



# HMC OVERVIEW

Roycie Eppler | Denison Global Forum | 18 May 2021

**A LEGACY OF  
EXPERTISE IN  
MATERIALS AND  
MANUFACTURING  
TECHNOLOGIES.**

Ngac Dao, Operator





1660

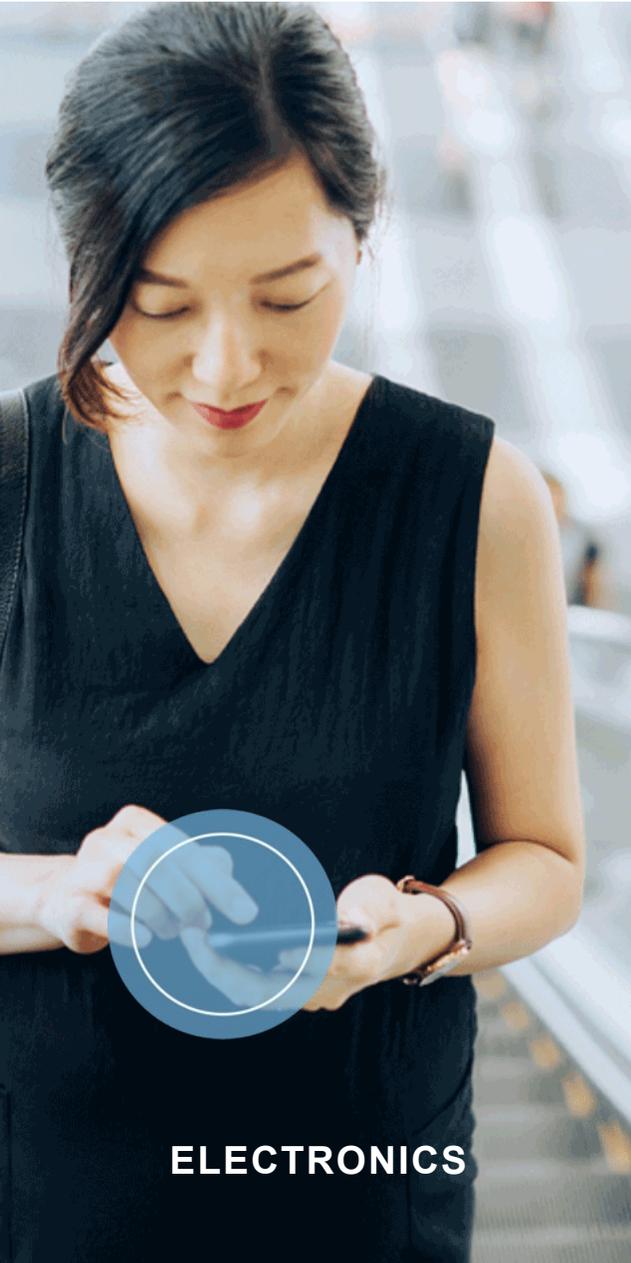
FOUNDING OF THE  
HERAEUS FAMILY BUSINESS

TODAY

GLOBALY LEADING  
PORTFOLIO COMPANY

2060

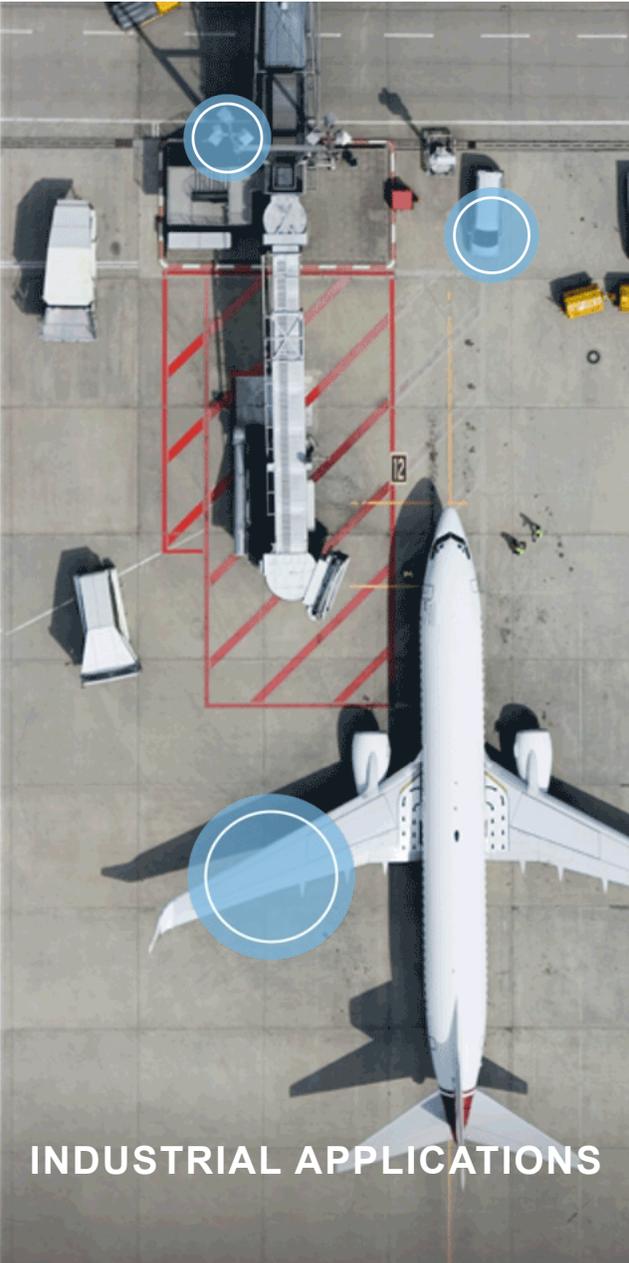
400 YEARS OF  
FAMILY BUSINESS



ELECTRONICS



ENVIRONMENT



INDUSTRIAL APPLICATIONS



HEALTH

A man with grey hair and glasses, wearing a blue checkered shirt, is looking at a woman with long dark hair and glasses, wearing a white sweater. They are in a factory setting, looking at a piece of machinery. The background shows a large window with an American flag and a white car outside.

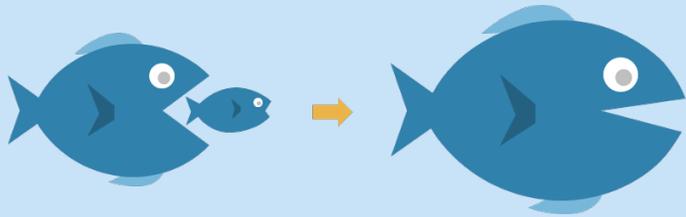
# OUR STORY

Integration & Culture



## MERGERS & ACQUISITIONS

Acquisition



Merger



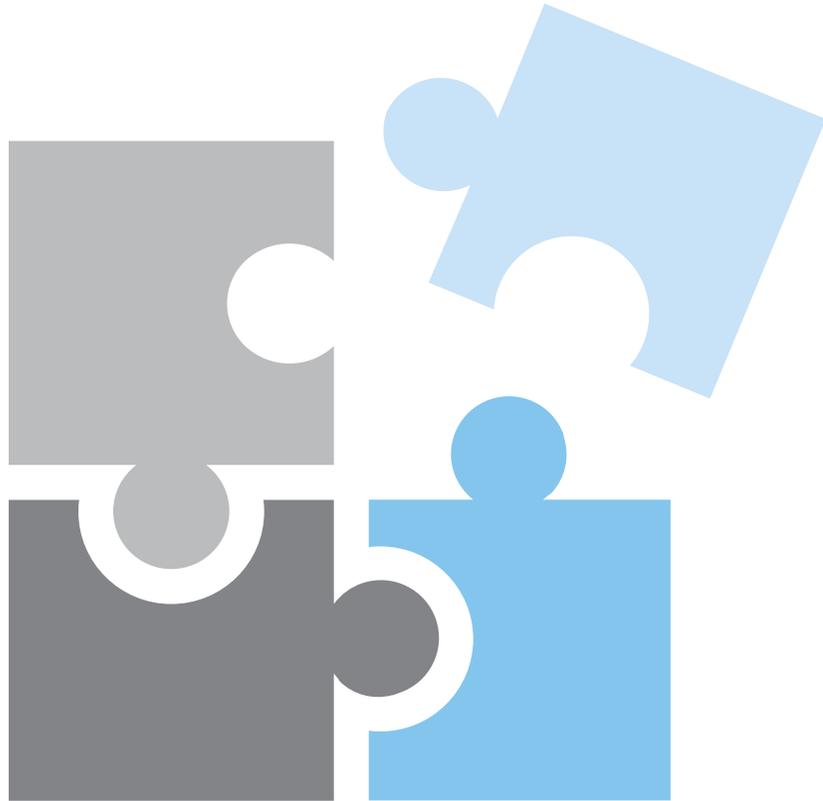
**Horizontal:** one business acquiring another that is in direct competition with it.

**Vertical:** one business acquiring another that belongs to the same supply chain.

**Concentric:** both companies are in the same industry and one is acquired to expand their products and service offerings

**Success for 10 to 30 percent**

## DO WE FIT?



People | Process | Technology

### Culture will help you understand

- How the company is managed (innovation, flexible, command and control, etc.)
- What is most important your employees and how to engage them
- How decisions are made and who is involved
- Level of rigor required in your change management processes
- How to set goals and hold people accountable
- How to create a compelling vision for the future

“  
Most Acquisitions Fail Because  
People Aren't Boxes  
”

*David Garrison, Forbes Council Member and  
CEO of Profitable Engagements, 2019*

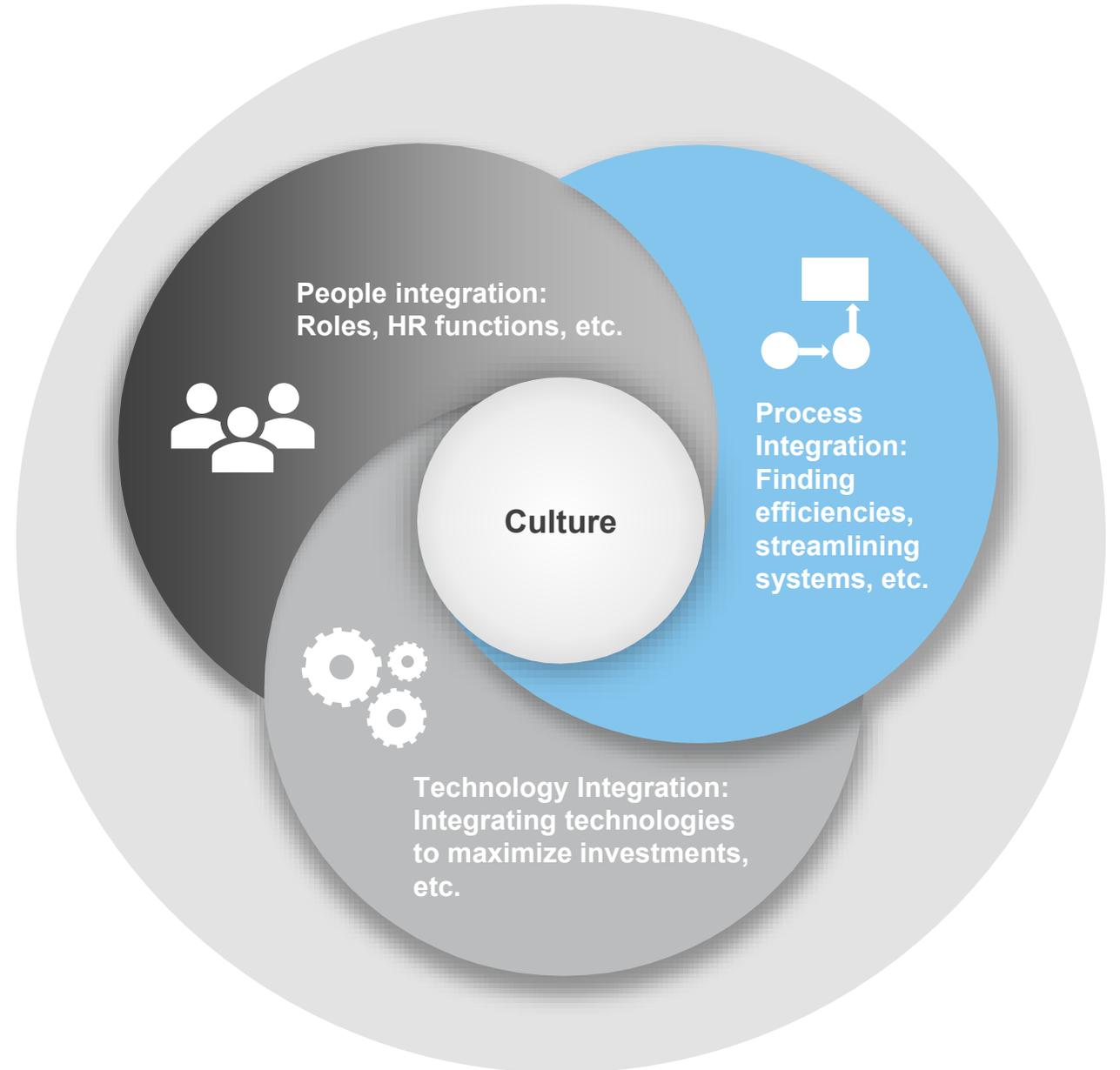
Integration  
Centers Around  
culture topics

A grid of 18 icons arranged in three rows and six columns. The icons include: a lightbulb, a paper airplane, a computer monitor, a magnifying glass, a person silhouette, a group of three people, a Euro symbol, a presentation board, two speech bubbles, a gear, a globe, a map with a location pin, and a headset. The icons are in various colors: grey, black, blue, and white.



The need for change centers around a Business Plan

## CONNECTING CULTURE



Focusing on “how” people work and what is important to them are the keys to success

## INTENTIONAL INTEGRATION

### Our Future

Heraeus
Medical Components

## HERAEUS MEDICAL COMPONENTS CALIFORNIA

We will succeed by focusing on our top objectives, capturing synergies where appropriate and ensuring a high level of engagement

Our Top Objectives

---

### Growth

Ambition to ...

---

### Excellence

Deliver world-class ...

---

### Expertise

Deepen our ...

### First Steps (1 to 2 years)

Heraeus
Medical Components

### INTENTIONAL INTEGRATION

Phase  
ONE

**LOOKS LIKE:**

- Employees are reassured things are not changing with their employment
- Announcements made to customers/vendors on all sites

**FEELS LIKE:**

- Employees are calm and starting the change process
- Operations are continuing to run smoothly

Phase  
TWO

**LOOKS LIKE:**

- Employees and customers are switched over to Heraeus branded accounts and paperwork
- Quality and Operations systems are introduced

**FEELS LIKE:**

- Site is feeling like a hub of a larger organization
- Teams from Pulse and Heraeus are beginning to work together

Phase  
THREE

**LOOKS LIKE:**

- Concord, CA site is now Heraeus branded
- Employees being trained on Heraeus systems and processes with other Heraeus teams globally

**FEELS LIKE:**

- Teams are working together as one
- Decisions are being made and questions are being answered

24

13

# CONNECTING THE ORGANIZATION PRIORITIES & EMPLOYEE BENEFITS

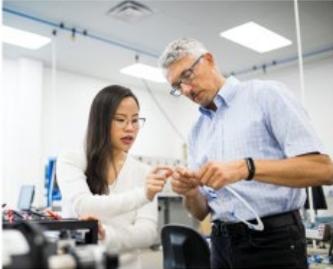
## Our Future

Heraeus
Medical Components

**MAKING THE SHIFT**

- Maintain a strong, seamless customer experience
- Phased approach to intergration
- Employee & leadership shaping the new organization
- Time to understand, expectations, roles and responsibilities

Anticipated transition completion:  
**End Q4 2022**

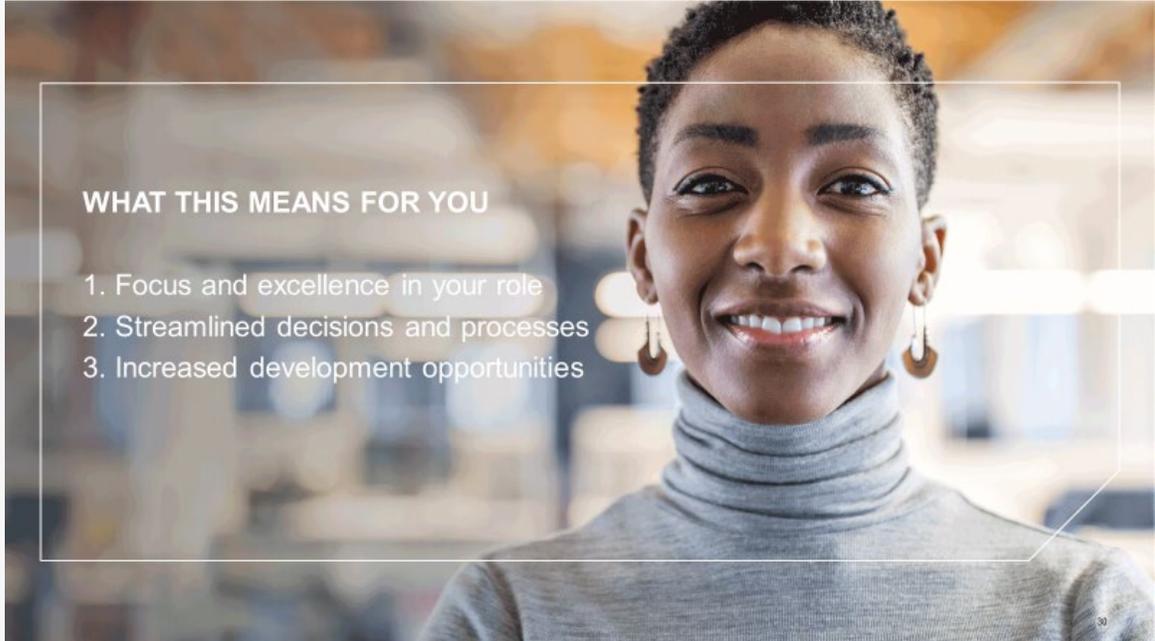




## First Steps (1 to 2 years)

**WHAT THIS MEANS FOR YOU**

1. Focus and excellence in your role
2. Streamlined decisions and processes
3. Increased development opportunities



# DATA GATHERING

Data, strategy, and employee engagement as the levers for a successful integration

## STRATEGY

HERAEUS  
MEDICAL  
COMPONENTS  
CALIFORNIA

Our Top Objectives

- Growth** Ambition to ...
- Excellence** Deliver world-class ...
- Expertise** Deepen our ...

We will succeed by focusing on our top objectives, capturing synergies where appropriate and ensuring a high level of engagement.

## CUSTOMER

HERAEUS

HOW DO WE WANT THE DC TO LOOK/FEEL TO OUR CUSTOMERS

- Collaborative**
- Innovative**
- Trustworthy & Reliable**
- Creative**
- Agile/Flexible**
- Memorable**

## LEADERSHIP

- Values
- Employee Interviews
- Success Profiles
- Leadership Competencies



## CULTURE

- Culture Survey
- Site Diagnostics
- Employee Involvement
- Action Plans



**“ Our goal is to have an engaged and high performance culture that facilitates business success ”**

## CULTURE COLLABORATION LAB (CO-LAB)

Our culture is a system of shared assumptions, values and beliefs, which governs how we behave, communicate and make decisions.

### UNDERSTAND

Examine each other's business, strategy and start to understand each other as individuals.

### FOSTER ALIGNMENT

Define what is important in the new organization. Provides basis for thinking deeply about the best operating model for the site.

### MOBILIZE THE TEAM

Engage the broader organization to execute on the priorities, expected behaviors and start to build a single high-performing organization.

### SUSTAIN THE CHANGE

Engage the broader organization to execute on the priorities and expected behaviors

## TURNING INSIGHTS INTO ACTION

### Leadership Team Meetings



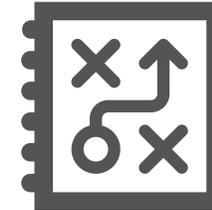
High level overview of survey results, trends and next steps for local leaders.

### Employee Collaboration Lab



Provides an open and collaborative space for employees to review data, share information and help the site determine where to focus

### Action Plan One Strength One Opportunity



Actions create habits. Define the outcomes, behaviors, enables and blockers to sustain the positive and improve challenging areas of the culture

**“ Put the framework into practice,  
engage our workforce and together  
we design our future state. ”**

## CO-LAB OVERVIEW



### **How Does It Work?**

A place that foster collaboration that pulls on the strength of our colleagues to create positive change.

### **What will you do?**

Employees come together to review, debate and discuss a topic, process, etc. This leads to identifying the necessary Behaviors and Outcomes needed for success.

### **Benefit**

Creates impactful networking and collaboration that builds teamwork, trust, open and honest conversations. Co-Lab's accelerate the pace of change by involving employees in the process.

# CO-LAB PROCESS

## Outcomes

What are you trying to achieve?

**1 OUTCOMES: WHAT ARE WE TRYING TO ACHIEVE?**

You start by describing the outcomes we want to reinforce and avoid. Teams will utilize trends from the survey data to focus the discussion.

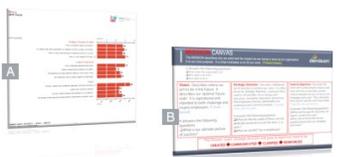
**Example: Mission Quadrant**  
The team could pick a theme, instance, or incident that has taken place internally to get the conversation started. In this example, the survey data identifies an opportunity with honesty. Utilizing the data will help the team understand what we should try to actively avoid.

Outcomes to reinforce

- Having a clear strategy and vision for the future

Outcomes to avoid

- Setting unrealistic goals
- Lack of excitement and motivation about our mission



8 | 6/15/2019 HMC Collaboration Lab | R. Eggle 2019

*Things you want (and don't want) our culture to achieve.*

## Behaviors

What do you want to see in employees at your site?

**2 BEHAVIORS: WHAT DO YOU WANT TO SEE IN PEOPLE AT YOUR SITE?**

Behaviors—the very visible part of our culture. These are the actions people perform every day that result in the outcomes you've just listed.

Step 1: What do you want people in the organization doing and not doing? Focus on identifying undesired and desired behaviors using the Department and Position/ Leadership data.

Create a passion	Create change	Build trust	Walk the talk
Promote collaboration	Empower people	Enable development	Leverage feedback

Step 2: Then think about what are the good behaviors that could counter bad behaviors. You might list the following:

- **Department behavior:** Take ownership, collaborate, accountable and help each other, are open and honest, have fun
- **Leadership behavior:** Listen to teams, help people grow, empowers the team or organization

**Example: You might list the following undesired behaviors:**

- **Department behavior:** Show little interest in building trust, understanding the customer
- **Position/ Leadership behavior:** Care about personal power and prestige, only focus on quarterly numbers

11 | 6/15/2019 Presentation title | Author | Department

*The positive or negative actions people perform everyday*

## Enablers and Blockers

How do you intentionally shape the culture?

**3 ENABLERS & BLOCKERS: HOW DO YOU INTENTIONALLY SHAPE THE CULTURE?**

This is where you have the ability to influence the outcomes and behaviors you've identified. The enablers and blockers are the formal and informal levers that leaders, teams, and individuals can intentionally pull to drive the culture at your site.

Desired Behavior Outcome

Enablers & Blockers

Determine the enablers and blockers of these behaviors by thinking about how the following may positively or negatively impact your success.

- Incentive
- Processes
- People
- Leadership

Focused Actions

One Area of Strength

One Opportunity to Improve

Actions create habits that enables sustainability of the culture.

9 | 6/15/2019 Presentation title | Author | Department

*Formal and informal levers to drive the culture at our site.*

## SURFACING HABITS, ROUTINES AND PROCESSES

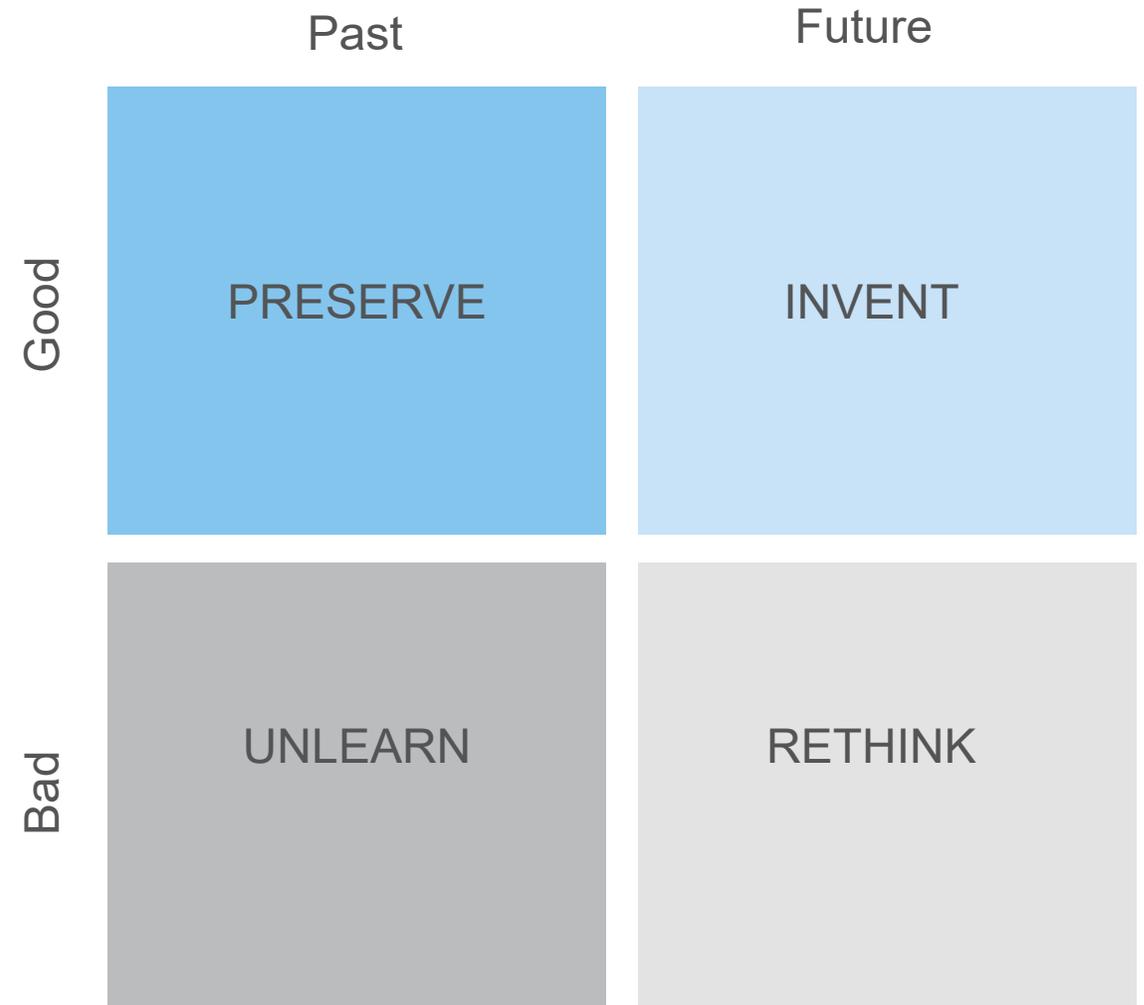
To support our desired culture it is important to understand the current cultural drivers. The matrix allows us to identify habits, routines or processes that exist today and need to be preserved or left behind, as well as routines and process that will reinforce the desired culture.

### OBJECTIVE

Look at the behaviors you identified for **Department** and **Leaders**.

Ask/ consider the following: Should we preserve them?

- Should we leave them behind?
- Do we need new ones (invent and perfect)?



## ACCOUNTABILITY – IMMEDIATE ACTIONS

Participants take a moment to reflect and answer the questions below

- What immediate step will you personally take to support our desired culture?
- How will you show up more consistently way to employees (communication, expectations, etc.)
- What behaviors will you Start, Stop or Continue?
- How will you know if you are making progress?



# ACTIONS CREATE HABITS.

One Strength  
One Opportunity

Define the outcomes, behaviors, enablers and blockers to sustain the positive and improve challenging areas of the culture

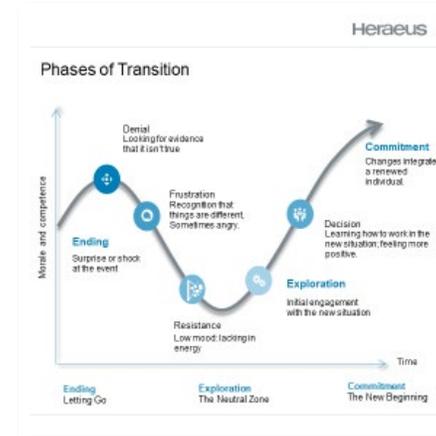
## HMCC CULTURAL SURVEY RESULTS PROJECT STATEMENT

Project Name : Promoting a Healthy Culture				Date	03/23/2020		
<b>Sponsor</b>	HMCC Staff	<b>Project Team</b>	<ul style="list-style-type: none"> <li>Yahaira Velázquez, Linda Colón, Kenneth Montes, José Román, Javier Cuascut, Osvaldo Zambrana, Astrid González, Odette Centeno</li> </ul>	<b>Investment</b>	\$10k	<b>Total Budget</b>	\$10 – 15k
<b>Project Lead</b>	Sayleen Rosario						
<b>Context and Project Target</b>			<b>Key Project Deliverables</b>		<b>Involved Parties &amp; Key Stakeholders</b>		
<p><b>Context</b></p> <ul style="list-style-type: none"> <li>Cultural survey results shows <b>participation and consistency</b> as the mayor areas of opportunities for HMCC.</li> </ul> <p><b>Project Target</b></p> <ul style="list-style-type: none"> <li>Create a Cultural Committee.</li> <li>Based on the co-labs inputs choose at least one action to help us to promote a healthy culture at HMCC.</li> </ul>			<ul style="list-style-type: none"> <li>9 members were choose as part of the Cultural Committee (Project Team &amp; Sponsor)</li> <li>Cultural Committee revised Co- labs inputs to categorized them. Then, committee choose 1 input per category after evaluated the context of each statement.</li> <li>Committee will choose a maximum of two inputs to define the actions that help us to promote a healthy culture.</li> <li>Actions will be communicate to all employees to work on it. Updates will be provide in a monthly basis.</li> </ul>		<ul style="list-style-type: none"> <li>Cultural Committee Members</li> <li>HMCC Staff Management</li> <li>HMC Senior VP Americas Operation</li> <li>SVP, Human Resources</li> </ul>		
<b>Project Phases</b>			<b>Milestones</b>				
<ul style="list-style-type: none"> <li>Phase 1- Create Committee</li> <li>Phase 2 - Review Co- Labs inputs</li> <li>Phase 3 – Established up to two actions to work with it to promote a healthy culture.</li> <li>Phase 4 – Implementation &amp; Monitoring</li> <li>Phase 5 – Re-evaluate actions or determined new ones. (New Cycle)</li> </ul>			<b>Date</b>	<b>Milestone</b>			
			12/13/2020	Create Committee			
			12/18/2020	1st meeting to review Co-Labs inputs			
			03/23/2020	Meeting to categorized Co- Labs inputs			
			07/14/2020	Establish up to two actions			
			07/28/2020	Communicate the actions to all employees and start to work in on them. Provide update about the actions taken in a monthly basis.			

# TOOLKIT: LEADING THROUGH CHANGE AND TRANSITION

Heraeus

## Leading Through Change & Transition



Heraeus

### The Neutral Zone

*The in-between time, when it isn't the old way any more, but it isn't the new way yet either. It is the very heart of the transition process.*

Guide employees through this zone by enhancing trust and focusing on:

- + communication,
- + solutions and
- + enhancing creativity/learning

#### The Basics of Effective Communication

- Set clear goals
- Repeat the message six times
- Ensure two-way communication
- Consider timing and address conflict
- People trust behaviors over words, avoid getting defensive
- Understanding is more important than agreement
- Listening is twice as important as talking
  - Tell people the truth – the good news and the bad
  - Avoid believing that informal invitations like "My door is always open" will be appreciated
  - Link the transition to the big picture
  - Reward positive behaviors

Heraeus

### Emotional Agility

*Being flexible with your thoughts and feelings so that you can respond optimally to everyday situations.*

#### 4 steps to help you develop your EA

- 1. Recognize your patterns:** Learn what your indicators are that make you become rigid and repetitive. The story your mind starts telling seems old, like a rerun of some past experience. You have to realize that you are stuck before you can initiate change.
- 2. Label your thoughts and emotions:** Reflect and journal about what your voice is saying. Journaling allows you to look at your thoughts and emotions for what they are. Journaling also leverages both sides of the brain which provides greater clarity.
- 3. Accept them:** Don't act on all thoughts and emotions. Take time to reflect on the situation and respond with an open attitude, paying attention to your emotions.
- 4. Act on your values:** Here is where you can decide to lead in a way that aligns with your values rather than just your thoughts or emotions.

Heraeus

### Empathy Checklist

#### Behaviors to Display

- I can appreciate the other person's viewpoint even if I don't agree with it
- I can easily tell if someone else wants to enter a conversation.
- I am good at predicating how someone will fill.
- I am quick to spot when someone in the team is feeling awkward or uncomfortable.
- I can easily tell if someone else is interested or bored with what I am saying.
- If I see a stranger in the team I think that it is up to me to make an effort to have them join in.

#### Empathy Map

- What is my employee hearing?
- How is my employee thinking and feeling in this situation?
- What am I saying or doing?
- What are the pain points, frustrations and/or obstacles for my employee
- What does my employee need to succeed?



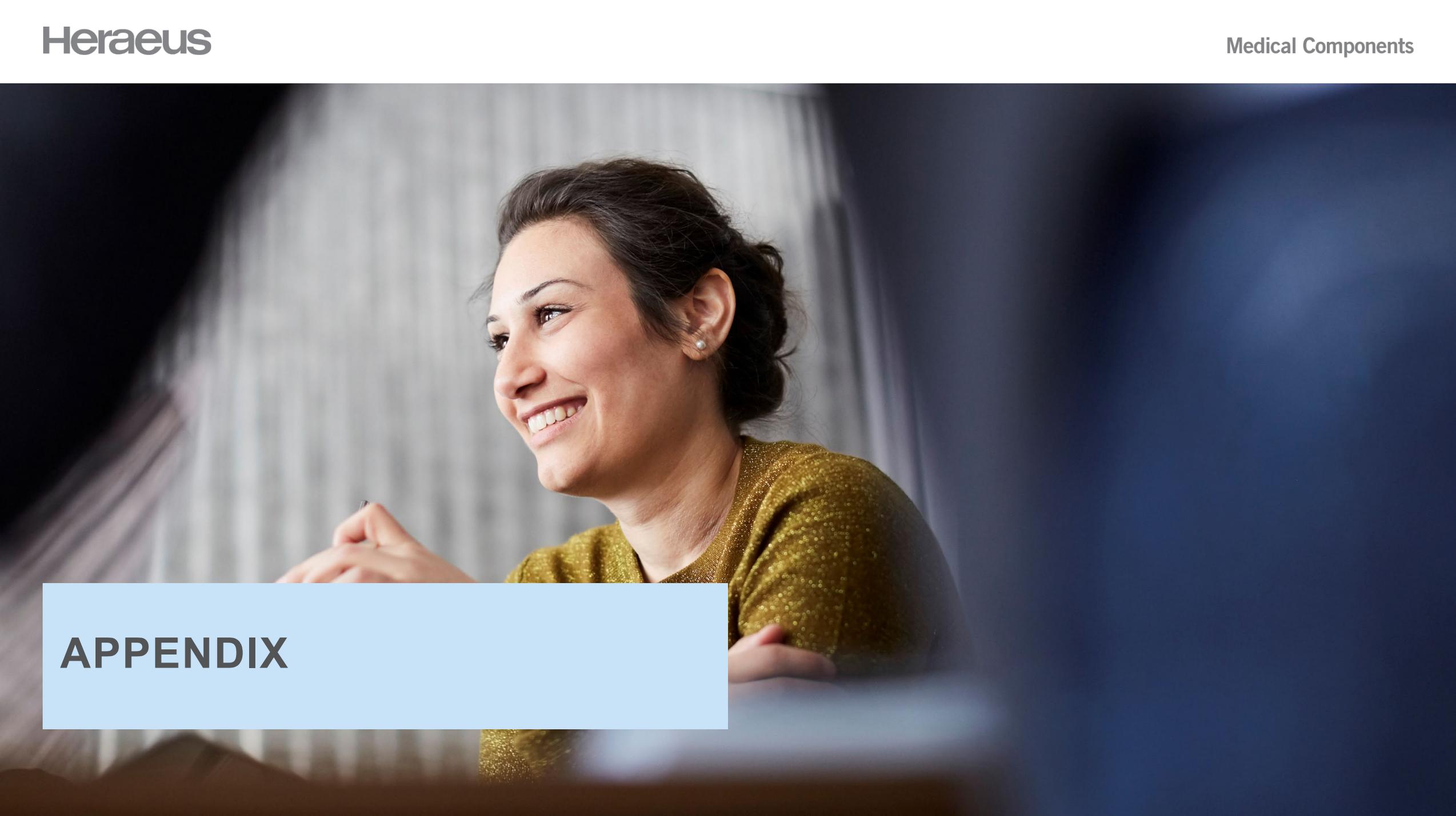
“ Corporate culture matters.  
How management chooses to treat  
its people impacts everything for  
better or for worse. ”

--Simon Sinek

**Thank you for  
joining the  
session today.**



**THANK YOU**



**APPENDIX**

## OVERCOMING CHALLENGES



# 1

### Communication, Change & Education (CCE)

Create a formal CCE plan. Be transparent and share information, educate the team Daily, Weekly, Monthly



# 2

### Power Struggles

Clarity of roles. Open communication, create an environment focused on collaboration, accountability and opportunity.



# 3

### Productivity Decline & Demoralization

Make metrics and expectations clear; decide which systems and processes are important. Create an environment of support, stability and optimism.



# 4

### Turnover

Communicate the vision, make expectations clear, work hard to keep strong high potentials by connecting early and showing opportunity for growth

## BEHAVIORAL DIMENSION



**Create a purpose**



**Create change**



**Build trust**



**Walk the talk**



**Promote collaboration**



**Empower people**



**Enable development**



**Leverage feedback**

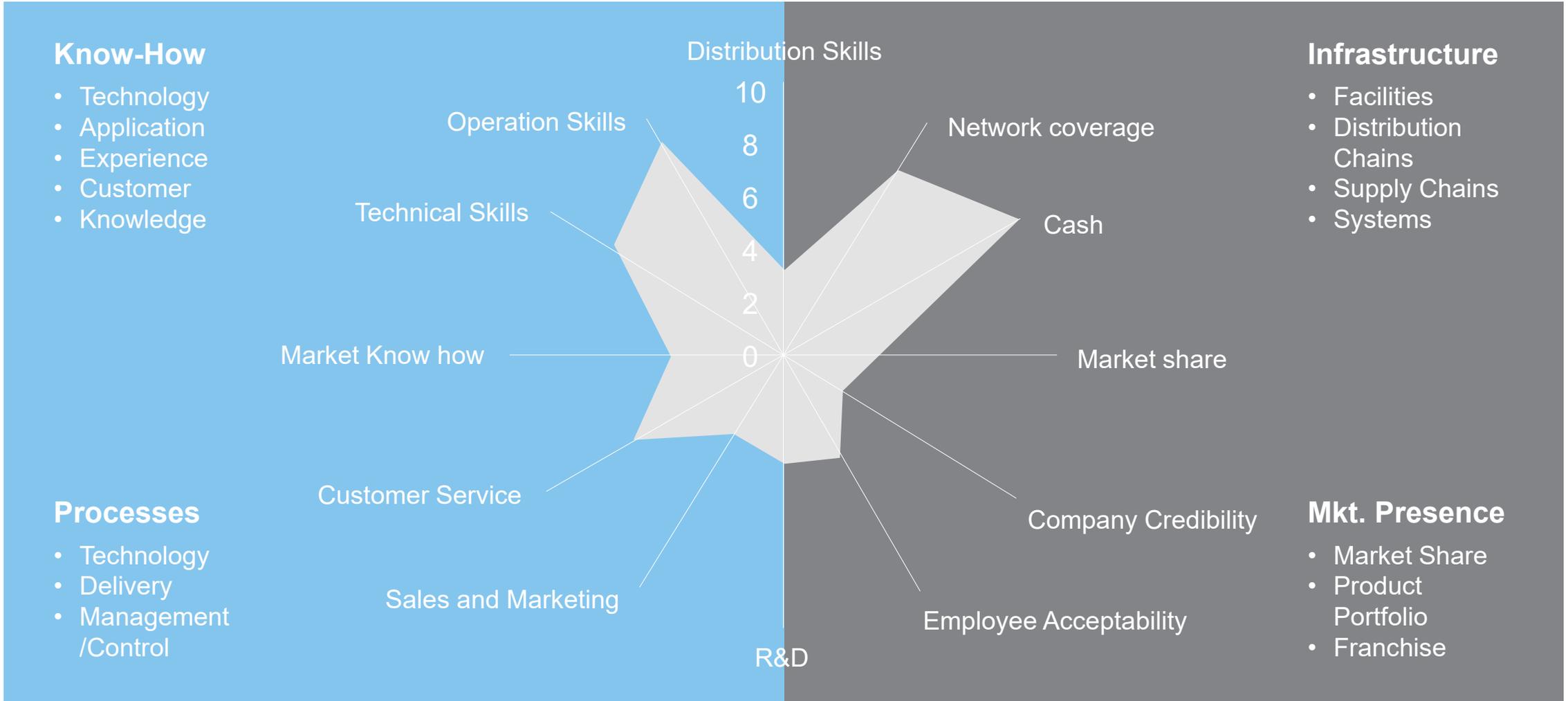
## CULTURAL INTEGRATION

Three key elements in combination define the culture:

1. The behavioral norms exhibited by everyone from senior leaders to operators
2. The critical capabilities and decisions about where and how to compete, as defined by our strategy
3. The operating model; the structure, accountabilities, priorities, governance mechanisms and ways of working that make up the blueprint for how work gets done

# ACQUISITION STRATEGY FRAMEWORK

## Capabilities and position asset analysis



## MOST COMMON TYPES OF INTEGRATIONS

### **PRESERVE THE TARGET**

- Strategically independent
- Less connected to the broader organization
- Limited changes to technology and processes

### **FULL INTEGRATION**

- Target is absorbed into the company; not autonomous
- Strategy is aligned to the buying organization
- Systems, processes are integrated

### **HYBRID**

- Strategic decisions are made on what to integrate/ change and what to preserve
- Strategy is aligned to achieve business case outcomes

## WHY DO THEY FAIL? CULTURAL DIFFERENCES

Strategic Fit

Lack of an aligned Vision for the future

Leadership Differences/ Lack of Leadership

Critical Talent Resigns

Did not understand the acquired company

Underestimate the need for change management

Unclear on how people work; misaligned expectations

Lack of clarity on integration process

Limited or poor communication after launch

Decision making process is not clear

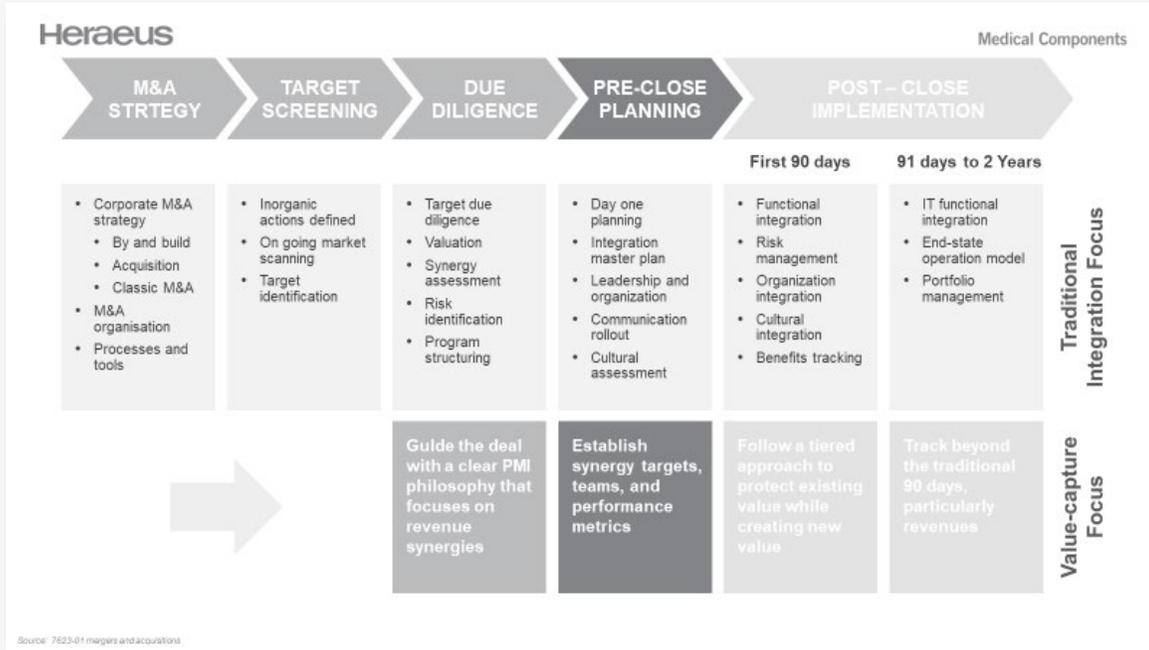
Poor execution

... many more



# INTEGRATION

## Transitional or Value Capture



## Fast-paced Timeline

