‘Picking the flowers’; Acquisition strategy as a tool for survival and growth. A case analysis of the acquisition of Gillette India Limited by Procter & Gamble.

A Research Paper

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By

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“It is clear that you cannot stay in the top league if you only grow internally. You cannot catch up just by internal growth. If you want to stay in the top league, you must combine.”
—Daniel Vasella, Chief Executive Officer, Novartis, July 2002

Introduction

In the past 27 years, there have been three major waves of surging cross-border M&A transactions. The first wave was seen in the late 1980s, the second big cross-border in the latter half of the 1990s and the third in 2007 when globally M&A deals worth $4.48 trillion were announced, as against $3.61 trillion in 2006- a growth of 24 percent. From 467 deals in 2005, deals in 2007 reached 1,081(Grant Thornton, 2008). During these periods, the global economy experienced relatively high economic growth and there was widespread industrial restructuring, according to the United Nations Conference on Trade and Development. Much of the increased cross-border M&A activity this year has involved companies from the US and Europe who are in a major consolidation process. Such deals are also becoming more common in developing countries, which are beginning to liberalize their trade and investment markets. The current wave of cross-border M&A deals is not only being driven predominantly by transatlantic activity, as were the two previous periods of frenzied buying in the late 1980s and 1990s. This increase is more geographically distributed and includes China, India and Latin America (JM Morgan Stanley, 2005).

According to the 2008 BCG 100 new global challengers report, BCG 100 top companies from rapidly developing economies (RDEs) such as India, China, Russia, Mexico and Brazil, are changing the world and challenging the dominance of established multinational players across the world. In 2006 they completed 72 outbound acquisitions, up from 21 in 2000. The average size of these transactions grew from $156 million in 2001 to $981 million in 2006.” Of the 100 companies on BCG’s list, 41 are from China, 20 from India, and 13 from Brazil, with the rest coming from other RDEs. 14 countries in all are home to the BCG 100 (Business Line, 2008). As globalization continued, and multinational companies sought to increase market share, eliminate competitors, or gain control of suppliers, we witnessed the third wave of rising M&A’s One of the strategies for growth which companies in the top 100 of the fortune 500 list 2007 , such as Wal-Mart Stores, Exxon Mobil, Royal Dutch Shell, ING Group, Proctor and Gamble, AT & T, Barclays, Vodafone and Mittal Steel have adopted, is by merging and acquiring. 74th in the fortune 500 list of 2007.Proctor & Gamble’s acquisition was chosen because the company has been in the list of top 100 fortune 500 companies and grown using acquisitions as part of its growth model.

Objective

The objective of this research paper is to study the phenomenon of acquisition of Gillette India Limited, by Proctor and Gamble, and the significance of HR Systems as an integration mechanism (Capasso and Meglio, 2007)

Methodology

The case study methodology of research has been adopted. The research is qualitative in nature. The acquisition of Gillette India Limited by P&G was studied. Primary data was collected through
interviews with senior executives of the organization (Ms.Ognumgombu, Mr.siddharth Yadav, Associate Manager(HR) Gillette India Ltd. using a structured questionnaire having open ended questions. Secondary data was also collected from electronic databases, magazines and business reports.

**Acquisition Strategy**

With the focus on acquisitions, it is important to distinguish between mergers and acquisitions. In a merger, two companies come together and create a new entity. In an acquisition, one company buys another one and manages it consistent with the acquirer’s needs. Further implications for people management issues are types of mergers and acquisitions. In general there are mergers of equals, which includes the merger between Arcelor and Mittal Steel forming Arcelor-Mittal; Citicorp and Travellers forming Citigroup; and between Ciba and Sandoz forming Novartis. There are also mergers between unequals such as between Chase and J.P. Morgan creating JPMorgan-Chase. Similarly there are two major types of acquisitions: those involving acquisition and integration such as those typically made by Cisco Systems, Infoedge(India) Pvt Ltd; and those involving acquisition and separation such as between Unilever and Bestfoods(Schuler and Jackson,2001). Acknowledging these types of mergers and acquisitions is critical in describing and acting upon the unique people management issues each has. For example, a merger of equals often compels the two companies to share in the staffing implications; whereas a merger of unequals results in the staffing implications being shared unequally (Kay and Shelton, 2000).

An acquisition that involves integration has greater staffing implications than one that involves separation. A combining of companies is a major change. Mergers and acquisitions represent the end of the continuum of options companies have in combining with each other. It is the mergers and acquisitions that are the combinations that have the greatest implications for size of investment, control, integration requirements, pains of separation, and people management issues (Doz and Hamel, 1998; Hamel, 1991; Harbison, 1996). Most mergers and acquisitions deals fail to accomplish many of the strategic objectives so optimistically projected in the initial announcements (Coopers and Lybrand study, British Institute of Managements survey, Mercer Management Consulting study, A.T. Kearney consulting firm). Academicians and practitioners have often described the acquisition process as a unifying process, normally depicted as a sequence of discrete steps (Graves, 1981; Marks, 1982; Buono and Bowditch, 1989; Haspeslagh and Jemison, 1991).

**Figure 1 : The Acquisition Process**

![Figure 1: The Acquisition Process](image)

Source: Capasso and Meglio(2007)

What seems and is generally depicted as a linear process (Figure 1) is, however, complex and spiral: it is difficult to identify when each phase ends and the next starts. After the deal is closed, the success of it depends on integration which is a dynamic process of adjustment in a context of uncertainty and incomplete information. These interrelationships can be appreciated only taking into account the actors involved at different organizational levels and integration mechanisms put in use according to different purposes and different time frames, as depicted in Table 1. The attainment of single integration goals takes place with the help of integration mechanisms (Larsson, 1990).
Table 1: Integration Mechanisms

<table>
<thead>
<tr>
<th>Integration mechanisms</th>
<th>Description</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring</td>
<td>Accumulation/stabilization of similar activities</td>
<td>Asset rationalization</td>
</tr>
<tr>
<td></td>
<td>Combination/timing of flows of related activities</td>
<td></td>
</tr>
<tr>
<td>Formal planning</td>
<td>Formal pre-adjustment of activities to one another by specifying the actions in advance</td>
<td>Goal timing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ambiguity and uncertainty reduction</td>
</tr>
<tr>
<td>Management information system</td>
<td>Budget and reporting systems standardization</td>
<td>Improve communication process</td>
</tr>
<tr>
<td>Transition teams</td>
<td>They are made up of members from both organizations to leverage on the coordinative integration efforts</td>
<td>Flexible way of structuring the transmission of new information</td>
</tr>
<tr>
<td>Socialization</td>
<td>Improve the coordination of the firm interaction by creating a common orientation</td>
<td>Reduce employee resistance by enhancing acculturation</td>
</tr>
<tr>
<td>Mutual consideration</td>
<td>It is directed toward a more favorable employee interpretation</td>
<td>Reduce resistance by decreasing conflicts of interest</td>
</tr>
<tr>
<td>Human resource systems</td>
<td>Job design / Reward systems / Personnel policies / Career planning</td>
<td>Reduce individual employee resistance</td>
</tr>
</tbody>
</table>

Source: Capasso et al. (2002: 534)

These mechanisms are the tools available to the acquirer to foster the interaction between the joining firms, the coordination of this interaction, at the collective, interpersonal and individual levels of the human side of the combination.

Recent Global Mergers and Acquisitions

Table 2. Largest M&A deals worldwide 2000-2006

<table>
<thead>
<tr>
<th>Rank</th>
<th>Year</th>
<th>Acquirer</th>
<th>Target</th>
<th>Transaction Value (in Mil. USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2000</td>
<td>Merger: America Online Inc. (AOL)</td>
<td>Time Warner</td>
<td>164,747</td>
</tr>
<tr>
<td>2</td>
<td>2000</td>
<td>Glaxo Wellcome Plc.</td>
<td>SmithKline Beecham Plc.</td>
<td>75,961</td>
</tr>
<tr>
<td>3</td>
<td>2004</td>
<td>Royal Dutch Petroleum Co.</td>
<td>Shell Transport &amp; Trading Co</td>
<td>74,559</td>
</tr>
<tr>
<td>4</td>
<td>2006</td>
<td>AT&amp;T Inc.</td>
<td>BellSouth Corporation</td>
<td>72,671</td>
</tr>
<tr>
<td>5</td>
<td>2001</td>
<td>Comcast Corporation</td>
<td>AT&amp;T Broadband &amp; Internet Svcs</td>
<td>72,041</td>
</tr>
<tr>
<td>6</td>
<td>2004</td>
<td>Sanofi-Synthelabo SA</td>
<td>Aventis SA</td>
<td>60,243</td>
</tr>
<tr>
<td>7</td>
<td>2000</td>
<td>Spin-off: Nortel Networks Corporation</td>
<td></td>
<td>59,974</td>
</tr>
<tr>
<td>8</td>
<td>2002</td>
<td>Pfizer Inc.</td>
<td>Pharmacia Corporation</td>
<td>59,515</td>
</tr>
</tbody>
</table>

Adapted from source: Institute of Mergers, Acquisitions and Alliances Research, Thomson Financial

Table 2 shows the nine largest M&A deals worldwide since 2000. The largest M & A deal between 2000 and 2006 was between American Online Inc and Time Warner. The second largest deal was
The Great Indian Picks

Till a few years ago, rarely did Indian companies bid for American-European entities. Today, because of the buoyant Indian economy, supportive government policies and dynamic leadership of Indian organizations, the world has witnessed a new trend in acquisitions (Table 3). Indian companies are now aggressively looking at North American and European markets to spread their wings and become global players (Sharma, 2008). Almost 85 per cent of Indian firms are using Mergers and Acquisitions as a core growth strategy (Iyer, 2008). In fact, a study by international consultants, Grant Thornton, estimated that the total value of private equity and mergers and acquisition deals in India during 2007 was $68.32 billion, up 143 over last year's $28.16 billion. The average merger and acquisition deal size was close to $77 million and that for private equity was $44 million in 2007, the consultancy said in its annual "Deal Tracker" report that studies the global merger and acquisition market. The total number of mergers and acquisitions alone stood at 661 in 2007, with a total value of $51.17 billion, against 480 deals with a value of $20.30 billion last year (Sify, 2007).

Table 3. The top 10 acquisitions made by Indian companies worldwide (Sharma, 2008)

<table>
<thead>
<tr>
<th>Acquirer</th>
<th>Target Company</th>
<th>Country targeted</th>
<th>Deal value ($)</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tata Steel</td>
<td>Corus Group plc</td>
<td>UK</td>
<td>12,000</td>
<td>Steel</td>
</tr>
<tr>
<td>Hindalco</td>
<td>Novelis</td>
<td>Canada</td>
<td>5,982</td>
<td>Steel</td>
</tr>
<tr>
<td>Videocon</td>
<td>Daewoo Electronics Corp.</td>
<td>Korea</td>
<td>729</td>
<td>Electronics</td>
</tr>
<tr>
<td>Dr. Reddy's Labs</td>
<td>Betapharm</td>
<td>Germany</td>
<td>597</td>
<td>Pharmaceutical</td>
</tr>
<tr>
<td>Suzlon Energy</td>
<td>Hansen Group</td>
<td>Belgium</td>
<td>565</td>
<td>Energy</td>
</tr>
<tr>
<td>HPCL</td>
<td>Kenya Petroleum Refinery Ltd.</td>
<td>Kenya</td>
<td>500</td>
<td>Oil and Gas</td>
</tr>
<tr>
<td>Ranbaxy Labs</td>
<td>Terapia SA</td>
<td>Romania</td>
<td>324</td>
<td>Pharmaceutical</td>
</tr>
<tr>
<td>Tata Steel</td>
<td>Natsteel</td>
<td>Singapore</td>
<td>293</td>
<td>Steel</td>
</tr>
<tr>
<td>Videocon</td>
<td>Thomson SA</td>
<td>France</td>
<td>290</td>
<td>Electronics</td>
</tr>
<tr>
<td>VSNL</td>
<td>Teleglobe</td>
<td>Canada</td>
<td>239</td>
<td>Telecom</td>
</tr>
</tbody>
</table>

Case Analysis

Acquisition as Growth Strategy at Proctor & Gamble

Proctor & Gamble is an American global corporation based in Cincinnati, Ohio that manufactures a wide range of consumer goods. The P&G community consists of over 138,000 employees working in over 80 countries worldwide. What began as a small, family-operated soap and candle company in 1837, now provides products and services of superior quality and value to consumers in over 180 countries. The company has one of the largest and strongest portfolios of trusted brands, including
Pampers, Tide, Ariel, Always, Pantene, Bounty, Folgers, Pringles, Charmin, Downy, Iams, Crest, Actonel and Olay. The founders of the P&G were candle maker William Procter and his brother-in-law, soap maker James Gamble, who merged their small businesses and set up a shop in Cincinnati nicknaming it "Porkopolis" because of its dependence on swine slaughterhouses. The shop made candles and soaps from leftover fats. By 1859, P&G had become one of the largest companies in Cincinnati, with sales of $1 million. The company introduced Ivory, a floating soap, in 1879 and Crisco, the first all-vegetable shortening (P&G, 2008). 1930 onwards, P&G went on an acquisition spree, growing and diversifying in the process.

**P&G’s Series of Acquisitions** (P&G, 2008).
- 1930, Thomas Hedley & Sons Co., Ltd.
- 1957, Charmin® Paper Mills, a regional manufacturer of toilet tissue, towels and napkins.
- 1963, Folgers Coffee, thereby entering the coffee business
- 1985, Richardson-Vicks, owners of Vicks® respiratory care and Oil of Olay® product lines, thereby significantly expanding its over-the-counter and personal health care business worldwide.
- 1987, Blendax line of products, including Blend-a-Med and Blendax toothpastes. It was the largest international acquisition in company history
- 1989, Noxell and its CoverGirl, Noxzema® and Clarion products thus entering the cosmetics and fragrances category.
- 1990, Shulton's Old Spice® product line thereby expanding its presence in the male personal care market.
- 1991, Max Factor and Betrix, which increased the Company's worldwide presence in the cosmetics and fragrances category
- 1994, VP Schickedanz., thereby entering the European tissue and towel market Added Giorgio Beverly Hills to its fine fragrance business.
- 1996, U.S. baby wipes brand Baby Fresh — complementing the Company's global diaper business and its strong European Pampers Baby Wipes business — and Latin American brands Lavan San household cleaner and Magia Blanca bleach — providing a solid foundation for P&G growth in this important laundry category.
- 1997, Tambrands. Tampax®, its tampon brand, is the market leader worldwide. P&G gained a solid entry in the Mexican tissue business with the purchase of Loreto y Pena. This marked P&G's first tissue entry into Latin America.
- 1999, The company entered the global pet health and nutrition business by acquiring the Iams Company, a leader in premium pet foods. The acquisition of Recovery Engineering Inc. allowed P&G to utilize its understanding of water treatment by developing home water filtration systems under the PUR brand.
- 2001, Clairol business from Bristol-Myers Squibb Co. Clairol is a world leader in haircolor and hair care products. Acquired Dr. John's SpinBrush toothbrushes
- 2003, acquired a controlling interest in Wella AG, a leading hair care company, giving P&G a major presence in the fast-growing professional haircare segment.
- 2005, P&G and Gillette merged into one company and added five more billion dollar brands to the product portfolio including Gillette and Braun shaving and grooming products, the Oral-B dental care line and Duracell batteries
Target, The Gillette Company, A Centenarian Global Leader

Founded in 1901 by King C. Gillette as a producer of safety razors and blades, Gillette became a global company and a world market leader in various product categories (Wikipedia, 2008). Gillette operated in 32 manufacturing facilities in 15 countries and employed more than 30,000 people. The company’s core businesses were grooming, personal care, and oral care products and batteries. Gillette had been a market leader in male grooming, a category that included blades, razors and shaving preparations. Gillette had also held a strong position worldwide in selected female grooming products, such as wet shaving products and hair epilating devices. In addition, the company held the world leader position in alkaline batteries and was recognized for its Oral-B in manual and power toothbrushes. Globally renowned brands such as Braun and Duracell also belonged to the Gillette group.

It was under the leadership of James M. Kilts when the organization went under the hammer. Kilts made history as the first outsider to lead Gillette Co. and would be remembered as the man who sold the century-old Boston company to Procter & Gamble Co. of Cincinnati. Kilts was responsible for reshaping and reenergizing the slumbering consumer products giant, streamlining operations, expanding products, improving its brands, and restoring Gillette's reputation as an innovator and industry leader. He reversed losses, gained market share, and sent the company's stock price soaring (Gavin, 2005).

Gillette India Limited
Gillette India's acquisition by Procter & Gamble was effected on June 10, 2006, and it was an extension of the global acquisition of Gillette by Procter & Gamble. Mr. Saroj Kumar Poddar was Gillette India's Chairman.

The Deal

On January, 28, 2005, The Procter & Gamble Company announced it had signed a deal to acquire 100% of The Gillette Company, founded in 1901 and headquartered in Boston. The transaction was valued at approximately $57 billion (USD) making it the largest acquisition in P&G history (Webpronews, 2005). Global Gillette, a business unit of Procter & Gamble, was the successor of The Gillette Company. On October 1, 2005, Procter & Gamble finalized its purchase of The Gillette Company. As a result of this merger, the Gillette Company no longer exists. Its last day of market trading - symbol G on the New York Stock Exchange - was September 30, 2005. The merger created the world's largest personal care and household products company. In July 2007, Global Gillette was dissolved and incorporated into Procter & Gamble's other two main divisions, Procter & Gamble Beauty and Procter & Gamble Household Care. Gillette's brands and products were divided between the two accordingly.

However this did not result in a direct merger between Gillette India and P & G India, although it was decided to restructure the operations of Gillette India in line with the policies and practices of P&G (Business mapsofindia, 2008). Finally, on 10th June, 2006, Gillette India was acquired by P & G.

Preplanning and Due Diligence

It was the decision of the CEO of Gillette that the two companies (P&G and Gillette) be merged to create a history. Both the companies P&G and Gillette were well established and profit making
companies, so it came as a shock to all the people when the merger of the two companies was announced. It was the collective decision of the CEO of both the companies to merge so as to make the resultant company a very big brand, the greatest consumer products company in the world. According to the deal, P&G would be paying 0.975 for each share of Gillette, valuing the acquisition at a 20% premium to shareholders of Gillette. A core team was made to carry out a smooth integration which consisted of the employees from various functional areas. The core team was formed based on the experience and the expertise of the people. A thorough due diligence was done before any step was taken for the merger of the two companies. A cross functional team was formed comprising of experts from different fields and due diligence of all the departments was carried out. Proper due diligence helped the companies carry out a smooth merger and took care of all possible impediments.

Integration planning and Implementation

The core integration team, which comprised of all the personnel of different departments, selected the talented employees of Gillette India who P&G wanted to retain. During this period, some of the employees of P&G left the job, not convinced with the idea of merger. So the gaps needed to be filled by the company. The employees were selected to fill those vacancies on the basis of their past experience and expertise. There were some employees who were not ready to join the merged company, hence were given a severance package by the company. Some surplus talent needed to be retrenched. For them, a special package was offered by the company. During due diligence, it was revealed that P&G did not have any sales force while Gillette had a full fledged working sales force. Though this acquisition was a win–win for both the organizations, Gillette India faced the challenge of managing this integration.

A decision was taken to design a best-in-class and most cost effective sales and distribution model for India. P&G in India followed a different “Go to Market” model which is their “Golden Eye distributor model”. In this model, the organization operates through close to 30 key distributors across India. Sales officers are on the rolls of the distributors and not the organization. All retail outlets were approached by the distributors. Gillette, operated through a direct front line field force with the Sales officers being on the pay roll of the company. Also, Gillette worked with close to 700 distributors. As part of restructuring post acquisition, the organization decided to operate through the Golden Eye distributor model. This led to the disengagement of close to 700 distributors and laying off of close to 190 employees. These employees were the 'Territory Sales In-Charge' (TSI’s) and 'Area Sales Managers' (ASM’s) from the four divisions – North, South, East and West. Gillette known to be a world class employer, ranked 10th in the “Best Employer Survey 2003” wanted to ensure that the employees who transition out continue to have a secure future, and thus made a significant effort towards the same. Apart from the severance package that provided, Gillette provided transition support. Gillette also wanted to ensure minimum impact on business and successful distributor disengagement. As for the other Gillette employees who remained with the organization post acquisition, the pay package remained the same.

The initiative was one of the first of its kind in the FMCG world. Although with no benchmarks to guide it, Gillette was committed to ensuring that not only are the employees well prepared for the future, they wanted to ensure that majority of the employees have at least one job offer in hand when they leave the organization. They set an internal target for themselves that at least 80% get new opportunities. Much like other targets that Gillette often succeeded in achieving and exceeding, the management drove this project aggressively and with utmost levels of commitment. For this, all senior members of the management personally pitched in in the integration activities. The credit for smooth transition is also given to the unique partnership between client and consultant, Grow Talent which
was built on trust, transparency and commitment. At each stage both were synchronized and equally committed in arriving at the best results for the transitioning employees.

**HR Issues and Activities**

The important HR challenges were to help employees regain confidence, build capability and prepare them for the job market. Realizing personal vision was focused upon. About 60% of the employees had started their career with Gillette and the rest had served a long tenure in the organization. Most had not attended a job interview in years because of which there was a high level of anxiety regarding securing a new job as soon as possible. The employees had to be kept motivated during their remaining tenure so as to ensure that they can successfully complete the task of distributor disengagement (Ram and Mohunta, 2007). The major HR activities which helped in the integration are as follows:

**Communication**

The CEO’s of both the companies wanted to reveal the news of merger to their employees on January 28, but through media the news got leaked on the evening of January 27 which created a sense of shock and fear in the minds of the employees. The next day the CEOs personally cleared all doubts in the minds of employees through open communication which further helped in the smooth implementation of the integration process. As it was not a hostile merger, there was not much of resistance. Most of employees were convinced by the top management and were happy with the merger. The employees who were not willing to stay with Gillette post acquisition were given a severance package. Gillette ensured that at each stage the employees were kept informed. The employees were given a rationale behind the business decision, they were told about the steps the organisation would take to ensure a secure future for them, timely updates on when the workshops were being organised, the companies contacted for the career fair, kind of opportunities in the market, placement consultants in the market etc. The employees had direct approach to the top management for queries regarding any issue.

**Building and Sustaining Trust**

The employees trusted the management a lot. The management was perceived to be very approachable and accessible. The employees were confident that the management would keep the best interest of the employees in mind.

**Training Programme**

One day training session was provided to the existing employees from Gillette who had to join the merged company and all those also who were to leave the company.

**Career Planning**

Gillette globally signed a contract with Right Management Consultants to provide career transition services. In India, the project was handled by the Indian partner of Right Management, Grow Talent. They were responsible for the close to 190 TSIs and ASMs whose positions had become redundant due to the restructuring. A three day career fair was held in 4 locations where 23 companies and 190 employees were brought face-to-face under one roof. The career fair was organized with the objective of offering other organizations, the highly competent yet redundant talent pool of Gillette, at zero cost of hiring and minimum time. A structured programme was designed by Grow Talent in partnership with Gillette and about 37 best employers were contacted in India, across various sectors.
like – FMCG, Banking, Insurance, Retail and Telecom to ascertain their hiring requirements. Interested organizations were invited to the fair. These organisations conducted interviews with the candidates, made spot offers and the employees confirmed their intention of joining. Some of the organizations that participated in the career fair included the following: Dabur, Henkel, Pantaloon Retail India Limited, RPG, Reckitt Benckiser, Nestle, ICICI Prudential Life Insurance, ICICI Bank, TATA AIG Life, HDFC, Hutch, Airtel, Cadbury and Wrigley.

Placement agencies which could help the TSIs and ASMs were identified. The requirements of those organizations who could not participate in the career fair were identified and résumés of suitable candidates was shared with them. The candidates and prospective employers were brought in contact with each other. Causes acting as road blocks in securing a new job were identified through a survey leading to the identification of areas of development.

**Counseling**

The leaders both at the Corporate and Divisional level provided tremendous support to their teams. Apart the Grow Talent consultants who were accessible to each and every employee, the internal mentors at Gillette played a critical role in guiding employees to make right career choices, in dealing with anxiety, handling the transition news with friends and family. Even at the peer level – in spite of the pressure, employees were all out to support one another. It truly reflected the organization culture that Gillette had build over the years. It seemed to operate like a family with members looking out for each other. Ex Gillette employees who heard the news of the transition were gladly willing to counsel, guide and even look for opportunities that the transitioning employees could take up in their organisation.

**Coaching Line Manager's workshop**

These were for the benefit of supervisors/managers of the affected TSIs and ASMs, and were intended to provide a guideline for planning and conducting separation meetings, handling employee reactions, managing employees during the transition process (keeping in mind the fact that they still had to disengage the distributors successfully with minimum impact on the business) and supporting the re-employment campaign.

**Emotional, Intellectual and Landing Support Workshop**

Workshops were held for impacted employees, aimed at providing emotional support, intellectual support and landing support in the following ways:

*Emotional Support*, by helping them manage the change around job loss, communicate the news to family, friends and relatives, deal with placement consultants/friends who have already started approaching them with new opportunities, develop a '30 second commercial' – a brief to introduce oneself.”.

*Intellectual Support* by coaching candidates to improve their marketability, enabling candidates to identify their network and understand how to leverage the same, working closely with placement companies in assisting the impacted employee in job search, preparing candidates for interviews and salary negotiations, coaching candidates in taking job decisions and using their own strengths effectively while removing personal blocks to success in the future organization. To facilitate this, 10 workshops were conducted across 4 locations in India. In addition one-on-one coaching support was made available on individual need basis.

*Landing Support* by analyzing strengths and skills to help determine career directions, psychometric analyses of employees leadership skills, influencing skills, problem solving ability, execution skills, interpersonal skills, time management skills and personal organization skills for development
purposes, identifying areas of development to act as a platform for undertaking skill enhancement workshops, undertaking e-learning initiatives – access to 'Right from Home' web link, and helping candidates understand how to write effective resumes and plan “personal marketing campaign

Outcomes of Career Transition at Gillette

The Career transition support enabled and prepared employees to face the job market. At least 90% of the employees who were to be layed off got a new offer even before they had left the company. While the career fair acted as a catalyst, people who did not find suitable opportunities were supported right till the end through placement agencies, networks etc. For the Employees it resulted in 100% placement, placements in blue chip companies with higher salaries and at higher levels, creation of good will and a league of strong brand ambassadors for Gillette and diversity of jobs for Gillette talent across different industries. For the organisation, it enabled seamless transition to best-in-class model, ahead of its time, satisfied employees and distributors (all 700 distributors settled two months ahead of plan with no litigations) and no loss to business momentum. Career transition at Gillette India was quoted as one of the best transitions handled within Gillette globally. The career fair practice was leveraged in other geographies and for the same, Gillette won the “DMA Erewhon Innovation Award” for 2006.

Analysis of the Deal using Force Field Analysis

The restraining forces, could not stand against the driving forces. The leak of news came as a rude shock to the employees as well as to the management, but due to tactfulness and open communication, the management was able to overcome the resistance. The driving forces were so powerful, that they overcame the restraining ones (Figure 2).

Figure 2. Force Field Analysis

<table>
<thead>
<tr>
<th>Driving Forces</th>
<th>Restraining Forces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prudent operation</td>
<td>Leak of news by press and resulting shock and fear</td>
</tr>
<tr>
<td>Faster sales growth and cost savings synergies.</td>
<td>Difference in organization structure,</td>
</tr>
<tr>
<td>Dedicated team</td>
<td></td>
</tr>
<tr>
<td>Capacity addition</td>
<td>Jobs redundancy and layoffs</td>
</tr>
<tr>
<td>Opportunities for even more innovation</td>
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</tbody>
</table>
Conclusion

The acquisition of Gillette added yet another feather in the cap of P&G (which already had close to 20 of them!). The deal created a win-win for all stakeholders and set a fine example in today's dynamic business environment preparing HR professionals for challenges that they are likely to face in the future. It further goes to show that HR no longer plays a dormant role and is emerging as a strategic business partner where key initiatives undertaken such as communication, training, counseling, career planning, support workshops, building trust, coaching and compensation planning, have significant business impact. There have been mergers which have failed due to lack of HR due diligence. Many mergers currently in the making are likely to be short-lived simply because of the wrong approach of companies (Singh, 2004). Unfortunately, qualitative and longitudinal studies of M&A’s are still uncommon. This is probably due to a cultural prejudice toward qualitative research which needs to be overcome, and to the difficulties researchers face in negotiating and gaining access to merging companies.

References


