment of truth. What are the key touchpoints on day one, and how will you deliver value at each touchpoint to maintain trust and engagement?
- [ ] **Focus on Today is the Same:** Anytime change is introduced anxiety increases. Reassure all stakeholders that today (and tomorrow) will be the same. Any changes planned will be carefully communicated and introduced down the road.

PRACTICAL EXAMPLE

For one engineering firm, the day of announcement included a video message from both CEOs, explaining their vision for the combined firm. Additionally, a dedicated Q&A session was held for employees to ask questions anonymously, providing clarity and easing concerns.

FREQUENTLY ASKED QUESTIONS

How do you minimize client and employee anxiety on announcement day?

Be transparent, answer questions openly, and focus on the value created for them. Highlight benefits like expanded services, increased stability, and future opportunities.

MAPPING THE JOURNEY FORWARD

05 Integration and Onboarding

Once the merger is underway, the real work of integrating people, processes, and cultures begins. Creating a positive experience during this phase can accelerate the realization of value.

STEP-BY-STEP GUIDANCE

- [ ] **Develop an Employee Onboarding Program:** Introduce employees to the new organization with a thorough onboarding plan. Create buddy systems to help them adjust.
- [ ] **Map Client Journeys:** For clients, map the experience through the integration—identify key points where they might need reassurance or experience service changes.
- [ ] **Feedback Loops at Critical Moments:** Develop short surveys to gather feedback during key moments of the integration process—for example, after significant milestones like technology system changes or team restructuring.

FREQUENTLY ASKED QUESTIONS

How long should integration efforts last?

Integration isn't a one-time event. For both employees and clients, it's essential to continue supporting integration and checking in at key intervals (e.g., 30 days, 90 days, six months).

BEYOND INTEGRATION

06 Leveraging CX and EX for Growth

Once integration is complete, it's time to think long-term. How can the newly combined organization leverage CX and EX as a competitive advantage?

STEP-BY-STEP GUIDANCE

- [ ] **Develop a Unified CX and EX Vision:** Clearly define the future state of CX and EX for the entire firm. What are the core principles guiding both client and employee experiences going forward?
- [ ] **Establish Consistent CX and EX Metrics:** Use tools like Net Promoter Score (NPS) for clients and eNPS for employees to track progress.
- [ ] **Create Delight Strategies for Clients and Employees:** Consider "surprise and delight" elements to make clients and employees feel valued. It could be small gestures like handwritten notes or spontaneous rewards that strengthen the connection.

FREQUENTLY ASKED QUESTIONS

How can we track CX and EX over the long term?

Regular feedback collection, key performance indicators (KPIs), and ongoing journey mapping are all essential to track long-term CX and EX. Continue collecting data through surveys, focus groups, and performance metrics.

Conclusion

Integrating CX and EX into M&A processes requires careful planning and a consistent commitment to communication and empathy. By using the tools and techniques outlined in this guide, your firm can maximize the value created during a merger or acquisition while minimizing potential value leakage from disengaged clients or employees. A successful M&A isn't just about bringing two firms together—it's about creating a cohesive, engaged, and motivated organization that's ready to grow and thrive.

MAPPING THE JOURNEY FOR ALL STAKEHOLDERS

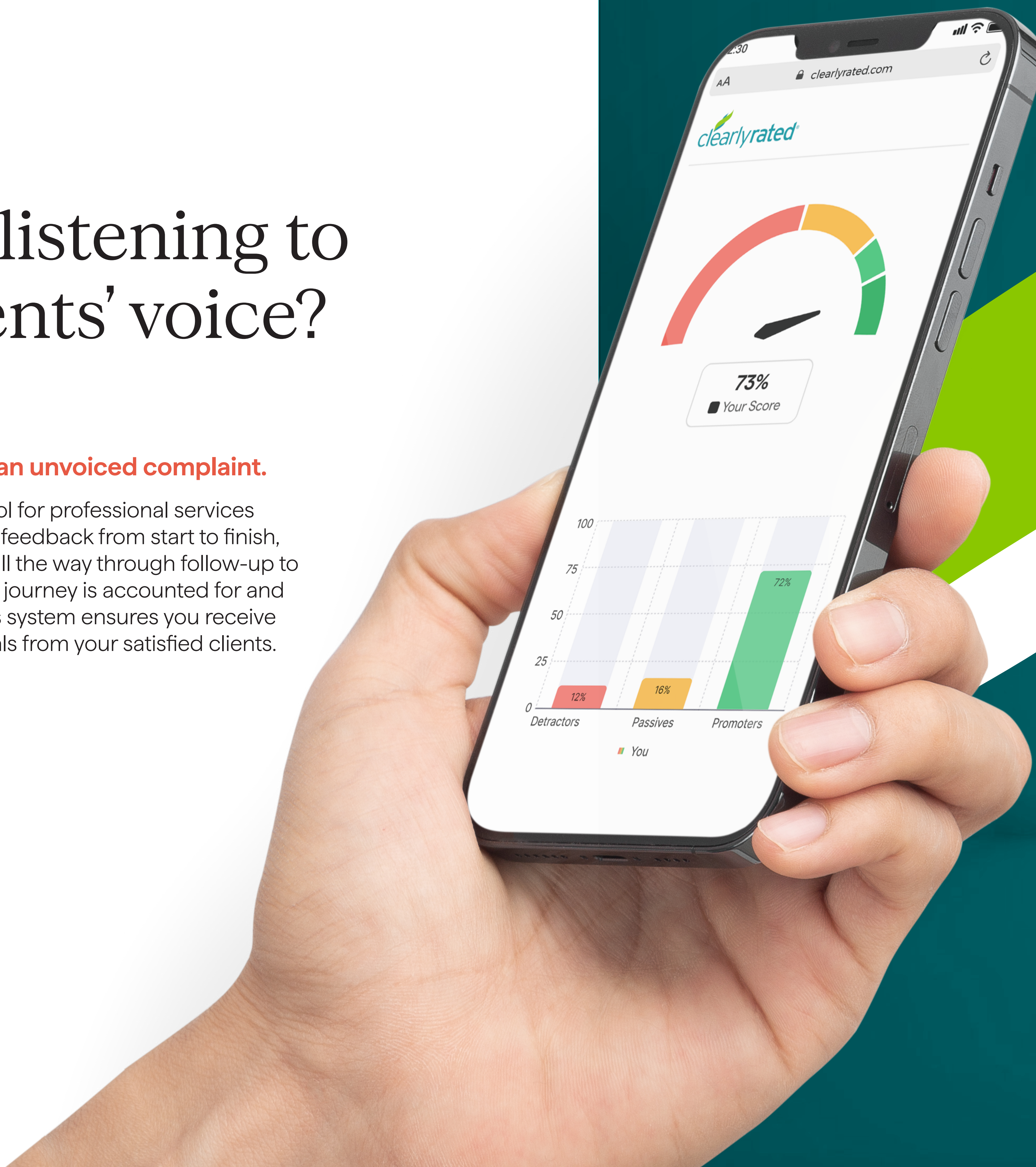
Value Capturing Plan

	PREPARE	DILIGENCE	ANNOUNCE	DAY 1	SHORT TERM	LONG TERM
Seller	Create CX & EX	Succession Plan	Justified Reassurance	Consistency	Succession Execution	Go Fishing
Buyer	Look for Winners	Gather CX/EX Metrics	Communicate CX/EX Plan	Nail the Basics	Learn Before You Change	Unify CX
Employee	Engage and Deliver CX	Benchmark EX	Review CX/EX Plan	Day 1, Week 1, Month 1 Plan	Benchmark EX	Execute on CX
Client	Continuous Project Feedback	Benchmark CX	Consume Communications	Reveal "The Same" but Better	Benchmark CX	Continuous Project Feedback & Expand
Partner	Win / Win Partnership	Benchmark CES	ID Partner Wins	Keep Payments Flowing	Meet and ID Strengths & Opportunities	Deliver More & Share Savings

Are you listening to your clients' voice?

One in four clients has an unvoiced complaint.

Our B2B client feedback tool for professional services works by streamlining your feedback from start to finish, beginning with collection, all the way through follow-up to ensure each client's unique journey is accounted for and properly responded to. This system ensures you receive repeat business and referrals from your satisfied clients.



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