CASE STUDY: MCCHRYSTAL GROUP SERVICES

Uncovering the Drivers of Engagement Post Acquisition

Private Equity Firm

McChrystal Group partnered with a private equity firm that had acquired multiple health care technology companies and merged them to form a new entity.

Before and during the merger, the firm worked to identify the value that the integration would deliver. Specifically, the firm hoped to achieve economies of scale by consolidating shared service functions, such as R&D and customer support. Additionally, the firm planned to drive new revenue by launching a new product that drew on one portfolio company's expertise in product development and delivery, and another portfolio company's sales capability. However, three years after the acquisition, the new company had made little progress on the integration and was struggling to deliver the promised synergies.

> A disengaged and undertrained workforce struggles to effectively execute its mission – and ultimately loses customer trust. Single points of failure slow action and risk long-term sustainability.

Challenges

Legacy companies operated in isolation and failed to communicate mission critical information

Network analysis immediately revealed that the three major legacy companies that made up this new organization had incredibly limited integration, even after three years of focused effort. This lack of integration posed major challenges to the organization: not only were they struggling to deliver on promised growth and savings, but they also were losing existing customers because of their unintegrated approach.

Further network analysis found that the organization's customer-oriented teams (sales, customer support, account management, etc.) were especially disconnected. Interviews revealed that their customers were growing increasingly frustrated as they were relayed between disconnected teams with different systems, processes, and access to information.

Legacy Company 1   Legacy Company 2   Legacy Company 3   No Legacy Org

FIGURE 1: NETWORK MAP SHOWING LACK OF INTEGRATION

Their difficulty obtaining information had become so profound that one customer support lead noted with embarrassment that their process for fixing client problems included "asking the customer how it's supposed to work." Even senior leaders struggled with this challenge; one senior director, who had a larger network than most to pull on, commented that when she reached out to other teams with questions, she only received responses 50% of the time.
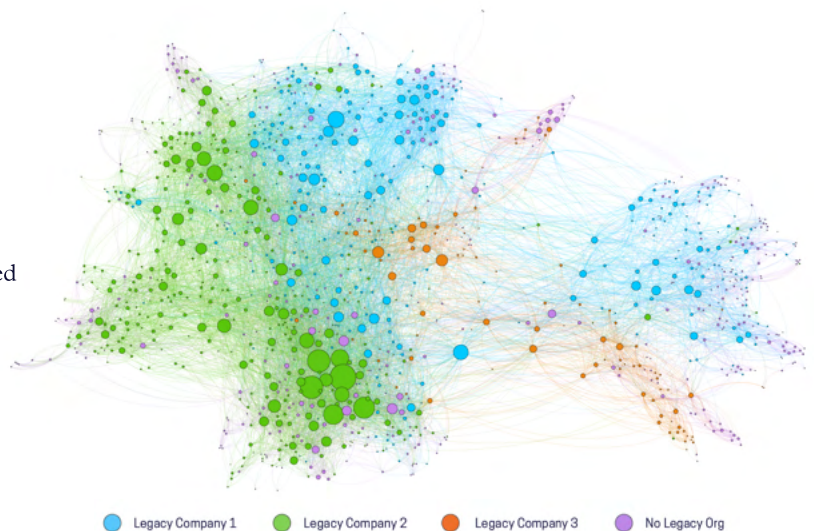
Unchecked attrition had created single points of failure that posed major risks to long term sustainability

During initial interviews and workshops, leaders referenced increased employee turnover but did not believe it to be a major problem. However, McChrystal analysis found that attrition had severely undercut the organization's institutional knowledge, leaving a small number of mid-level employees as the shaky linkages between already disconnected teams, or as the subject matter experts on core products.

This left most employees struggling to get the information they needed to do their job and posed serious risks to the organization's ambitious goals. McChrystal analyzed the communication network between three teams (inside sales, outside sales, and a service team) whose collaboration was considered integral to the development and delivery of a major new revenue-driving service. The analysis found that the teams relied on a single person for 70% of the information flow between the sales and service teams. This individual had become the single point of failure for this service and their departure would have been catastrophic for the service's successful launch.

When asked to whom employees go to as good sources of help or information, 5% of employees accounted for over 50% of mentions as sources.

Inside Sales   Outside Sales   Service Team

FIGURE 2: TEAM LEVEL NETWORK MAP SHOWING SINGLE POINT OF FAILURE

Without targeted interventions, employee frustration and attrition would increase

Lower-level employees, who were often the crucial single points of failure for successful information-sharing, believed that they had little say in the future of the organization and that the organization did not treat them fairly. Specifically, employees felt that they did not have the resources necessary to do their jobs, and that their feedback on this shortcoming and other issues was not being heard. If not addressed, these issues would exacerbate frustrations and contribute to additional attrition.
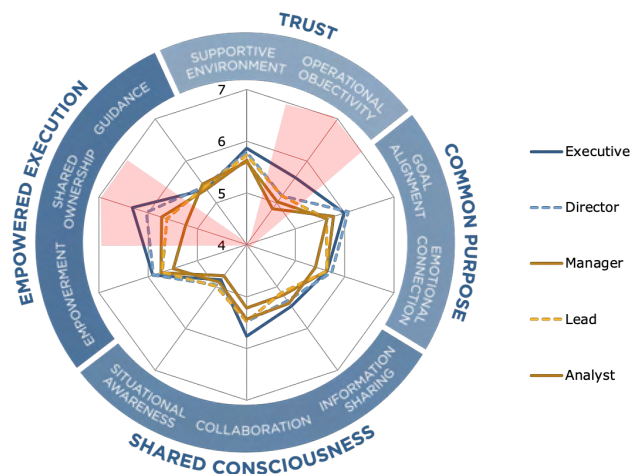

Executive — Director — Manager — Lead — Analyst

FIGURE 3: TEAM OF TEAMS FRAMEWORK BY LEVEL SHOWING LOWER LEVEL FRUSTRATION

Impact

Network analysis identified the key network influencers the company couldn't afford to lose

The network analysis was able to identify the individuals who were disproportionately responsible for sharing information between teams and driving invaluable collaboration for large-scale projects. These individuals had become single points of failure and their removal from the network would have undermined several key initiatives. The network analysis was used to inform the senior leadership team's restructuring efforts, ensuring that key nodes within the network were not lost.

Employee engagement scores highlighted focus areas for targeted process change

Not only did the diagnostic identify that employee engagement was low but also what root causes were *driving* that low engagement. It was therefore possible for the company to develop a targeted change program, focusing on creating clarity on internal processes and cultivating a greater sense of fairness.