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# How Happy Talk Can Ruin M&As



By [Quy Huy](#) , INSEAD

## **Excessive politeness and positivity can be just as damaging as open conflict.**

When mergers and acquisitions disappoint – as they do [at least 50 percent](#) of the time – a badly managed integration process is often to blame. Even deals with the greatest financial promise can be thwarted if the employees of one or both organisations aren't on board. For leaders facing their own challenging integration, many experts emphasise the importance of a robust, persuasive communications plan.

To me, this advice has a familiar ring. As a researcher specialising in strategic change, I have noticed a cross-cultural pattern of executives relying on their communication skills to win support during uncomfortable transition periods. Unfortunately, [this faith is often misplaced](#). Communications strategies designed to convince through air-tight arguments ignore the fact that resistance to change is largely emotional, not rational. And because of what I call the *trap of professionalism*, i.e. the prevailing belief that emotions have no place at work, employees are reluctant to express their negative feelings openly. So as a starting point, change managers should be able to read [the subtle, non-verbal cues](#) that betray buried anxiety or opposition.

Once managers have detected employees' negative emotions, they must decide what to do about them. Too often, the response consists of strained touchy-feeliness and enforced happy talk. The underlying principle seems to be: If we must accommodate emotions, then only positive ones will be sanctioned. This **highly unsophisticated way of handling emotions** can be even worse than complete emotional suppression. Insisting on positivity during difficult transitions ensures that managers will not be made to confront real problems in time to take corrective action. Over time, the sheer volume of unresolved issues can overburden an attempt at complex change.

A variety of commonly accepted workplace practices aggravate the dilemma, as detailed in my recent paper in ***Strategic Management Journal*** (co-authored by Natalia Vuori and Timo Vuori of Aalto University). Following the step-by-step unraveling of an actual acquisition in real time, we saw how suppression and sanitisation of negative emotion wrecked a partnership that could well have succeeded otherwise.

### **A promising beginning**

The focus of our study was a friendly cross-border acquisition involving a conglomerate (hereafter referred to as "Acquirer") and a smaller company operating in the customer relationship marketing (CRM) sector (hereafter referred to as "Target"). Our monitoring of the integration process started right from its inception, spanning approximately three years in all. We conducted 73 interviews with managers of both firms, as well as on-site observations and review of relevant materials – selected email correspondence, internal publications, etc.

The acquisition began on a high note. Managers from both firms sang each other's praises, enthusing about how different the experience was turning out to be from the familiar acquisition horror stories. Each company clearly saw the value of teaming up. For Acquirer, it was gaining the specialised local know-how that larger firms always hunger for. As for Target, it looked forward to finally having the resources to realise projects whose scale matched its ambitions.

However, the positive beginning ultimately proved detrimental to the alliance. As time went on and, perhaps inevitably, differences arose between the two companies, managers were loath to disrupt the love-fest. For example, one major sticking point was Acquirer's demand that Target adopt the practice of cold-calling potential clients, which had not been part of

Target's repertoire. It left a bad taste in the mouths of Target managers, yet they kept smiling, for fear of harming the relationship. For similar reasons, the Acquirer team also refrained from fully expressing their frustration and impatience with the halting progress of the integration.

A strange split slowly developed. Both firms felt growing dissatisfaction with their partner, but believed their partner was satisfied with them. This was an outcome of each having kept the other in the dark as to the vehemence of their negative feelings.

### **From negative emotions to negative sentiments**

The false perception of the other's satisfaction led to a lack of timely corrective action on both sides. The comparative sense of urgency regarding certain issues was like night and day. For example, server shutdowns and slow response times left Target's IT team furious with their counterparts at Acquirer – but to hear Acquirer tell it, the tech integration was going swimmingly. In the end, neither the myriad task-related issues nor the negative emotions they engendered were adequately addressed.

Consequently, negative emotion hardened into negative sentiment, or a generalised disdain towards the partner firm. No longer was executives' opprobrium restricted to particular incidents or individuals; rather, it was laid on thick with a broad brush, as when an Acquirer manager seethed, “[Target's managers] are just incapable of doing business...It would take another two decades for them to learn the necessary skills.”

Because negative sentiment led managers on both sides to view their counterparts as enemies, they began to treat them accordingly. Acquirer tightened its controls, introducing a heavy surveillance regime that further undermined trust between the two firms. Meanwhile, Target managers increasingly ignored Acquirer's directions while remaining outwardly compliant. To avoid placing cold calls as Acquirer had demanded, they disguised long-time contacts as fresh leads.

By this point, the relationship between the two firms had veered too far into dysfunction to get back on track. Finally, after three years of losses, Acquirer decided to divest.

### **Scrubbing emotion**

As the acquisition devolved, we saw that a number of efficiency-minded communication practices – which companies are commonly encouraged to use – were part of the problem. Eschewing face-to-face meetings in favour of emails and messages relayed through intermediaries spared resources, but often meant that emotions were filtered out of the exchange. Armed with facts stripped of feeling, managers had limited insight into the emotional impact of what was happening. Thus, they weren't equipped to gauge the depth of their partner's dissatisfaction.

The fact that conversations were largely conducted in English – not the first language for most members of either firm – further reduced the range of emotional expression. The combination of linguistic uncertainty and a grave fear of causing offence with ill-chosen words was like a net ensnaring vital nuance and spontaneity before they could enter the dialogue.

### **The gateway to empathy**

Companies understandably worry that if negative emotion penetrates the calm, emotionless ideal of professional business practice, they won't be able to contain it. But the case of Target and Acquirer shows that negativity can do just as much damage when it is supplanted by fake positive expressions. Only when negativity is explicitly confronted is there any possibility of quelling it.

Had the emotions of either firm been accurately conveyed to the other, there might have been some ugly scenes in the short term, but the ultimate failure of the acquisition may have been avoided. Without emotional authenticity, after all, there can be no true empathy – and without empathy, there can be neither effective remedial action nor a successful communications strategy.

Hence, organisations undergoing M&A, or any other form of strategic change, should be mindful of both the trap of professionalism and the trap of forced positivity. They should rethink anything that renders emotions harder to read, e.g. overreliance on digital as opposed to face-to-face interactions. Also, they should consider soft-peddling practices designed to foster positivity in the early stages of the transition. Pushing people towards the positive end of the emotional spectrum does not dispel negative emotions. It more often drives those emotions underground, where they are harder to detect and thus far more dangerous.

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