



HR Plays Leading Role in Preparing for a Major Acquisition

A Long-Term Partner Steps in to Help

The Challenge

When SUPERVALU, a large retail grocer and logistics company, announced its intention to acquire Albertson's, Inc., an even larger retail enterprise, it signaled a major change in scope, strategy, and culture. Virtually overnight, this *Fortune* 100 Company would become a *Fortune* 50 company, growing from a \$19 billion dollar firm with 50,000 associates to a \$44 billion firm with 200,000 associates; from a 50-50 balance between distribution and retail businesses, to an 80-20 national retail powerhouse. Managing the people side of the transaction would be a key factor in the success of the acquisition. According to SUPERVALU Chairman and CEO, Jeff Noddle, "Every major acquisition that has failed has done so because the cultural factor was ignored." SUPERVALU needed to evolve from a distribution mind-set of standardization, operating efficiency, and cost reduction to a more nimble, market-focused, innovation-driven retail mentality, while maintaining its highly disciplined, cost-effective edge. This would require a new leadership team and SUPERVALU needed help to systematically, objectively, and quickly choose its members, selecting the most talented leaders from the ranks of each company. SUPERVALU's goal was to hit the ground running with the top levels of management in place as soon as the ink on the deal was dry.

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SUPERVALU Chairman and CEO

SUPERVALU
CLIENT

Consumer Goods and Services
CLIENT INDUSTRY

Pivotal Leaders
SEGMENT

The Result

The assessment process enabled SUPERVALU's top team to make their decisions with confidence, speed, objectivity, and fairness. When the deal was finalized in early June of 2006, the new senior management team was in place, ready to hit the ground running. In the first two quarters post-acquisition, the stock price rose significantly, surprising Wall Street by beating their projections. In addition, all the participants had the benefit of a realistic self-assessment and practical feedback for development, the satisfaction of having been treated fairly and equitably, and the opportunity to see their new leadership in accord with the new cultural values they espoused.

SUPERVALU's commitment to creating a leadership advantage continues. Recognizing that the development of leaders is a critical driver of cultural change and organization capability building, SUPERVALU is investing not only in selecting strong leaders, but also equipping them for new challenges and developing their full potential.

The Solution

To help define the key challenges the new leaders would face, the competencies needed to meet them, and the assessment process that would provide a level playing field, SUPERVALU turned to PDI Ninth House, a trusted partner of long-standing. Albertson's had not used assessment for selecting internal or external leaders before and their people were wary. PDI Ninth House consultants worked closely with line leaders and HR partners to help them understand how the assessment process would work, the benefits, and how the information would be used as part of the decision-making process. These communications were integral to building trust in both the process and the new management.

In one and a half months, PDI Ninth House delivered a two-day Business Unit Leader assessment process to sixty individuals in multiple locations. This ensured that everyone was measured against the same yardstick and received in-depth feedback on all of their results at the end of the process. The process included tests and inventories measuring cognitive abilities, managerial experiences, work preferences, and personality styles relevant for this level of executive leadership; in-depth career interviews; and, realistic, engaging "day-in-the-life" simulations. Two summary reports followed. The first, an abbreviated report including an overall index of leadership capability and ratings on each competency, allowed calibration, and comparison among individuals, as well as benchmarking of each individual against PDI Ninth House's talented executive norm group. The second was a development report for the organization and participant that included a more extensive summary of the results and development suggestions for follow up. The quick turnaround of the abbreviated report gave decision makers the critical information needed to identify and compare top candidates and begin their final selection process. The development report supported the ongoing development of all of these leaders after the decisions were made.

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