

Insights and Outcomes



HRM INSIGHT 9.2 The Belgian Chocolate Company

What happened and what lessons were learned?

The business name and some details have been altered for confidentiality reasons.

Background to acquisition

- The decision to buy Belgian was taken at a very senior level; acquisition due diligence was done centrally;
- Townends were not involved until after acquisition;
- as a result, Townends did not really want the hassle of managing Belgian;
- it is bad practice not to retain the owner until the business is fully integrated, as critical knowledge and experience as well as trust was lost in this case.

Background to the case

- Because of the change in management there was a lack of mutual trust in the new manager;
- the view from Belgian was that Townends did not understand the business and would 'mess it up' therefore there was little trust in their direction;
- Belgian staff had little involvement in the customer audit and no input into the corrective actions—these were imposed by 'experienced' Townends staff and therefore were not well received;
- dismissals were not common prior to acquisition and the threat of dismissal for what had become an accepted practice was perceived as just another standard imposed that did not make sense.

What happened?

- The rep in this case was reinstated with a final written warning as Townends did not want to risk the very real threat of stoppages and the results this would have on the business;
- the rep became a very disruptive influence and eventually resigned, but damaged employee relations significantly in the intervening period;
- a series of managers were appointed, who failed to turn the business round.

Lessons to be learned

- Engage and involve where possible during initial discussions those who will manage a business following acquisition;
- find amicable solutions to retain experienced and trusted managers who can endorse and sell the changes that inevitably must happen in an acquisition;
- avoid making too many initial changes and prioritize those changes that must be made;
- engage in extensive dialogue with the workforce to ensure they are fully informed and on board with changes that are necessary;
- set up employee communications forums and briefings and use these regularly to encourage two-way dialogue and implement suggestions where possible to demonstrate trust and commitment to the long-term future of the acquired business.