



# TRANSITIONING EMPLOYEES

## LESSON TOPICS

### 1. Transitioning Employees

Most business owners know that their greatest asset are their employees. Almost every investor that is going to bring any capital to your company, is interested in the fact that your people are going to stay on board. The owner's needs are why you would do a merger or acquisition, but the merger or acquisition has no value if the people are gone. Employees can be loyal but at the bottom of their heart, they will ask "What is in it for me?". In the process of transitioning employees it is important to answer that question.

### 2. Four Basic Needs of an Employee

**Security:** Employees are interested in the fact that this is a security measure for them. They want to know they are not getting fired because of the merger.

**Stability:** Employees do not like the ups and downs.

**Opportunity:** Employees want to know what their opportunity will be after the transaction.

**Recognition.**

If the list were to go onto the fifth need, it would be money.

### 3. Change

Change may not scare you the business owner and entrepreneur but that is the greatest fear of an employee. Small and mid-sized businesses do better with

handling change for their employees, than larger companies. To handle this better, you need to know your employees' stories. The more we know about their stories, the more we can hit the hot buttons of security, stability, opportunity, and recognition, which will allow them to be comfortable with this change.

### 4. Four key "Do Nots"

**Do Not talk about money.** This is a no win situation because you will not be the owner anymore, and can not make any promises around money.

**Do Not BS the employees.** Being straight and honest is essential for your employees.

**Do Not promise then break it,** no matter the timeframe. You should underpromise and overdeliver, and remember that actions speak louder than words.

**Do Not violate trust with your employees.** 50% of people give trust freely and 50% of people make you gain trust. This is an important fact to understand, because as the business owner, you need to appeal to both types of people and speak to them in that manner. Be sure on day one that you have covered off all the operational issues before you get to the disclosure. If this is not done and things go wrong, your employees will not trust the process and the decision you have made.



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## LESSON TOPICS CONT

### 5. Town Hall Meeting

It is important to get consultants and advisors, who are experienced with transitions of multiple businesses, to help prepare you for the town hall meeting. The town hall meeting is the day after you have sold the business, where you will do the exposure and reveal. It is best to do this in-person and with the investment group present. You want the full attention of your employees and may want to provide food to give a relaxed vibe in the room. It is recommended to conduct the meeting in the morning since employees will be sharper, and they have the whole day to process and get questions answered. Make sure that the person presenting at the town hall meeting is passionate and authentic. They also need to keep in mind that the employee is thinking “What is in this for me?”.

As the business owner, you must be available post meeting to answer questions for the employees. It will be easier for employees, who are uneasy, to come to you one-on-one than in the larger town hall setting. Remember less is more in the town hall meeting.