IT Assimilation
consolidating redundant technologies

“helping IT managers of the world achieve more™ success”
IT Assimilation
consolidating redundant technologies

2nd edition
Introduction

Hello and welcome to the *Practical IT Manager GOLD Series*. I'm Mike Sisco, President of MDE Enterprises, Inc. and a career IT manager and CIO of more than 20 years.

Since 2000, I have devoted my life to, "helping IT managers of the world achieve more success". My practical processes and tools are used by thousands of IT managers in every part of the world.

The challenge of managing technology resources has never been more demanding than it is now. Change occurs more rapidly and technology resources are in more demand than ever before.

People and companies respond to strong leadership. Effective leadership skills give a technology manager an edge in creating and maintaining a stable business environment. This leads to more success and an IT organization that's valued and appreciated by the business managers of your company.

The material contained in the entire *Practical IT Manager GOLD Series* of books has been developed from my experience in managing technical organizations of all sizes for more than 20 years. The examples are ‘real life’ experiences of things I know to work, or hard lessons learned from things that did not work. I developed every process and tool you will learn about to help me manage IT organizations during my career. They worked for me and will for you as well.

Two tools I use to enhance the material or to clarify a point are:
- **Sidebar:** a comment or clarification to help make a point
- **Personal Note:** a personal experience or “war story” to reinforce a point.

You will find a bit of humor to make the reading more enjoyable and to emphasize certain points. Because of my very “dry sense of humor”, you may have to look for the humor, , , sorry about that. I also hope you like the images I pop in at times to make the reading more interesting.
The *Practical IT Manager GOLD Series* includes the following titles:

- **IT Management-101**: fundamentals to *achieve more™*
- **IT Assessment**: the key to IT success
- **IT Strategy**: align your IT vision for business value
- **IT Organization**: right-size your organization for success
- **IT Project Management**: a *practical* approach
- **IT Staff Motivation and Development**: build a world class team
- **IT Asset Management**: tracking technology assets
- **IT Budgeting**: operational and capital budgeting made easy
- **IT Due Diligence**: merger & acquisition discovery process
- **IT Assimilation**: consolidating redundant technologies
- **What to Look For in a CIO**: get more value from your IT investment

, , , plus more titles to come

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Managing IT organizations at a high level is serious business, but having fun along the way is also important. I hope you find the material helpful in your quest and welcome your feedback. You may contact me at mike@mde.net.

Best regards and success,

**Mike Sisco, ITBMC**  
**MDE Enterprises, Inc.**  
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- **ITLever Blog**  
  [wwwITLEver.com](http://wwwITLEver.com)  
  Free tips and tools, , , updated frequently

- **IT Manager Institute**  
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- **20 Minute IT Manager**  
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# IT Assimilation

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I. “We bought another company; now what?”

Hopefully, this is not the question that confronts you, but unfortunately it occurs quite often and with the world’s corporate environment geared toward corporate mergers and acquisitions it is likely to be a question asked more and more.

Part of the reason this question might come up is because more companies are acquiring another company for the very first time, and we all know about learning how to do something new, , , the hard way.

Corporate CEO’s tend to be entrepreneurial by nature and usually have sales backgrounds. This trend is changing somewhat but the dynamic of who sits in the top chair is expected to be the norm for quite a while.

Generally, the CEO is the driving force in a company’s move to acquire another company. Entrepreneur and sales personality types are usually geared more toward “the hunt” than the work that needs to take place afterward.

**Personal Note:** A sales story I heard in my IBM days described the “stereotypical salesman”. It’s adaptable to any sales force and goes something like this:

A salesman swats a mean grizzly bear on the backside and gets the bear to chase him into the cabin he is sharing with his company’s IT Manager. Once the bear is inside, the salesman slams the door shut and locks it. On his way out the window the Salesman shouts, “You skin this one and I’ll get us another one.”

Sales people do not have to implement solutions or support them other than possibly to help out in a client satisfaction problem. The implementation and support of solutions your company provides to a client is the hard part of the transaction.

Don’t get me wrong, , , I’m not negative about sales people, , , their role is critical for a company to succeed, but it’s a different role when it comes to mergers and acquisitions.

Selling is hard work and requires a certain personality to deal with the highs and lows that are inherent with selling. Most of us have an opportunity to be in sales if we want it enough. Some of us have tried it and know selling is a significant challenge and the salesman’s role in the company should be appreciated, not frowned upon.

With that said, it’s also important to realize that when your company embarks on a new company acquisition, a lot of thought about how to manage the two companies after the merger may not have taken place.
If you are a CIO or a senior IT manager with considerable responsibility for the technologies of your company, you need to know how much planning has taken place and any assumptions that exist relative to how the new company will operate.

There may be very little thought in this regard.

**Sidebar:** Three terms will be referred to quite a bit throughout this document.
1. “Parent Company” - the company that acquires another company
2. “New Company” - a company that is about to be acquired.
3. “Future Company” - a resulting company created by merging two or more companies.

A little background may be worth sharing
I have had considerable experience in mergers and acquisitions. In fact, I may have had as much experience in IT due diligence and assimilation work as anyone in our industry. This isn’t meant to brag, it’s just a fact.

You see, I’ve been involved in 45 company acquisitions as I write this paragraph. In over 40 of them I led the IT due diligence efforts and assimilated the technology resources into my IT organization.

In one company we were such an acquisition machine that I developed my own IT due diligence process and tools that I still use today. Without them, I would have been run flat over by the sheer pace of our acquisitions.

What you are about to read is based upon actual merger and acquisition experience, not a lot of theory about what should work. This content is based upon what actually worked for me or lessons learned from things that did not work as I supported the transition of dozens of New Company acquisitions and assimilated over 40 IT organizations into my own IT organization.

No theory, just practical and simple advice from the acquisition trail.
OK, back to the book, , ,
If you hear rumor or innuendoes of a potential acquisition in your company’s future, find out as much as you can as quickly as possible, especially if you are the CIO. You need time to think about the implications of an acquisition and time to plan for the transition activities required to support the merger.

There is a lot of IT support work headed your way.

Hopefully, your company will conduct a thorough due diligence on the “New Company” with IT and other departments of your company integrally involved. It is the best way to prepare for a new acquisition.

One of the publications in the Practical IT Manager GOLD Series is titled, IT Due Diligence: merger and acquisition discovery process. It includes strategy, how-to methods, and tools to help you conduct a thorough IT due diligence.

Due diligence prepares you for any assimilation efforts that might be needed because the process discovers what you have to work with in the “New Company”, issues that exist, risks, and potential upside that can be achieved by the IT group.

Throughout all the publications in the Practical IT Manager GOLD Series, you will find me repeating the theme, “Ready, , , Aim, , , Fire”.

**Ready, , , Aim, , , Fire**

Assessment is stressed in almost every publication to reinforce defining your targets before beginning any execution. Due diligence, or assessment is a critical step before you start trying to assimilate anything.

A challenge a CEO can have is if he looks at a company acquisition as primarily a legal and financial transaction and does not think it is important to conduct due diligence with the other departments involved.

If so, he will do a good job in the financial and legal areas but will skip over all the other departments, , , thinking that they can do their discovery after the deal is made. After all, to conduct due diligence with every company department involved is expensive, time consuming, and takes people away from their primary work, , , it’s a big investment.
Have you ever heard this phrase?

**Pay me now, , , or pay me later!**

Ignoring due diligence before you sign the dotted line on a merger agreement is high risk, , , extremely high risk. You may forego the due diligence expense but you could pay out a lot more to adjust to problems you discover as you begin the merger.

In due diligence, you discover so much that helps you conduct an orderly and effective transition or merger of the two companies. Without a comprehensive due diligence, you are flying blind, , , and the landing will not be pleasant unless you are lucky.

**Personal Note:** I have seen two different companies take a lackadaisical approach to acquiring another company. The results were bad.

In the first case, a large $1 billion dollar company actually went bankrupt because the company failed to conduct a thorough due diligence and did not develop an achievable assimilation plan.

Because an effective due diligence was not performed, an already over extended management team was constantly hit with surprises that eventually became too much for them to handle.

Obviously, the Parent Company had deeper problems than failing to plan for the merger of the New Company. The lack of planning was symptomatic of the management culture and the addition of such a large acquisition was simply the “straw that broke the camel’s back”.

In the other case, a smaller company ($100 million in revenue) conducted a financial and legal due diligence but no operational, corporate support services, or IT due diligence. The surprises and reactive environment that ensued was very predictable.

These issues are avoidable with an effective due diligence to identify business issues, needs, risks, and opportunities that are inherent in any company acquisition.

It is quite possible that you will encounter an acquisition situation in your career where a full due diligence has not been performed. You may actually find yourself and the rest of the management team asking, “What do we do now?”
Unless the senior management team realizes the risks associated with skipping the preparatory steps to a smooth transition, the challenges will be significant.

A new company acquisition potentially affects every organization of your company, especially the corporate support departments and the IT organization. Do everything you can do to prepare for an upcoming merger by getting involved as early as possible.

The more time you have to understand and prepare for the challenges ahead, the better your odds will be to complete a successful merger.

Here is another word of caution for the IT manager. When the department managers of your company decide what they need to do to support the transition of “New Company”, many of their projects will require IT support. You better get in the game early to understand what will be needed from your IT organization.

Look at this sign closely. If this is how you learn about a company acquisition, , , head for cover, , , it’s going to be a challenge.
II. Identify the Objectives

First and foremost, determine why senior management of the company wanted to buy the “New Company”. Don’t make assumptions here; get it from the “horse’s mouth”.

Depending upon your level within the company, this means speaking with the drivers of the acquisition such as the President, CEO, CFO, or others within the management team. It may mean speaking with your CIO if you are a middle or first level IT manager of the company.

There are many reasons why one company wants to buy another company. The reasons behind this move will be key in developing an appropriate assimilation plan.

Typical reasons include:
- Eliminate competition
- Expand market share
- Enter new geographic territory
- Acquire technology of the other company
- Gain financial leverage by combining the two companies
- Prevent the acquisition by a main competitor
- Differentiate the company from competition
- Buying a public company as a means of taking your company public
- Consolidate an industry

There are several things you should discover. The people driving the acquisition may not have thought through all the transition and operating challenges, but they probably have an idea of how they want to operate the two companies (“Parent Company” and “New Company”) after the acquisition is complete.

Likewise, they should know what the key goals are when acquiring the other company.

Your ability to identify these primary goals and objectives of acquiring “New Company” are essential for your planning.

Let’s explore a few questions that will help you size up the objectives of the company in order to position your thinking as you start planning.

To do this, I have included a New Acquisition Planning Questionnaire on the following page and in the Appendix.
New Acquisition Planning Questionnaire

1. **What is our primary goal for acquiring the new company?**
   Identify what your company expects to achieve by completing the acquisition.

2. **What are your thoughts about how we should operate and organize as a “future company”?**
   This question is intended to determine whether senior management expects to merge the two companies into a single organization or keep the two companies operating as separate entities, or if there are any other expectations you should know about.

3. **Are specific objectives expected in the merger? If so, are timeframes identified?**
   This question is intended to help you get more specific on assumptions that senior management may have made in justifying the acquisition. If you were not involved in due diligence and one was performed, this question also helps you determine if there are any assumptions built into the due diligence report.

Corporate business assumptions associated with an acquisition should influence your IT support planning a great deal.

4. **Is there a due diligence report?**
   Hopefully there is, and if you are the CIO you also hope that you were involved in developing it. After asking this question, you will know. If a Due Diligence Report exists, you should ask for a copy if you are at a CIO level. Lower level managers should ask for due diligence material that affects their particular areas of responsibility.

5. **Are there financial assumptions planned that affect the IT organization?**
   This question is asked to determine a couple of things:
   - Are there budget assumptions in the acquisition that impact the cost of IT support services from what is being spent by the two companies today?
   - Are there leverage initiatives identified that require IT resources to complete?
     This may include merging similar technologies to a single platform, supporting corporate support organization initiatives, or any number of things.

   If there are, they should be highlighted in a due diligence report. If not, use this interview to learn about anything that is anticipated or planned in acquiring the new company that may have an impact on the IT support organization.

6. **Is any technology in the new company considered a key part of our company’s long term strategy. If so, how do you envision using this new technology?**
   You must find out if there are certain technology capabilities of the new company that senior management views as a strategic piece to the company’s future. If so, learn how it fits into your current strategy or whether it will change your strategy.
III. Company Objectives Lead to IT Strategy

Before you begin planning any transition or assimilation activity relative to a new acquisition, you must identify the goals and objectives in place for the “New Company”.

To plan effectively, you must discover what is needed to insure your plans are consistent and “in sync” with your management team. The term “IT agenda” is a negative term that fits too many situations and causes many a company to achieve less than it should. An appropriate agenda is always a “company agenda”.

You can learn more about this in the book titled, IT Strategy: align your IT vision for business value.

Your development of an IT strategy to address a new acquisition must be driven by the goals and priorities of the company’s key objectives in purchasing the new company, if they exist.

More than that, existing IT strategy plans may have to be modified to incorporate the new needs of the “Future Company” that will evolve as a merger takes place.

The key is to bring balance to the equation. You don’t want to lose sight of your existing IT strategy designed to support “Parent Company’s” needs and issues, but introducing a significant new entity into the company mix should cause you to step back and reassess your plans. You may need to modify them significantly, or not at all, you won’t know until you evaluate the situation.

Some executives view an acquisition as an opportunity to achieve success faster.

From a financial point of view, this often works out assuming there are no surprises that end up costing the company a bundle.

From an IT strategy perspective, a merger may simply add to the workload and slow your progress in achieving certain strategic initiatives already planned for your company. A CIO must make adjustments to stay in sync with the CEO and other senior managers of the company as company dynamics change.

This type of significant change can be unsettling or frustrating for people in IT, even for the CIO, but when the playing field changes, adjustments must be made.

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Depending upon your company’s plans, you may need to create a specific team within your IT organization that is dedicated to work on IT assimilation requirements that come about as a result of new company acquisitions.

**Personal Note:** In one company I was with, our plan was to consolidate a niche of the healthcare billing business for hospital based physicians (radiology, anesthesiology, pathology, and emergency care) in the US.

Even though we were one of the largest companies in the country providing these specific services, we had less than 2% of the physician billing business market.

Knowing our industry niche was full of “Mom and Pop” small companies, I organized the IT organization to handle a steady stream of new company acquisitions and we picked them off one by one.

In addition, IT strategy planning always took into consideration the existing initiatives of our company plus the needs and issues of newly acquired companies as the dynamics of our company changed.

As the CIO of our company and the person responsible for the IT due diligence of all new acquisitions, it was easier for me to visualize the impact on existing projects by incorporating due diligence findings into our strategic planning process.

Managing is about balancing issues, especially in IT. One of the fun parts of working in technology is the diversity of issues and the opportunities you have to achieve positive benefits for your company.

There are times we all wish we could just have a simple, non-eventful day. Maybe we should begin an international campaign to create a new holiday just for IT managers called the “NO SURPRISE DAY”.

Company executives want their CIO to build an IT strategy consistent with company goals and objectives. Once you do, you don’t change it radically every time you acquire a new company. There may be times you have to make major adjustments, but in general the company still wants you to accomplish your original plan.

One of the things you want to do when you develop your IT strategy is to take into consideration your company will be adding new companies, , , anticipate these changes so your strategy reflects it’s going to happen.

Some of your IT strategy initiatives may be solved by capabilities that exist in a “New Company” acquisition, , , this is a real plus if it occurs.
Always look for the positives and think about “win – win”, and you will find the path. Ultimately, you want to take advantage of the strengths of both companies in a merger and minimize each of their weaknesses.

A manager who allows himself to swing back and forth like a pendulum every time a significant new event occurs will find himself changing plans a lot. Ultimately, this doesn’t work very well and creates too much uncertainty in your organization.

On the other hand, you can’t put a strategic plan into concrete and decide that nothing will ever change it. You have to be realistic about any situation and incorporate strategy changes as needed to achieve what is best for the company.

Sidebar: A good example of this is a company that is $100 million in revenue with operations focused in ten states within the United States and you are the CIO. You have a well developed strategic plan that your team has been executing for six months.

You suddenly learn your company is about to acquire another company. It is $150 million in revenue with operations in fourteen states and two countries.

I can assure you that you must step back and analyze your existing strategy with this new company in mind. A future $250 million company made up of the two companies is an entirely different dynamic than your current company situation.

Your IT strategy may need to change dramatically.

The key will be for you to balance the new issues with your original IT strategy to insure the IT organization works on appropriate project initiatives that offer the greatest impact for your newly merged company.
Was Due Diligence Conducted?
If a thorough due diligence was performed by your company, you should have all the insight you need to develop an effective transition plan for the IT organization and support of the department managers of your company.

If you are lucky, you conducted the IT due diligence yourself and are already thoroughly familiar with “New Company” strengths and weaknesses. If due diligence was not performed and the company plans to merge the two companies, you need to do some discovery work quickly.

You need to learn everything that impacts IT support.

To do this, conduct an IT assessment to determine the needs and issues of the “New Company” business and the capability and capacity of the IT support organization. This is the knowledge you must have to determine what your IT organization works on.

My book titled, *IT Due Diligence: merger and acquisition discovery process* contains step by step information on how to conduct a thorough IT due diligence.

We will not spend much time discussing the mechanics of conducting an IT assessment in this book since it is discussed in detail in the other materials. But what we will do is touch on several components of due diligence in the next chapter about “sizing up” the situation in order to begin planning your assimilation.

If there is a due diligence document, ask for a copy from your manager, at least parts that have something to do with IT support. Depending upon your level, you may not be able to get the entire report. The CIO should be able to obtain a copy and he can pull the parts that are pertinent to your management responsibilities.

From here on we will take the point of view of a CIO and make the assumption that you have access to any material that was produced in a due diligence effort.

It is always possible that senior management really intends for managers of the company to develop an assimilation strategy after the deal is completed. This is a risky approach, but it does happen. In any event, you need to learn as much about this “New Company” as soon as you can.

If a due diligence report exists, get a copy and read it thoroughly, maybe even a couple of times. Anything in this report can be a potential IT support issue so be sure to read non-IT department sections as well as the IT section.
IV. Size It Up

Now that you know a little about the new company acquisition and have had the opportunity to learn from senior management the goals of the purchase, you can begin developing your IT plan to support the transition activities that will take place to support this strategy.

From a CIO perspective, you must develop a new strategy for your company’s IT organization to support how the new company will operate after the merger is completed. Or, , , at least tweak your existing strategy a bit.

As mentioned earlier, your assimilation planning for the two IT organizations (the original company that made the acquisition and the acquired company’s IT resources) can take many different paths.

Your plan can vary from no action at all to virtually eliminating one of the IT organizations over time. A key point here is that there is no set rule or strategy you can implement in every situation.

That’s right, every company situation and every new acquisition is different and will have its own unique set of dynamics. I’ll provide insight on this by sharing an actual company acquisition situation that will show you just how different your transition strategies can be.
Personal Note: In the mid-1990’s, my company acquired a large competitor company named Advacare. This company was made up of ten different companies acquired over several years, but they had not consolidated any of them except for their Payroll, Accounts Payable, and General Ledger (Accounting) processes.

Each of the ten companies had its own technology platform, separate IT support staff, and different business operations located in ten different cities across the United States.

Even though all ten entities were part of the same parent company, no two were really alike. I developed ten transition plans to support them becoming part of our company.

Three Advacare company entity examples will help you better understand my point.

Company Entity A
One of the business entities had a very different business model than the other nine entities. It was a timeshare business offering technology services to our competition. Obviously, we didn’t want to support our competitors so a decision was made to close this business, it did not fit our business model like the other 9 company entities.

Company Entity B
One of the business entities had significant technology challenges that created considerable employee performance issues and client satisfaction problems. Because the state of the technology and its impact on the business was so problematic, we prioritized the elimination of this technology platform in our “revised IT strategy”.

Company Entity C
Another business entity was doing well with stable technology and IT support organization. My strategy with this one was to leave it alone and let it run “as is” for the short term. The old phrase, “If it isn’t broken, don’t fix it.” holds true in these situations.

So, you see, even in the same company where you would think acquired company entities operate more or less the same, they can be very different.
Planning requires you to first define what you have. With information you have learned about the objectives the company has for acquiring the “New Company”, you can begin quantifying key transition issues that will impact IT support.

This includes things you need to do to transition IT organization staff and technology resources as well as to support all non-IT department managers in their transition projects.

**Assimilating does not necessarily mean eliminating.**

Every company situation is different as we keep saying. What works for one situation may not be the best for another. Your company’s goals and objectives and the issues inherent with a “New Company’s” technology should dictate your plan.

Your transition plan might mean leaving the technology alone for a while.

You may also have numerous transition initiatives to support for the department managers of your company, anything from supporting the merger of two operational offices into one to converting a technology platform so all operations people can use the same technology and operations processes.

You should never go into assimilation planning with a preconceived notion about what you will do, you won’t really know until you have conducted an assessment to identify the business issues.

You accomplish more by keeping an open mind and working to leverage the business based upon what presents itself.

*Take advantage of strengths and eliminate weaknesses*
An assimilation plan may take months, even years to complete. Maybe I better clarify, , , developing an assimilation plan should only take a week or two after you complete an IT assessment, but executing the plan will usually take several months or potentially years to complete.

Most companies will have two groups of assimilation activities to support. Group-1 includes immediate things IT needs to support to transition a “New Company” into the “Parent” Company. Basic things need to happen fairly quickly like:

- Converting Payroll
- Adding “New Company” to “Parent Company” financial accounting systems
  - General Ledger
  - Accounts Payable
  - Purchasing
  - Accounts Receivable
- Migrating employees to “Parent Company” e-mail
- Creating network connectivity

Group-2 includes more strategic initiatives the IT organization must support such as office mergers, migrating technology platforms, etc.

All of these things are assimilation activities. The first group usually takes place in the first 90 days after the merger is announced. The second group may take place a year or more after the merger depending upon the company’s situation and need.

It is important to start defining what your IT organization is going to support as soon as you can, , , otherwise, you get caught in a difficult reactive state.

Begin quantifying the issues and possibilities that exist in the purchase of the “New Company”. You can achieve this by breaking your assimilation effort into six categories:

A. Key business risks
B. Potential problem areas
C. IT dependencies
D. IT organization impacts
E. IT budget implications
F. Transition Opportunities

We will discuss each category and how to “size up the situation” to develop an appropriate assimilation plan. Tools are provided to help you organize the issues so you quantify exactly what you have to take care of.
If your company conducted an IT due diligence, you should already have most of the information we are about to cover.

Organizing and listing the specific issues that exist and will need to be supported in your company’s transition efforts is the best way to visualize the effort your IT organization is about to undertake. It helps when you are able to see the “entire playing field”.

The tools in the following sections can be used “as is” or modified to help you achieve your objectives. The important thing is to define the set of issues you must tackle and then start planning to take care of them with the least cost and highest odds of success.

A. Key Business Risks
Key risks include issues that have business continuity implications, major cost exposure, or other types of risk that materially hurts the performance of your company.

Identifying any of these types of issues and developing immediate plans to address them should be your highest priority. Included in this category are:

1. Key staff retention plans
2. Software license compliance
3. Systems and business application support stability
4. Systems backup and recovery
5. Business regulatory issues

These issues deal with essential services and processes. Essential technology services are any that can create business disruption.

### Key Business Risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Potential Risk Estimate</th>
<th>Remedy</th>
<th>Remedy Cost Estimate</th>
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**Data fields:**
- **Risk**: Description of the risk
- **Issue**: The problem
- **Potential Risk Estimate**: Potential cost exposure
- **Remedy**: Project to address the risk
- **Remedy Cost Estimate**: Estimated project cost

Listing the risks in this table first allows you to focus on issues that need highest priority. You should develop a risk mitigation plan for each issue and implement them as quickly as possible after the acquisition is completed.
B. Potential Problem Areas
Potential problem areas include issues that can create a challenge for you after the acquisition and that you would prefer to avoid. They are not so significant that the operation of the business would be disrupted. Issues in this category include things like:

1. Staff morale
2. Systems stability or capacity issues
3. Business application issues
4. Client service issues or specific client problems

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<th>Item</th>
<th>Issue</th>
<th>Problem $$$ Estimate</th>
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Data fields:
- **Item**: The problem
- **Issue**: Description of the key issue
- **Problem $\$$ Estimate**: Estimated cost impact of the problem
- **Remedy**: Proposed project to remedy the issue
- **Remedy Cost**: Estimated project cost

This group is unlike the previous table in that these issues do not pose business continuity risk.

However, they do pose enough challenge that they are worth listing and to develop a plan to eliminate the issue or to develop a preventive posture for them as necessary.

What’s that old saying? It is something like, “An ounce of prevention is worth a pound of cure.” In the IT world, it might be three pounds!

If there is anything worth remembering it is to plan, anticipate, plan and anticipate some more. The best IT managers I’ve worked with have an ability to anticipate what can go wrong and they implement processes to prevent the problems from happening.

“In IT we have to be able to fight fires, but we need to prevent the fire.”
C. IT Dependencies
This category includes post-acquisition projects identified that require IT resources to support them. These initiatives may include projects that are fully contained in the IT department or project initiatives identified by other departments of the company.

A sample of typical IT dependency projects include:
1. Consolidate e-mail systems
2. Upgrade a Payroll server and process to accommodate the new employees
3. Enhance the company’s infrastructure to give “New Company” employees connectivity to business applications and services
4. Merge two offices into one office

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<th>IT Dependencies</th>
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</table>

Data fields:
- Project: Project name
- Dept./Org.: Department or organization needing IT support
- Assistance Needed: Type of IT assistance needed
- Requested Timeframe: Timeframe the project is requested
- Estimated Cost: Estimated IT cost to support the project
- Priority: Priority (High, Medium, Low)

Two key elements you need to identify are the timeframe needs and the IT resources needed to address the issues. Ultimately, there will be considerable pull on your IT resources, especially those in key roles.

Sooner or later, you have to juggle your staff’s time and availability to do all the work that will be required. Being able to see all the issues that need IT resources will help you make staffing assignments and to manage everyone’s expectations.

A tool you may want to develop is an employee assignment spreadsheet. Whenever you have too many projects, it’s helpful to be able to see your staff’s actual availability.

Create a spreadsheet by grouping similar employees together (infrastructure group, programming group, etc.) in the first column of rows. Add columns for each week and fill in the cells where employees are assigned and unavailable. It will give you a quick visual of resource availability.
D. IT Organization Impacts
Identifying what the new IT organization will look like after the merger and developing a plan to support the transition is important to maintain a smooth IT support operation for both companies.

You must quantify your strategy for the IT organization transition. To develop a transition project there are objectives to define, costs to estimate, tasks to define, and risks to assess to do everything possible to manage a smooth transition.

Even if you plan to keep the “New Company” IT organization intact and essentially provide the same services they have been providing in the past, there is still going to be a transition into their new company.

At a minimum, you will probably initiate infrastructure projects to standardize the connectivity of services for the new employees. Any change that affects their technology environment is a transition issue that needs to be thought through and planned in a way that helps “New Company” employees embrace the change.

One of the best ways to help new employees embrace change is to get them involved and make them aware of where you are headed as early as possible. No one likes surprises and your job as a manager is to minimize surprise for all.

Consider the following list of potential issues that belong in this category:
1. Relocation of IT employees, units, or whole departments
2. Staff reporting changes (who people will report to in the new IT organization)
3. Primary responsibility assignments. The “new IT team” that materializes after an acquisition gives you opportunity to revisit responsibilities and to take advantage of strengths that exist in new IT managers and employees
4. Project plans or strategy changes can affect many on your staff

Be aware of something. If you have been acquired, all of this transition activity is stressful on “New Company” employees. There is a lot of initial uncertainty and uncertainty makes people nervous.

It is also very stressful on “Parent Company” employees, especially IT staff.

**Personal Note:** I used to incorporate into every acquisition assimilation plan a step to make a presentation to my IT staff to announce a “New Company” acquisition and provide them information about the planned merger.

If I did not provide this information, the staff became anxious and nervous, even worried about whether they would continue to have a job as hard as that is to believe. Programmers became especially paranoid every time we acquired another company, so I took steps to prevent potential problems by making them aware of what was going on.
E. IT Budget Implications
This category includes anything that has an ongoing technology expense or a one-time cost or capital expenditure for technology equipment, products, or services required to support the transition.

One of the best ways to go about quantifying transition expenses is to organize them around each project or initiative. With most projects, you want to monitor the project costs anyway and it’s always a good idea to develop a budget estimate before you start.

Budget issues to consider include:
1. Telecommunications expenses
   a. Ongoing service expense
   b. Implementation costs for new data lines (include costs like travel, etc.)
   c. Capital expenditures for equipment such as routers, servers, etc.
   d. Software costs to support user connectivity
2. Software compliance expenses (both one-time and ongoing)
3. Vendor or consulting support
4. Relocations of people, teams, or business units. Include office build-out requirements, cubes, office furniture, supplies, etc. to support transitions.
5. Hardware maintenance
6. Infrastructure enhancements/upgrades to accommodate “New Company”
7. Business application upgrades to support additional capacity
8. Purchase of new PC’s, printers, etc. to support “New Company” employees
9. Travel to the “New Company” locations to manage any transition activity
10. Don’t forget travel for “New Company” and “Parent Company” managers to support transition activities and initial orientation efforts

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<tr>
<th>Item</th>
<th>Description</th>
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<th>Ongoing</th>
<th>Timeframe</th>
<th>Approval</th>
<th>Vendor</th>
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Data fields:
Item Budget item
Description Description of the item
$$ Cost
1-Time One-time expenditure
Ongoing Ongoing monthly expense
Timeframe Timeframe planned to spend the dollars
Approval Approval status of the project/item
Vendor Vendor payment will be made to
Other Other information as needed

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F. Transition Opportunities
With every acquisition there will be many kinds of opportunity. Some will decrease expenses or increase revenue opportunity, and many may improve productivity.

At a minimum, the two companies should be able to provide certain corporate support activities such as Payroll, Accounts Payable, Accounts Receivable, etc. with fewer people and less expense than the combined companies spent before the acquisition.

Senior management will be very interested in the financial opportunities available in an acquisition. There are two types of financial opportunity to look for:
1. Ongoing monthly expense reduction
2. One-time expense savings

It will be important for the CIO to work closely with senior executives of the company and department managers to develop the list of opportunities and prioritize their implementation.

You won't be able to do everything at once. Many projects potentially have prerequisite projects that must be taken care of before they can be started.

It is normal to expect your company to want to consolidate certain functions, especially the corporate services functions of Payroll, Accounts Payable, Purchasing, etc. Most companies can leverage these functions in an acquisition and reduce expenses.

Consolidating these services also standardizes the processes for the company and minimizes overlap and confusion. Certain departments of the company usually have a financial upside opportunity by managing them centrally.

Typical expense saving opportunities include:
1. Elimination of redundant, or duplicate labor by consolidating certain department functions such as Payroll.
2. Elimination of excess rent by merging with similar operations and/or closing operations that are not profitable.
3. Reduction of phone expenses (voice) by standardizing phone carriers.
4. Reduction of telecommunications expense (data) by standardizing carriers.
5. Reduction in IT infrastructure costs by standardizing certain services such as e-mail and eliminating redundant connectivity capabilities.
6. Elimination of redundant business application support costs.
7. Redeployment of PC’s and printers when office consolidations take place.
8. Lower purchasing costs when buying larger volumes due to company size.
9. Reduction in express mail, FEDEX, or UPS expenses by standardizing vendors and implementing technologies that reduce the need for paper.
Once the acquisition is imminent, every functional department in the “Parent Company” should come up with a list of opportunities to go after once the deal is closed.

It will be important for the CIO to be closely involved with every department to identify all plans that have an IT impact.

### Transition Opportunities

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<tr>
<th>Item</th>
<th>$$ Oppty.</th>
<th>1-Time</th>
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**Data fields:**
- **Item**: Opportunity item
- **$$ Oppty.**: Potential dollar value of the opportunity (If not dollars, include benefit description)
- **1-Time**: One-time opportunity
- **Ongoing**: Recurring savings or increased revenue opportunity
- **Cost**: Estimated project costs
- **ROI**: Return on investment (number of weeks or months)
- **Timeframe**: Timeframe the opportunity is expected to start
- **Prereq.**: Prerequisites to achieving the opportunity
V. Prioritize Key Initiatives

After you create the lists from the previous chapter of “size it up”, it is time to prioritize the work. As mentioned earlier, you will not be able to address all issues at once.

In some cases, you will have competing needs among multiple department managers for the IT resources they need to help them achieve their department specific priorities. This is why the CIO must be involved early on in the identification of all the post-acquisition plans of the company. Sitting back and waiting until the department managers ask for help will put you in a very reactive and difficult position.

Prioritizing the post-acquisition initiatives requires balance, diplomacy, and effective collaboration with the other managers of the company.

You should also know that as the CIO of the “Parent Company”, you will probably have IT needs and requests in “New Company” once the acquisition is completed. Often, the owners or senior managers of a company will reduce or stop spending in technology during the time leading up to the sale of their company. They do this to improve the balance sheet and income statement of the company.

**There could be a pent up demand for new technology!**

Sometimes, especially in small privately owned companies, this lack of spending can take place for many years, , , money not spent means money in the owner’s pocket.

Another tendency is that when a larger, more progressive “Parent Company” buys a “New Company”, the new managers sometimes believe now is the time to get all the technology tools they have been wanting. They think you have lots of money.

Be cautious and deliberate to discover what “wants” versus true “needs” are. You should only invest in the “needs” initially.

If your company acquires another company that has not made appropriate investments in IT resources, you will typically find IT support needs with most of the managers in the “New Company”. Add this list to the list already identified by the “Parent Company” management team and you suddenly find yourself with a considerable IT support effort.
This is another reason why you want to conduct a thorough IT due diligence. It’s the only way to get ahead of the “power curve”. You need time to assess and plan for the list of support issues your IT organization will need to be involved in.

An effective approach at this juncture is to begin listing every project that needs to be done and identify the level of priority that each project should have. I normally put project initiatives into one of three categories, , , High, Medium, Low.

The most important thing to do is to get a full count and definition of all the projects that are anticipated and will need IT support.

As you make the project list, estimate the type and amount of IT resource required and any prerequisites or dependencies required for each project.

The following table can be used to help you with this step.

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<th>IT Transition Project List</th>
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<td>Project/Initiative</td>
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*Data fields:*
- Project/Initiative: Project description
- Timeframe: Timeframe the project is needed
- Priority: Priority level (High, medium, low)
- IT Resource Needs: IT resources needed
- Dept.: Department manager responsible for the project

Using some of the other tools we discussed will help you see conflicts and dependencies as you plan the overall timeframe for delivering all the transition projects.
VI. Make the Tough IT Decisions

This section possibly contains the most difficult part of the work you will face in light of a new acquisition.

In order to do an effective job in assimilating a “New Company” into “Parent Company”, you must approach the situation as objectively as possible.

I will speak totally from a CIO perspective, the person responsible for the merger of the technology resources of two companies when an acquisition takes place.

In any acquisition, one of the objectives should be to make the future company more powerful than either of the companies could become by themselves. In other words, a merger offers both companies the ability to become stronger faster.

That’s right, a win-win approach means the total is greater than the sum of its parts. An acquisition offers both companies big opportunity when looked at in this light. It can also be a real tough situation if looked at negatively.

Each company has positives and negatives. The challenge as well as an opportunity is to take advantage of each company’s strengths and try to eliminate as much of their weaknesses as you can. To do this, you have to step back and make an objective assessment of how to view the future company.

If you can, you should look at all the technology resources (equipment, infrastructure, processes, and people) of the two companies and develop a plan to keep the best and to eliminate the worst, and do it in the most cost effective way.

This is much easier said than done. The point is that you should not enter into an acquisition with a mindset that you will simply put all the “New Company” technology resources under your current “Parent Company” management team. You might miss out on some great opportunities by being so short sighted.
You don’t completely reorganize an IT organization every time your company makes an acquisition. If I had done this in our company that acquired 35 companies, it would have driven my management team crazy and probably caused a lot of employee turnover.

You can develop a vision of where you want to take the organization as a whole and plan to get there over time. Every new change does not require a strategy overhaul.

Each “New Company” acquisition introduces new challenges and opportunities for an IT organization. Your ability to incorporate assimilation projects into your long term strategy without losing sight of where you are taking the organization and company will be important in dealing with any merger.

There are going to be some tough decisions you will need to make as the head of IT.

Failing to decide on an issue is actually making a decision, not to do anything. While there are situations where deciding to hold off on a decision until a few things develop is appropriate, most of the time failing to decide is simply procrastinating on a tough issue.

When people’s lives and careers are involved, it can be very hard to pull the trigger. I know firsthand how difficult some of these decisions are.

The first rule of management is to do what’s best for your company.

The decisions you make need to be objective and supportive of the company’s goals. When you throw in another company with all of its resources and issues to your company’s current situation, it starts complicating the picture somewhat.

Two thoughts always help me through a process of “sorting out” the appropriate plan when acquiring other companies.

1. The merger of two companies creates an opportunity to create a stronger IT team and focus.
2. Doing the right thing for the company ultimately means more opportunity for our employees.
Do not forget, the ultimate goal of almost every company is to improve earnings.

Normally, a company’s highest costs are in labor and labor related expenses. Take care of transition initiatives that allow your company to grow with less labor as a percentage of revenue and you begin taking steps that are important to your company’s future.

**Personal Note:** I have seen managers struggle with decisions that are needed to do the right thing for their company when it comes to people and their organizations. In a new acquisition, one of the real opportunities tends to be the ability to eliminate redundancy, and often redundancy will be found in IT staff positions.

In one example, I remember a young manager failing to consolidate several parts of the organization because he liked the manager of a business unit.

The level of success of any company depends upon taking advantage of the opportunities that present themselves and making objective decisions that will improve the company’s operation.

Please don’t take this to mean you should be cold and have no consideration or compassion for employees of your company. It’s not what I’m trying to convey at all. You should be caring and considerate for employees in both “New Company” and “Parent Company”.

At the same time, you have to make tough decisions at times. Your company expects you to be able to make them and counts on the fact you will. Your ability to make tough and appropriate decisions helps your company grow and become more profitable. This allows you to do more for the overall employee base of the company in the long run.

In a CIO role, you may also need to help other managers in the company reach important decisions related to eliminating redundancy. Often, the critical path for a department manager to arrive at such a decision depends upon available technology resources to assist with a transition project’s implementation.

There are three types of projects you will have to balance when you begin dealing with “New Company” assimilation issues:

1. Projects in the initial IT strategy for “Parent Company” prior to the acquisition
2. “New Company” assimilation projects that have IT resource dependencies
3. IT organization assimilation initiatives
A sample of tough decisions you might encounter in defining these projects include:

1. Reassigning IT management responsibilities to take advantage of strengths in the “New Company” management team
2. Eliminating certain technologies that people have vested interests in but are not as valuable to the company in the long run as other alternatives
3. Reorganizing the IT organization
4. Closing offices that become redundant with addition of “New Company”
5. Terminating redundant IT staff
6. Halting or postponing projects that are now deemed less important

The list can go on and on. The crux of the issue is to identify the challenges and opportunities as best as you can and once you prioritize them, take the appropriate action no matter how difficult in order to help the company move forward.

Companies fail because they lack the discipline or courage to make tough decisions.

**Personal Note:** An example earlier in this book mentioned a business unit of a company we acquired that I had to close because it was a bad fit for our company. I can assure you this was a tough decision for me, but as the CIO and the fact that this particular business unit was all technology employees, it was my responsibility.

I’ll never forget the knot in my stomach in the moments leading up to my meeting with the fifteen or so employees. Many had been with the company for over ten years, and here I was coming into town and about to turn their lives upside down.

The transition was handled professionally with consideration and a commitment to support all employees in their efforts to relocate to another company. The way you handle these issues pays you back tenfold, so treat others as you want to be treated.

I can list many examples of my making tough decisions in my career. Not all of them went as smoothly as I wanted, but in looking back I can honestly say I tried to do what was right for my company in a way that was supportive of the individual employee.

To do what is right for your company sometimes means people lose their job. You can look at it as an unfortunate part of being a CIO or as I do, , , it is a tough decision that actually creates more opportunity for those who continue to be part of the company.

Things tend to turn out for the best if you allow them to. I have removed employees from certain job functions because they were not successful and weren’t going to be. At the time, these employees probably thought I was being unfair or that I was wrong. Over the years I have seen these employees move to other roles better suited for their skills and they become very successful. This, in my mind, is what management is all about.
Take the list of assimilation project initiatives you developed in the last chapter and assigned a priority level (High, Medium, or Low) to be your starting point to create an overall assimilation strategy.

My recommendation is that you create an initial draft of the priorities with an implementation schedule and review it with the appropriate senior operations manager of the company like the President or COO.

Ultimately, your IT support priorities need to be agreed upon by those affected so I would always try to work with the most senior manager who has the most to gain by addressing the initiatives. In my experience, it has usually been the President of the company, but in very large companies it will be someone at a slightly lower level.

Tough decisions will be required to make the tradeoffs necessary to work on the projects that provide optimal benefit for your company. You may have to put on hold many of the excellent initiatives that already exist or maybe you are already working on.

There may not be an ultimate path that stands out as “the right path to take”. In fact, there may be dozens of alternative approaches that would create success for your company. To be certain, there will be choices and tradeoffs.

As you prioritize the projects, consider the following to balance their importance.
- Project cost
- Payback (timing, dollar significance, and other benefits)
- Immediate versus long term need (for example, setting all “New Company” employees up on payroll is usually an immediate requirement)
- IT staff capacity and timing of availability
- Corporate department or operations strategy
- Impact on morale (both “New Company” and “Parent Company” employees)
- Business risk, especially business continuance risk
- Future company plans
- Project prerequisites and dependencies

Again, there will be more than one approach that will work. The key is to develop a plan that does work and you believe will gain agreement from senior management.

If you need help in developing an IT strategy, complete details are provided in my book, IT Strategy: align your IT vision for business value.
VII. Gain Agreement on Assimilation Strategies

Tradeoff is the name of the game. Every department will have its own needs and most will have a dependency upon the IT organization to accomplish many of their initiatives.

The CIO should be closely involved with every organization’s planning and should be certain to investigate department manager assumptions for their assimilation initiatives.

You will be surprised how many managers don’t really think about the impact their decisions have on the IT organization in order to accomplish their objectives.

In normal times, IT response is more focused on day to day support and major projects to support the company’s departments. During acquisition times, these same IT resources will be stretched unless the company creates a separate IT unit to take care of assimilation projects.

Staffing a separate assimilation team sounds good but isn’t always feasible for all IT skill sets due to cost and the fact you don’t want certain infrastructure projects to be worked on outside your primary infrastructure team.

If you have worked closely in developing an assimilation plan with the department managers of the company and used your insight and influence, you have a head start in doing what is needed to gain full cooperation and agreement on your strategy.

I have found that even though you develop an IT strategy, it can be better for the President or Chief Operating Officer (COO) of the company to deliver it to the rest of the management team. Most IT strategies need to be viewed as a company strategy, not an IT strategy. There will almost always be resistance when it comes from IT.

Don’t take it personal, , , it’s just the way it is. Business managers tend to resist things that come from the IT department.

When a senior manager like your company COO delivers the message to his junior managers who happen to be department managers, there is much less resistance. In fact, there is generally no resistance to his set of priorities.

The key is to gain agreement about the priority of all assimilation projects requiring IT support with the appropriate senior managers of your company. When you do, it will be much easier to manage all department managers’ expectations.
A. Every department’s needs and pain are not the same
Developing an appropriate assimilation strategy requires you to consider many different perspectives. As the CIO, you and the senior operations managers must determine where the best opportunities are for the overall good of the company.

You also determine where the greatest risks are and make decisions on each project initiative as to whether it should be handled immediately or can wait until later.

Many project initiatives will probably have to take place simultaneously. Typically, when a new company is acquired it can be very hectic for the acquiring company’s corporate management team for weeks, even months, after the deal is closed.

Every bit of assessment and planning time you have had will help.

As plans begin to materialize, always consider the level of pain for individual departments surrounding each issue of the assimilation projects list.

It may be difficult to understand another manager’s needs or pain when you don’t walk in their shoes. It is important to try to understand the business need and to separate potential emotional feelings from your evaluation.

Additional work created to transition a new company into your own can take a considerable toll. Tempers can get short and frustration can build, not only among managers of the company but employees as well.

Be aware of the challenges that face everyone and position your IT organization to be the organization that helps them through their challenges. This is a time when the IT organization can truly shine as you support transition efforts of the company.

Be sure you get senior operations managers involved to help you objectively look at risks, needs, and challenges of non-IT departments. If you allow yourself to become the decision maker for what is most important or not so important, it will be a big problem.

You need the support of senior operations managers to help manage non-IT department manager expectations, , , **DO NOT TRY THIS ALONE!!**

For any given department manager, his needs or issues are **always** the most important in the company, , , at least for him.

You need someone at a higher level who can filter out the noise and determine more objectively what’s most important for the company among several department managers. Otherwise, the IT organization gets crushed with overwhelming project demand you will not be able to deliver.
B. It’s still a company team
At the end of the day, all employees of the “Parent Company” and “New Company” are going to be part of the same company. In a CIO role, you are in a special position to promote a “one for all and all for one” culture for the company with a successful merger.

The quicker you and other senior managers in the company can settle on a cohesive assimilation strategy and begin implementing the plan the easier it will be for “New Company” employees to begin blending into your company culture.

One of the keys in making new company employees feel a part of their acquiring company is when they are using the same technology services such as e-mail.

Experience has taught me that you need to take action quickly to help the new employees feel a part of their new company; otherwise they feel like step children.

As you are negotiating your way through prioritizing the assimilation initiatives, always reinforce the concept of a “new team” and take actions that exhibit to others that you are sincere. Doing good deeds and helping others really does pay you back tenfold.

Another tip that helps reinforce the concept of “team” is to use words like “merger” and “new company” as opposed to words like “acquisition”, “purchase”, etc. This goes for conversations with all the IT staff and employees of “Parent Company”, not just employees of “New Company”.

If you are able to take the word “acquisition” out of your vocabulary and use “merger” instead, it helps much more than you probably realize.

Employees of an acquired company can quickly gain a feeling of being separated from the team and that they are treated differently from the employees who have been with the company for a longer time.

You can eliminate these feelings by reaching out to them and getting them involved in the company’s strategic initiatives. The longer you wait, the tougher the challenge becomes in creating a new IT culture that includes your new employees.
VIII. Build an Assimilation Project Plan

Now that you have identified all assimilation project initiatives, you know where the IT dependencies are, and you have an agreed upon set of priorities, you should be able to develop your implementation plan.

Our discussions so far have identified several types of IT assimilation projects:
1. IT organization projects – projects and tasks that deal with the transition of the “New Company” IT staff into the “Parent Company”.
2. Technology initiatives – includes infrastructure, business applications, and process upgrades, conversions, or changes to support the company.
3. Department initiatives requiring IT support – projects initiated by department managers of your company that depend upon IT support to complete.

A good idea is to maintain a list of all projects that IT must work on. This information will allow you to visualize the status of all assimilation activity that requires IT support.

Each project initiative should be developed into a real project plan just as you would any other project. Some initiatives may be very simple, others quite complex.

There are several tools that will help you manage, monitor and report the status of transition projects your IT staff works on, such as:
A. IT Transition Project List
B. IT Assimilation Project Summary
C. Business Application Conversion Project Plan
D. Employee Transition Planning

We will discuss each in the pages that follow.
A. IT Transition Project List

Your overall IT assimilation strategy project list can be organized into three logical groups as we have mentioned:

1. IT organization transition projects
2. Technology initiatives
3. Department projects that require IT support

Start by listing all project initiatives you have identified into one of the three groups with highest priority item listed first. Use this summary list to provide those who need an overview list, you can also use it to provide status updates.

Any way you choose to list your projects will work; the main thing is to maintain a comprehensive list so you can see everything IT must work on.

<table>
<thead>
<tr>
<th>Project/Initiative</th>
<th>Timeframe</th>
<th>Priority</th>
<th>IT Resource Needs</th>
<th>Dept.</th>
<th>PM</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Organization</td>
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<tr>
<td>Technology Initiatives</td>
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<td>Department Support</td>
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</tbody>
</table>

- Project/Initiative: Project to support the “New Company” assimilation
- Timeframe: Estimated timeframe to implement the project
- Priority: High, Medium, or Low, or the method you choose
- IT Resource Needs: Specific IT resources required
- Dept.: Department the project supports
- PM: Project manager
- Status: Status of the project
After you finalize this summary list, begin developing detailed project plans for each project initiative. The key will be to coordinate well because of the competing needs for your resources, prepare to do some major resource juggling.

Project planning is not discussed in detail in this publication. Another book in the Practical IT Manager GOLD Series titled IT Project Management: a practical approach discusses the project management process more fully.

In many cases, the acquisition of a similar company will create a situation where the two companies operate similarly and therefore have redundant business applications.

Leverage is almost always gained by using one technology platform versus two or three. It is inherently less expensive to maintain and support a single technology platform than to support multiple platforms.

When you have redundant and duplicate technologies, you will want to convert the business operation from current systems to the one that offers the greatest productivity and overall benefit for your company.

Converting systems is only a single line item on your IT Transition Project List but it can be a very large project that takes several months to complete.
B. IT Assimilation Project Summary

Now that you have high level overview information of each project, it probably helps you to see the timelines of when things will take place. You can add timeline information to the IT Transition Project List table we just discussed or simply copy the list of projects into the summary tables you are about to see.

This table summarizes expected timelines for each project. The reality is that you won’t build a detailed plan for each project until you get to a point that your team is ready to work on the project. Putting this overview together can help you and the senior managers view the landscape when trying to prioritize each of the projects.

You should have enough insight from experience about how long typical project initiatives take to complete. You can use the information to develop an overall timeline based upon the projects you have defined to assimilate the new company.

If necessary, build in buffer time to help you set and manage expectations on the approximate timeframe you plan to have your IT resources work on each initiative.

This information will help you manage other manager’s expectations. Most are going to be as interested in the timeframe as anything else. Senior managers of the company are also going to have a keen interest in “New Company” transition activity.

In the IT Assimilation Project Summary table we focus on summary timeframes only.

If you like, you may combine all or parts of the tables in this book. Do whatever you can to minimize your administrative effort while having enough information available to help you monitor and manage the expectations of managers in your company.

Keep it simple and make it easy on yourself!
The **IT Assimilation Project Summary** allows you to see the overall timeline status of the assimilation projects quickly and can be used as an excellent status meeting tool to share with other managers. A blank template is provided here and in the Appendix.

<table>
<thead>
<tr>
<th>IT Assimilation Project Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project</strong></td>
</tr>
<tr>
<td><strong>IT Organization:</strong></td>
</tr>
<tr>
<td><strong>Technology Projects:</strong></td>
</tr>
<tr>
<td><strong>Department Support:</strong></td>
</tr>
</tbody>
</table>

Data fields:
- **Project**: Project name
- **Resp.**: Project manager or person responsible
- **Mth-1 through Mth-6**: Months 1 through 6; insert appropriate month label

A sample plan is worth taking a look at on the next page. In this plan, I have included a list of projects that are normal assimilation activities to give you an example of how the IT Assimilation Project Summary can benefit you in seeing “the whole playing field”.

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### Sample IT Assimilation Project Summary

#### IT Assimilation Project Summary

<table>
<thead>
<tr>
<th>Project</th>
<th>Resp.</th>
<th>Mth-1</th>
<th>Mth-2</th>
<th>Mth-3</th>
<th>Mth-4</th>
<th>Mth-5</th>
<th>Mth-6</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Organization:</td>
<td></td>
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</tr>
<tr>
<td>1. Develop employee transition plan</td>
<td>CIO</td>
<td>/</td>
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<tr>
<td>2. Develop new organization plan</td>
<td>CIO</td>
<td>/</td>
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<tr>
<td>3. Deliver employee letters</td>
<td>CIO</td>
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<tr>
<td>4. Announce new organization</td>
<td>CIO</td>
<td>/</td>
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<tr>
<td>Technology Projects:</td>
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</tr>
<tr>
<td>1. Upgrade new company connectivity</td>
<td>Infr.</td>
<td>/</td>
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<tr>
<td>2. Implement e-mail standard</td>
<td>Infr.</td>
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<tr>
<td>3. Convert company’s legacy system</td>
<td>Apps.</td>
<td>/</td>
<td>/</td>
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<tr>
<td>4. Build new data interfaces</td>
<td>Apps.</td>
<td>/</td>
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<tr>
<td>5. Close new company IT department</td>
<td>CIO</td>
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<tr>
<td>6. Publish IT support procedures</td>
<td>Infr.</td>
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<tr>
<td>Department Support:</td>
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</tr>
<tr>
<td>1. Convert Payroll master file data</td>
<td>Apps.</td>
<td>/</td>
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<tr>
<td>2. Corp. build-out for new employees</td>
<td>Infr.</td>
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<tr>
<td>3. Relocate Corp. support employees</td>
<td>Infr.</td>
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</tbody>
</table>

As you can see, this table will give you and other managers a quick view of all the projects planned. As projects are completed, change the “/” to an “x” to easily see the status of completed projects.

These first two tables are very high level. The next template is more along the line of an actual project schedule.
C. Business Application Conversion Project Plan

Often, it becomes advantageous to eliminate a legacy application system. This opportunity may result from an acquisition of another company or simply the desire to implement a more robust business application to replace older software.

You can use the tool in this section to give you a quick start to developing a legacy system conversion plan. This is an actual conversion plan I’ve used to eliminate many technologies. A blank template is included in the Appendix.

A systems conversion is made up of several parts. My approach has always been to break the project into the following groups:

A. Assessment - Every project requires some initial information gathering. An assessment should determine what equipment and supplies need to be ordered, whether current systems and networks have the capacity needed to support the additional business, and any special functionality needed by the users to support their business.

B. Ordering – Dotting the “i’s” and crossing the “t’s” is easier when you list every item that needs to be ordered. Your assessment should define all items needed.

C. Infrastructure - Implementing the equipment and connectivity to provide technology services to users of the converted application must be done in advance. In addition, the Infrastructure team is the key in bringing the new operations into the same standards of services as the rest of the company.

D. Master File Setup – Creating or converting the master file information on the new system takes time and care in order to get the new operation off to a smooth start in using the new business applications.

E. Programming – Programming issues include data conversions, converting any existing data interfaces, and adding enhancements to your applications that are critical for the new operations to support their existing clients. One note here is that I don’t recommend enhancing your applications to do everything that the acquired company’s applications can do. What I do support is implementing enhancements that are critical features important to key clients of the business.

F. Training – Training should be planned and implemented for all new employees that will be using the new systems. It is better to provide training onsite at the employee’s location if possible to minimize disruption of their business activities.

The sample project plan that follows is an excerpt from an actual plan I have used many times. Every conversion will have its own unique set of issues, but the sample should provide you with a fast start toward developing a plan for your own needs.
## Sample Business Application Conversion Plan

### MDE Enterprises

#### Project: Legacy System Conversion

**Proj. Mgr.: Mike Sisco (555-555-5555)**

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Assessment</td>
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<tr>
<td>2. Assess equipment to determine new equipment needs</td>
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<tr>
<td>3. Assess building wiring or cabling compatibility and locations</td>
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<tr>
<td>4. Assess building telephone setup to determine needs</td>
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<td>5. Determine required forms needed</td>
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<td>6. Assess AS400 capacity requirements</td>
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<tr>
<td>7. Assess Corporate network capacity requirements</td>
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<td>8. Assess Corporate department additional capacity needs</td>
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<td>9. Identify ability to convert LD contract to primary carrier</td>
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<tr>
<td>10. Identify all user-ID and functionality requirements</td>
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<tr>
<td>11. II. Ordering</td>
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<td>12. A. Order cabling</td>
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<tr>
<td>13. B. Order desktop and printer equipment (if required)</td>
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<tr>
<td>14. C. Order VAN lease from carrier</td>
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<td>15. D. Order VAN equipment</td>
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<tr>
<td>16. E. Order software for E-Mail</td>
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<tr>
<td>17. F. Order Client Access for PC connectivity to AS400</td>
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<tr>
<td>18. G. Order forms for Operations</td>
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<tr>
<td>19. H. Order AS400 upgrade</td>
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<tr>
<td>20. I. Order Corp. network capacity upgrade items (equipment, services, etc.)</td>
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</tbody>
</table>

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### MDE Enterprises

#### Project: Legacy System Conversion

**Proj. Mgr.: Mike Sisco (555-555-5555)**

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
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</thead>
<tbody>
<tr>
<td>III. Infrastructure implementation</td>
<td></td>
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<tr>
<td>2. Cable the buildings (if required)</td>
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<tr>
<td>3. Install VAN equipment and establish connectivity with carrier</td>
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<tr>
<td>4. Install MIS Office Client Access, and e-mail on PC's</td>
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<td>5. Install additional PCs and printers (if required)</td>
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<tr>
<td>6. Test printer and remote office connectivity &amp; capability</td>
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<tr>
<td>7. Define and setup &quot;old system&quot; access for ongoing &quot;kick-off&quot;</td>
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<tr>
<td>8. G. Install AS400 capacity upgrade</td>
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<tr>
<td>9. H. Install Corp. network capacity upgrade</td>
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<tr>
<td>10. IV. Remote Office Setup (Application Systems)</td>
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<tr>
<td>11. A. Setup new Operations codes and related master files</td>
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<tr>
<td>12. - General Ledger codes</td>
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<tr>
<td>13. - Employer Master</td>
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<tr>
<td>14. - Payroll Master</td>
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<tr>
<td>15. - Charge Master</td>
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<tr>
<td>16. - Sales Reps</td>
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<tr>
<td>17. - Physicians</td>
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<tr>
<td>18. B. Setup User-ID's &amp; passwords - Network &amp; AS400</td>
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</tr>
<tr>
<td>19. C. Setup e-mail addresses for designated users</td>
<td></td>
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</tr>
<tr>
<td>20. D. Test database for Clinico/Revenue Management operation</td>
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<td></td>
</tr>
</tbody>
</table>

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The plan has been modified slightly to remove items that were specific to the company I was working with at the time. Most items on this project plan are issues that should be considered in eliminating any legacy system.

This project management template is included in MDE’s IT Manager ToolKit. Information on this and other tools in the ToolKit are available at www.itmanagerinstitute.com.

As you review a plan of this nature, be aware that some line items may have a small project plan of their own. For example, setting up new workstations for a remote facility may have several tasks required of the infrastructure team to complete the job.

What’s nice about having something like this is that 80 – 85% of the work in developing a systems conversion project plan is already done, , , just change the month headings, modify the tasks as needed, add a responsibility for each task and put in an indicator for the timelines, , , and you are done.

A systems conversion project plan takes me about an hour to complete versus most of the day, , , and you gotta like that.
D. Employee Transition Planning
A key challenge in implementing a systems conversion plan is there will be employees whose sole job is to support the technology you are about to eliminate.

It’s safe to say that when you eliminate a large business application, there will be support people who are probably not going to be needed after the conversion.

To do the conversion work, the support staff must know what is about to happen.

It’s actually best to make them aware. A conversion project has three key objectives:
1. Gain leverage by eliminating redundant expenses
2. Complete the project in a smooth, predictable manner
3. Coordinate the project in a way that protects the employee and the company

The first two goals are straightforward - achieve the upside and do it predictably with minimum surprises. The last goal is a real challenge and if handled poorly can jeopardize quite a bit, even create business continuity risk.

Let’s look at an extreme scenario, but one that can occur:

Sidebar: Your company purchased another small company with an identical business model as yours. You plan to eliminate duplicate business application technologies of the “New Company” and transition their operations to your company’s applications.

“New Company” has an IT staff of 12 people supporting their infrastructure and primary business application software. Your conversion plan will terminate 10 people.

Priority one is met because you incur a decrease in employee salary and benefits for ten people. Your challenge is to convert the applications to your company’s technology platform without losing “New Company” IT staff prematurely. This would create a business continuity risk, something you certainly need to prevent.

Start thinking “win-win”. You will want to share the plan with these employees who are going to lose their jobs. If you don’t, they will figure it out soon enough and will do what anyone would do, , ,  begin looking for another employer as quickly as possible.

I’ve gone through at least twenty conversions of this type and have found the best policy to be one that tries to be fair, open, and honest. You also have to manage proactively.

“Hoping” things will work out leads to unexpected surprises which are usually negative. Reacting to surprises makes you more dependent upon these employees. You must manage proactively to create predictable outcomes. You may still have a surprise or two but they will be manageable.

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You may be asking, “How in the world do you protect an employee you are going to terminate at the end of a software conversion project?”

The way you protect an employee in such a situation is to eliminate or reduce his unemployment risk.

Sounds like a conflicting statement, I know, , , but read on and you will understand what I mean by this and how you make it happen.

You will probably need some of the IT employees in “New Company” to help you with transition projects. At a minimum, you need to continue supporting the “New Company” business for a period of time while you work through the merger transition projects.

The “New Company” IT staff is critical in supporting this business, so you will need many or most of them to stay with you until the key transition projects are completed.

That’s right, , , you are going to ask them to stay with the company so you can terminate them at a later time.

It has to be a win – win or they won’t stay around and help. Neither would you or I in a similar situation.

The risk these employees have is being unemployed. It is very unfair and inappropriate to ask an employee to help you and to take all the risk. No one is going to do this.

While you can’t totally eliminate all risk, you can create an employee transition plan that eliminates much of the risk and stress of being terminated after the project is completed.

In fact, you can actually structure a severance plan that will actually create upside for the employee.
Remove the risk plus create financial upside and you are likely to retain the employee through the transition.

We all want honest leadership. When we hear bad news, we are able to deal with it, especially if we have ample time to prepare for the challenge presented.

Most people would prefer to hear about bad news well in advance so we have time to digest the information, plan, and act accordingly.

**You have one chance of gaining a new employee’s trust.** In any acquired company situation, every employee has three key questions:

1. Do I still have a job and is it going to change?
2. Are my benefits or salary changing?
3. Will I have to relocate?

These questions are going to come up as soon as the employee learns his company has been sold. How you answer these questions can either start a trustful relationship or will cause employees to not trust you and be skeptical of your every move.

When I say you have to be open and honest, it doesn’t mean telling employees everything. Until you have a real plan, the answer should be, “No plans have been defined yet; we are evaluating options and will discuss our plan within x timeframe.”

If you can’t be specific, then don’t speculate or guess. It will only cause problems later. Instead, work quickly to make the transition decisions so you can share a plan with your new staff and get moving forward.

**No news is not good news in this case!**
What you want is to be able to sit down with the IT staff of “New Company” and lay out your transition plan as soon as possible. The longer you wait the more stressful the uncertainty becomes for the employees.

In truth, it is stressful for IT employees of both companies when there is uncertainty as to the direction you plan to take, it’s a bomb with a short fuse and it will go off. More stress creates more risk for your company. Many employees will not sit around and wait for what they think is going to be “bad news”.

**Sidebar:** IT employees are analytical by nature, over 90% are high detail and analytical. When a high detail person does not know what is going on, he begins to analyze the situation.

The problem is a high detail person tends to arrive at a negative answer after analyzing a situation like, “Our company was just acquired, what does this mean for me?”

An IT employee does not come up with, “This is going to be great for me.”

What he usually concludes is, “I’m going to lose my job.”

What this means is you have to head this problem off, otherwise you will lose some of the employees you need to help you through the transition. Unfortunately you will lose the best employees, not the weaker ones. This creates risk.

Follow these guidelines to offset these problems:
1. Define your objective
2. Develop the transition plan and employee transition package
3. Review the package to ensure you are protecting the individual, which in turn protects your company
4. Review the package with Legal and Human Resources
5. Review the package with senior management and gain approval
6. Communicate the plan to the affected employees
7. Follow-up with each employee one-on-one to reinforce the plan and their participation

What people need to know is what is going to happen, and they need to know as soon as you can deliver the information.

**Personal Note:** In most acquisitions I’ve worked with, we delivered our transition plans to employees the same week the merger was announced. We knew how much risk is created by uncertainty and could jeopardize what we wanted to do so we placed a high priority in sharing our transition plans with employees who were impacted.

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In a company acquisition, “New Company” will have up to three types of IT employees a CIO must plan for. You will need to develop a transition plan for each group.

1. Employees who are no longer needed and can be terminated immediately
2. Employees who are needed through key transition projects
3. Employees you want to become part of the future company

“New Company” IT employees

Group-1 Terminate
Group-2 Transition
Group-3 Permanent

Group-1 and Group-3 employees are straightforward. You terminate one group and you reinforce your desire for employees in the other group to become part of your company.

Hold on, announce the merger and terminate Group-1 employees on the spot?

There will be employees in other parts of “New Company” that fall into this group as well, usually people in Accounting, Accounts Payable, Payroll, etc. Hopefully, your company does what it can do to ease the pain for this group of employees.

**Personal Note:** I was fortunate to work in a company with very professional senior managers who had a simple philosophy about this. Their approach was, “If we do what is right by our clients and our employees, we will be very successful, if we treat them poorly, we will fail.

What this meant was that Group-1 employees received a severance and transition support to help reduce the pain associated with losing their job due to the acquisition.

If you do not treat the employees in Group-1 professionally, it will come back to haunt you. One of the big issues it will create is to raise suspicion and concern with the employees in Group-2 and Group-3. You don’t want these headaches.

What you hope to create is an image where terminated employees will say, “We didn’t like the decision, but we respect the way we were handled and the support given to help us make our transition.”

With Group-3, you welcome them aboard and have them sign an Employee Agreement like you do all other employees of the company if you have one. They, like your other employees, have a future career in being part of a growing company that will result from this merger.
The real challenge is Group-2, , , employees you need for some period of time until you complete key transition projects. These employees could be working on the actual transition projects or they support “New Company” business as they have been.

Having managed several acquisition transitions, the following employee transition components have proven valuable to me in our efforts to achieve the transition objectives while protecting the business when dealing with employees in Group-2:

1. **Guarantee salary** through (mm/dd/yyyy) unless the employee is terminated for cause. This guarantees employment for the employee through a certain date and will take their mind off finding immediate employment. It also has a clause that expects the employee to perform in his/her job function as you would normally expect them to.

2. **Bonus** of (x%) if you remain employed through (mm/dd/yyyy) or until the systems are converted, whichever comes first. This retention bonus gives the employee upside when the employment ends, especially if they have positioned themselves to begin work with another company immediately after project completion. Also, by wording it this way, it gives them incentive to complete the conversion ahead of schedule. Be certain you have buffer in your date as it will be difficult to get employees to extend employment once they set their sights on the deadline date.

   If your transition takes three or more months, you need to consider a bonus of at least 20% of the employee’s annual salary.

   I know this sounds like a lot, but you will not get anyone to sign up to help you unless you make the offer a tangible incentive, , , or they will tell you they are committed but will leave as soon as they find another employer.

3. **Outplacement support** to assist in transition. Typical support might include resume preparation assistance, interview coaching, even job placement assistance depending upon the situation. This shows additional commitment in helping the employees make a smooth transition to another company.

4. **Letter of Recommendation** from the CIO explaining the reasons for the employment change can be very helpful and appreciated by the employees.

5. **Time to interview** when the time arrives. Assuring employees they will have the flexibility and support from their current management team to actively pursue a position in another company is the type of support they need.
These items are intended to do several things for employees who you need through transition but cannot offer them a long term future with your company:

- Reduce their unemployment risk
- Provide transition assistance
- Lock them in to help you by providing tangible incentive
- Create upside

Here is the thing, , , you want to pay each employee in Group-2 his “retention bonus”. If you do, your transition projects have much higher odds of success and the transition will go much smoother.

I have additional thoughts about delivering an employee transition plan:

- Be consistent with the structure and elements of your plan. You may have different levels of employees where some are needed longer than others. Try to create no more than two or three different programs based upon the timing of how long you need the employees to stay with your business. Then, each program should be structured the same. For example, assume you need one group of employees for three months and another group for six months. You may want to make the longer term employee group’s bonus larger to give them greater incentive to stay through the projects they will be involved in.

- You may want a slightly different plan for key managers of the group. They have more responsibility and are probably very important in helping you manage a smooth transition.

- Meet with key managers of the “New Company” first to go over the plan and to gain their insight for appropriateness and to develop support for the program. When you leave the building, the employees will gravitate to their manager to get their opinion of the plan, to assess whether he/she trusts what they have heard, etc. The “New Company” managers will be the continuity you need to hold things together and to help keep the employees focused on the transition projects and ongoing support required.
- Deliver the plan to the entire group. Then, meet individually with each employee as needed to reinforce your commitment, assure them of your intent to do everything possible to insure there is no time of unemployment for them, and to gain their commitment.

- Keep options open for retaining an employee within your company. If you don’t know there will be an opening, give every employee a transition plan offer but include a clause that gives them the possibility of continued employment. Things change. An employee might be willing to relocate, new acquisitions may open up additional need for the employee’s expertise or new needs arise. If you do this, be certain to document the fact that if employment is continued, the bonus provision is no longer valid. Otherwise, employees will want to take the new position you offer and also receive the bonus even though they aren’t leaving the company. This clause solves that issue; it has been raised to me several times.

- Inspect the status of the group often. A manager in “Parent Company” needs to take responsibility for the IT staff transition. This manager should be in constant contact with the “New Company’s” IT management team and be accessible to the employees. A visit to their location every two to three weeks helps employees see a committed interest in the transition projects and have an opportunity to discuss transition issues they are dealing with.

- Emphasize throughout the project your objective is to accomplish two things:
  A. Transition the technologies in a smooth, professional manner.
  B. Structure and implement a plan that avoids unemployment by anyone being affected by this business decision and to create potential upside for the impacted employee during the process.

- As you deliver the plan to the employees, refrain from discussing opportunity of the new company. The only thing they are interested in is information that affects them. You must be sincere, so if you don’t truly believe in the plan, you want to rethink it. “Put yourself in their shoes”, it will help.

- Discuss reasons for the transition only as a business decision that makes the most sense for the future company. Do not allow yourself to commiserate with the employees, it doesn’t help. As the manager who delivers the news, you must take the role of fully supporting the business decision. It can help when you have solid business reasons. Keep your comments positive and supportive of the decision and your focus on the task at hand of working through a smooth transition.
I recommend you hand deliver a transition plan to each employee with his or her name on the cover memo at the meeting to discuss the transition. Then, I would tell the entire group they all have the same plan (or one of two plans if there are people with different retention length requirements).

Then, you should discuss the specifics of the plan. Everyone’s plan should contain the same major elements even though a few details might be slightly different due to differences in your length of retention requirements for certain people.

Discussing the plan openly helps everyone see you are consistent. It also gives you an opportunity to reinforce your sincerity about your objectives in completing the transition successfully while protecting the employee from unemployment.

Do these things and comments from those who lose their jobs will be, “We did not like the decision, but we appreciated the manner in which it was handled.” This is the type of reputation you want if you manage IT organization assimilations.

A sample employee severance/transition letter is included in the following section that you can use or modify to meet your needs. You should have your Legal and/or Human Resources departments review any letter before providing it to an employee to prevent liability or potential problems with your plans.

Before we go there, let me emphasize something. You only pay a bonus to Group-2 employees. The reason is that you are asking Group-2 to stay and help and to essentially put their career “on hold”.

Group-1 has been released and can pursue their career and Group-3 has a career with your company. To ask people to help you and to put their career on hold requires some reasonable incentive, , , it’s why you structure a bonus payment for this group.

There may be employees in Group-1 or Group-3 who ask about getting a bonus. The reason I just mentioned is why you don’t give these people a bonus, , , they are not taking the same kind of risk as Group-2.

A sample Employee Severance Letter designed for employees in Group-2 is provided on the next page.
Sample Employee Severance/Transition Letter

mm/dd/yyyy

Dear {Employee Name},
Our company has decided to transition the operations of “New Company” to “Parent Company” including the technologies and processes for future business operations. This decision eliminates future need for the “New Company” IT organization.

Our transition goal is to accomplish two things:
1. Transition the business operations to the other technology platforms by mm/dd/yyyy.
2. Structure a transition plan to minimize unemployment risk for impacted employees.

Your participation in the ongoing support of your organization’s existing technologies and assistance in the transition projects is needed through mm/dd/yyyy.

We have structured the following transition plan to achieve these objectives.
1. Guaranteed employment. You are guaranteed employment including all salary and benefits to last at least through mm/dd/yyyy provided you meet normal employee performance expectations. If we complete the transition earlier than expected, you will still be compensated through the guaranteed employment date.
2. Retention bonus. A bonus of ___% of your annual salary will be paid at the completion of the transition provided you have continued your employment through the transition date or the guaranteed employment date, whichever comes earlier. The bonus will be paid by mm/dd/yyyy.
3. Outplacement support. Outplacement assistance will be provided in the last thirty days of planned employment to help you in your transition to another company.
   A. Resume preparation assistance
   B. Interviewing coaching assistance
   C. Letter of Recommendation from the CIO.
   D. Flexibility and time to interview in your last thirty days.

We appreciate your past support and look forward to working with you on a smooth transition of “New Company” technologies and your employment with a new company. Feel free to contact me personally with any questions you might have at {phone number} or {e-mail}.

Sincerely,
{CIO or senior manager in charge of the transition}

Employee Name                        Date                Manager Name                            Date
The meeting with the employees is the most important part. You can do so much more in getting your message across when you are in front of people, especially the part about your intent to support them individually through a smooth transition.

There are three key things you should do to prepare for an employee transition meeting:
1. Prepare your plan and assemble individualized copies of the transition plan.
2. Prepare the local manager so he can offer support and will reinforce your efforts after you leave.
3. Develop a list of questions with the local manager on what to expect and prepare your answers before the meeting.

On Item 3, consider developing a list of questions with answers and include a copy with the employee’s package. It helps them to see you have prepared for this event.

When you deliver the message, you have an opportunity to turn bad news into a workable and beneficial transition plan for impacted employees.

Put yourself in their situation and develop a plan that will work toward keeping them on board as long as you need them to implement your transition plans.

Many managers may look at a retention bonus as a waste of money or not needed. Without tangible incentive, most employees will look for a new job and leave as soon as they can once they hear their organization will cease to exist.

It’s what I would do and I suspect you would as well. Don’t believe that you can keep a conversion secret. Word of this activity has a way of getting out. Being open and honest will serve you well.

Look at a retention bonus as insurance and part of the cost of the deal.

Sure, you would prefer not to have to pay it but it is the insurance that will help you achieve your transition goals successfully. When you look at the cost of what it might take without these knowledgeable resources and the negative impact it will cause your organization by losing employees prematurely, it’s actually cheap.

Even with the retention bonus there might be some employees who will decide to leave before you would like them to.
IX. Implement with Care

The implementation of any transition plan requires care and patience. You may want to move quickly and in a straight line but doing so can cause breakage and create a lot of repair work for you that needs to be avoided.

Transitions mean change for people, and many have difficulty with significant change.

Your mission is clear in doing the right things that will benefit the company. How you go about implementing these changes makes a big difference for all involved and will determine your level of success. This is not a technical skill issue; it is all about how to handle people and their reaction to change.

Develop your assimilation strategy so you can clearly see where you want the IT organization and technology services to be in the future.

Take care to implement each major change in a way that supports the employees who are impacted the most. Weaker organizations tend to have more difficulty with change. Mature organizations are more capable and deal with change better.

Your plans need to be very specific. Every transition goal that affects part of the IT organization or that needs IT support must be planned with detail tasks, responsibilities, and identified due dates.

When an initiative affects the staff of an organization, especially the status of future employment, you must be very specific in the actions that are going to take place. This is no time to be trying things out to see if they work.

In some cases, it may be better to go slower until you have certain elements of your plan in place. Getting the new IT organization reorganized (if that’s part of your transition plan) can do a lot to position the organization to focus on many more projects.

Reorganizations always have some “settling in “ time. Making necessary organizational reporting changes and allowing a couple of weeks of time to let the new organization settle in may position you to move faster in the long run.

A reminder worth repeating is that not every acquisition will require an organization transition, reorganizing, or even eliminating technologies.

Every situation will be different and developing the plans to meet the goals of the company in the most cost effective manner is the objective.
You may decide to leave everything in place exactly as it was when you acquired the new company for a year or more to give the company time to complete other major initiatives that were already underway.

Maybe you have more than one technology platform to assimilate and you need certain business units to continue to operate as they have for a while. Do you remember the **Personal Note** example I mentioned earlier where we acquired one company that had ten different business units? In this situation, several business units continued to run “as is” until the IT organization could schedule their technology conversion.

Remember, balance and maintaining a flexible outlook is important.

**Personal Note:** One of the things that I’ve often told employees in my IT organization is that “You should always expect change to occur in this company. Change implemented appropriately leads to greater success and opportunity. People who embrace change and work diligently to take advantage of the opportunities created by the change inevitably become more successful.”
X. Track Results

You can add a couple of columns to the IT Transition Project List that we discussed earlier to track the results of each project. The results of major projects are worth reporting to senior management.

You may also want to track your project results in order to know if these initiatives are worth doing in similar situations in the future.

Measuring your results and communicating your successes does a lot to motivate your employees and helps justify the benefits of the transition initiatives for senior management.

Tracking the results of each project will help you monitor and learn from them to improve your results for similar projects in the future.

<table>
<thead>
<tr>
<th>IT Transition Project List</th>
<th>IT Resource Needs</th>
<th>Dept.</th>
<th>PM</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Project Initiative</td>
<td>Timeframe</td>
<td>Priority</td>
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The data I would probably add for each project includes:
- Time to complete the project
- Actual cost of the project
- Return on Investment (ROI) or benefits achieved with the project
- Achieve objective – Yes or No

“If it isn’t worth tracking, it may not be worth doing.”
XI. Got More Than One Technology to Convert?

There may be times when you have more than one technology application to eliminate.

This might happen if your company acquires many companies in relatively short periods of time. It could also happen if your company acquires a large complex company with multiple, independently operated operations like the example I mentioned earlier.

*Personal Note:* In one company I joked with the CEO of our company that the technology organization could assimilate new companies faster than he could buy them.

Within a year we had twelve companies waiting to be assimilated even though we were eliminating one every three to four months. Moral of the story – some CEO’s take a joke as a challenge. Be prepared to back up your challenge.

A company that constantly acquires other companies throws new challenges at your IT organization every time a new company is added to the mix.

We discussed the fact that you might need to reassess your IT priorities when a new company is added. This is certainly true if the “New Company” technology is unstable.

Companies are often purchased because an opportunity exists to merge its operation into your “Parent Company” technology and business operations.

If you have several company entities that need to be converted to your “Parent Company” systems and processes, you need a tool that will help you determine the best priority in which to do this.

The challenge is that no matter how you select which technology conversion you do first, second, or third, prioritizing multiple conversion projects is a subjective process. Anything you can use to see side by side comparisons can help you in this effort.

A tool that describes the technology and includes business parameters like the *Legacy System Status* report can be helpful. It allows you to place similar systems side by side to evaluate and determine conversion priority.

There are no set criteria for picking one technology to assimilate over another. There are many factors outside the list of parameters in this list that you will consider. This list provides a structure to look at all the technologies to make as objective of a decision as possible.
Here is the Legacy System Status template I’ve used.

<table>
<thead>
<tr>
<th>Legacy System</th>
<th># Prog.</th>
<th>SW Stability</th>
<th>Prog. Support Stability</th>
<th>HW</th>
<th>HW Capacity</th>
<th>HW Stability</th>
<th># Clients &amp; Satis.</th>
<th># Users &amp; Satis.</th>
<th>Level of Automation</th>
<th>Assim. Level</th>
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**Data fields:**
- Legacy system: Legacy system name
- # Prog.: Number of programmers or support source
- SW Stability: Level of stability of the business applications
- Prog. Support Stability: Stability of the programming support resources
- HW: Hardware platform
- HW Capacity: Upgrade capacity of the hardware
- HW Stability: Stability of the hardware and operating system
- # Clients & Satis.: Number of clients supported and level of satisfaction
- # Users & Satis.: Number of users supported and level of satisfaction
- Level of Automation: High levels of automation indicate high productivity
- Assimilation Level: Priority level to convert (High, Medium, Low)

This tool can help you view several important aspects of each technology environment and place weightings on parts you think are most important. Your ultimate priority decision still won’t be totally objective but you will have some degree of logic behind your thought process and final decision.
**Personal Note:** A second tool I’ve used to help present the overall plan of assimilating many technologies is a *Legacy System Assimilation Strategy*.

In one company we had a total of twenty different legacy systems that supported the operations of the company due to the pace of our acquisitions. We were buying companies faster than we could convert their technologies.

Our best scenario would have been to convert all operations to one technology platform. This would have created considerable financial upside by eliminating redundant salaries, equipment, and associated costs plus being able to manage all of our business operations with the same processes and reports.

Converting a technology required several months of custom programming and training. Because of our acquisition pace, we had to develop a multi-level strategy to eliminate the weaker systems and take advantage of the more stable systems.

The point of using many of the tools you see in this book and others is that they help you in many ways to:

- Organize the data
- Monitor your IT support business
- Assist you in making decisions
- Provide a reporting tool to help you communicate

You will see the *Legacy System Assimilation Strategy* we developed in the company described above on the next page. As you look at it, you will quickly see we acquired companies all over the United States as we consolidated a niche of healthcare in the US, , , we were literally an acquisition machine for six years.

What made the difference for us was that each of the department managers developed a process and tools to help us complete the due diligence work and to support a smooth transition of each company. The first two parts are the easiest, , , the follow-up work to assimilate or convert a company’s technology platform is real work and there is high risk if you do not do it well.

Without the tools I developed to help me with IT due diligence and assimilation work, the acquisition pace of our company would have run right over me.

The tools and processes allowed our IT organization to juggle many balls in the air in support of our company.
The color codes are used to indicate the systems currently being converted (red blocks) and those that were staged to be assimilated later (blue blocks).

The green blocks are the most stable systems and capable of operating “as is” for some time. We decided to consolidate the less stable systems into the green block systems based upon geographic territory and Senior Vice President responsibility.

The far right highlighted green block is GEMINI, a totally new business application to be developed over an 18-24 month period. Once the GEMINI system was completed, we planned to migrate all remaining systems to GEMINI.

The point is that your company can run faster than your IT organization can when it comes to acquiring companies and assimilating them. Ours was a special situation you don’t find very often. It was tremendous opportunity and an exciting time in my career that helped me gain valuable insight into managing in a fast growth company.
Let’s summarize
Assimilating a new company will require your organization’s technical skills and project management skills. More importantly, it will require a tactful approach and strong people skills with an ability to help employees through the changes you initiate.

Being part of an acquisition oriented company is great fun. The growth can be fast and furious.

Developing a management approach that anticipates and plans ahead will position you and your IT staff for whatever is thrown at you.

Anything you can do to be involved early in the acquisition cycle of your company gives you an advantage. In our IT world, you need time to plan.

Look for other IT manager development products and services by logging onto our web site at www.itmanagerinstitute.com.
Appendix A
New Acquisition Planning Questionnaire

1. What is our primary goal for acquiring the new company?

2. What are your thoughts about how we will need to operate and organize as a “future company”?

3. Are specific objectives expected in the merger. If so, are timeframes identified?

4. Is there a due diligence report?

5. Are there financial assumptions planned that affect the IT organization?

6. Is any technology in the new company considered a key part of our company’s long term strategy. If so, how do you envision the use of this new technology to benefit our future?
# Appendix B
Application Conversion Project Plan Template

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<th>Proj. Mgr.:</th>
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<td>3. C. Assess building telecomm setup to determine needs</td>
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<td>4. D. Determine required forms needed</td>
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<td>5. E. Assess AS/400 capacity requirements</td>
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<td>6. F. Assess Corporate network capacity requirements</td>
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<td>7. G. Assess Corporate department additional capacity needs</td>
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<td>8. H. Identify ability to convert LD contract to primary carrier</td>
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<td>9. I. Identify all user-ID and functionality requirements</td>
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<td>11. B. Order desktop and printer equipment (if required)</td>
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<td>12. C. Order WAN lines from Carrier</td>
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<td>13. D. Order WAN equipment</td>
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<td>14. E. Order software for E-Mail</td>
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<td>15. F. Order Client Access for PC connectivity to AS/400</td>
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<td>16. G. Order forms for Operations</td>
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<td>17. H. Order AS/400 upgrade</td>
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<tr>
<td>18. I. Order Corp. network capacity upgrade items (equipment, services, etc.)</td>
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- 68 -
### Application conversion project template

#### Appendix B (continued)

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**III. Infrastructure Implementation**

1. Cable the buildings (if required)
2. Install WAN equipment and establish connectivity w/Carrier
3. Install MIS Office, Client Access, and e-mail on PC’s
4. Install additional PC’s and printers (if required)
5. Test printer and remote office connectivity & capability
6. Define and setup “old system” access for ongoing “lookup”
7. Install AS/400 capacity upgrade
8. Install Corp. network capacity upgrade

**IV. Remote Office Setup (Application Systems)**

9. Setup new Operations codes and related master files
10. General Ledger codes
11. Employer Master
12. Payor Master
13. Charge Master
14. Sales Fieps
15. Physicians
16. Setup User-ID’s & passwords - Network & AS/400
17. Setup e-mail addresses for designated users
18. Test database for Clinic/Revenue Management operation
## Appendix B (continued)

### Application conversion project template

**page 3**

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<td>B1. Payor Master File - define data conversion requirements - design</td>
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<td>C. Set up training database</td>
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**VI. Training - New Operations**

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<td>A. Identify onsite Operations resources &amp; schedule their participation</td>
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<td>B. Define training agenda</td>
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<td>C. Prepare training materials</td>
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<td>D. Conduct training</td>
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<td>E. Provide “go-live” support</td>
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Appendix C
Sample Employee Severance/Transition Plan Letter

mm/dd/yyyy

Dear {Employee Name},

Our company has decided to transition the operations of “New Company” to “Parent Company” including the technologies and processes for future business operations. This decision eliminates future need for the “New Company” IT organization.

Our transition goal is to accomplish two things:
3. Transition the business operations to the other technology platforms by mm/dd/yyyy.
4. Structure a transition plan to minimize unemployment risk for impacted employees.

Your participation in the ongoing support of your organization’s existing technologies and assistance in the transition projects is needed through mm/dd/yyyy.

We have structured the following transition plan to achieve these objectives.
4. Guaranteed employment. You are guaranteed employment including all salary and benefits to last at least through mm/dd/yyyy provided you meet normal employee performance expectations. If we complete the transition earlier than expected, you will still be compensated through the guaranteed employment date.
5. Retention bonus. A bonus of __% of your annual salary will be paid at the completion of the transition provided you have continued your employment through the transition date or the guaranteed employment date, whichever comes earlier. The bonus will be paid by mm/dd/yyyy.
6. Outplacement support. Outplacement assistance will be provided in the last thirty days of planned employment to help you in your transition to another company.
   E. Resume preparation assistance
   F. Interviewing coaching assistance
   G. Letter of Recommendation from the CIO.
   H. Flexibility and time to interview in your last thirty days.

We appreciate your past support and look forward to working with you on a smooth transition of “New Company” technologies and your employment with a new company. Feel free to contact me personally with any questions you might have at {phone number} or {e-mail}.

Sincerely,
{CIO or senior manager in charge of the transition}

________________________________          _________________________________
Employee Name                        Date                Manager Name                            Date
## Legacy System Status

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<th>SW Stability</th>
<th>Prog. Support Stability</th>
<th>HW</th>
<th>HW Capacity</th>
<th>HW Stability</th>
<th># Clients &amp; Satis.</th>
<th># Users &amp; Satis.</th>
<th>Level of Automation</th>
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## Appendix E
### Transition Issues Templates

#### Business Risks

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#### Potential Problem Areas

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