

CASE STUDY: MERGERS AND ACQUISITIONS

Hire titans decide who to hire

How assessment and development centres were used as a tool in a significant merger between two large companies—Coates Hire and National Hire in Australia. 130 individuals were assessed in three weeks.

**BY MYRA GOSSOW,
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In late December 2007, shareholders of Coates voted in favour of the \$1.7 billion scheme for the Carlyle Group and National Hire Group to acquire Coates, resulting in a merger between Coates Hire and the National Hire, both significant Australian equipment rental businesses.

Our immediate challenge was to quickly establish executive and senior management teams that would effectively manage the integration and provide the strength of leadership to take us forward to reach world-class standards. The integrity of the people processes was critical.

Objective

For selection purposes, we wanted a process that was completely objective, transparent, and defensible, enabling us to select the best managers from the two businesses.

From a strategic perspective, we wanted a snapshot of the leadership talent within the businesses and to clearly understand our capability as a merged organisation. To do this, we needed to compare 130 senior managers from both businesses on an identical basis. All this



within three weeks! Information needs were high and time was of the essence.

It was important for us to demonstrate that our selection decisions were based on objective

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competency data, rather than simply relying upon past subjective assessments and performance data. The latter of course was difficult if not impossible to compare between the two entities.

In addition, having appointed a manager to a particular role we wanted to support them with appropriate development processes to ensure their success. This required us to have an individual development needs analysis against our management "success profile" for each of the 130 individuals involved.

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objectively assess capability and compare all candidates on an equal footing but also to identify the individual development needs of each person who was appointed into a management role.

This project provided us with the level of integrity, transparency, objectivity and leadership capability data we needed.

Consistent delivery

We selected Harbour Future Leaders (HFL) as our provider because of the company's experience and capability in this area and HFL's ability to deliver the project consistently across the nation within the tight timeframes.

HFL assisted us to design a Development Centre that was tailored to our specific management competencies and could be delivered across all states concurrently.

The Development Centre process was planned to commence in mid-January and be completed by the 5th of February 2008. HFL delivered on all the project objectives, on time and on budget. Participants were delighted with the sensitive way that the Development Centres were handled and appreciated the

individual attention and personal development feedback that they received.

As a client, we received high quality individual and group reports on a timely basis which assisted in the internal selection processes.

The Development Centre process enabled the business to make highly informed, credible and critical selection decisions within a four week period.

Individuals who completed the process by and large found it to be stimulating and rewarding and appreciated the thoroughness and independence of the assessment process. This process has been a critical and successful part of the overall Coates Hire/National Hire merger process.

In addition, at this evolutionary point in our history, the knowledge about our leadership capability will be extraordinarily useful. It will provide a pathway for our future people strategies, as one new integrated organisation. ■

*Myra Gossow was GM of Coates Hire during the Merger of Coates Hire/ National Hire.

The view from HFL

Cameron Francis founded Harbour Future Leaders (HFL) more than ten years ago, and the Coates / National project was exactly the sort of project he had hoped HFL would one day execute.

“Over the years I have lost count of the number of times HFL has become involved in a situation where an individual without the right skills, or the ability to acquire them, has been placed in charge of a significant division of a business and been failing. It appears to happen all the time.”

“It was tremendously exciting to see a client that—in a time of high finance and high pressure—was prepared to try to execute the people piece of a merger scientifically, objectively, transparently, and fairly.

“In our experience, the people part is often the hardest part to get right in a merger.” ■



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Executive summary

The most important talent management priorities after a merger are to:

- Establish a senior leadership team to manage the integration;
- Select the best managers from the two businesses; and
- Analyse the leadership talent within the merged organisation and thereby determine the capability of the new entity.

One of the biggest recent mergers on the Australian stock exchange – that of Coates Hire and National Hire – addressed the above priorities by putting 130 senior staff members from the two organisations through an assessment program within a three-week period in January. Outcomes for the project included personal development plans for each individual on 40 data points and integrated group reports for the CEO based on scientific, rigorous, and objective methodology enabling critical staffing decisions to be made for the new structure.

About HFL

Harbour Future Leaders is an HR consultancy that specialises in assisting enterprises to identify and grow their leadership capability. We uniquely combine world-class assessment methods with effective blended leadership development programs. We have designed and executed over 100 programs for over 30 clients across the region in the last six years. We are privileged to work with some of the regions' most admired companies across the Asia-Pacific region, who entrust us with the planning, measurement and development of their most valuable asset – their future leaders. HFL has offices in Sydney, Melbourne, and Singapore.