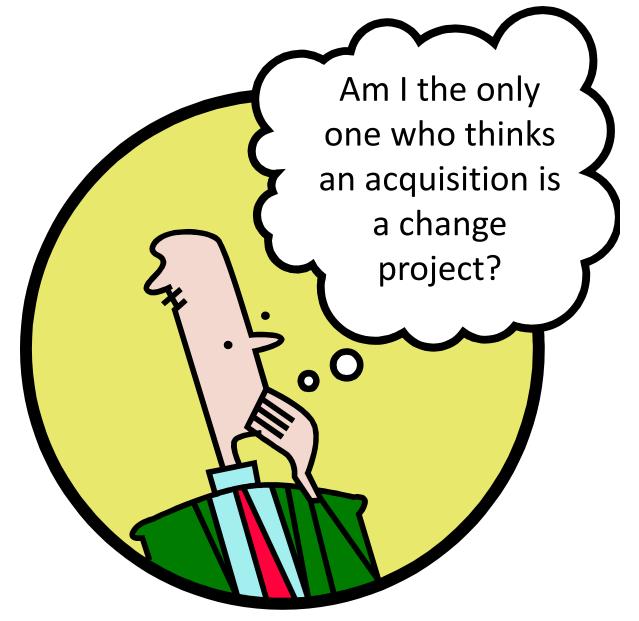
## WINNING THE MERGER CHALLENGE WITH CHANGE MANAGEMENT

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Carpenter Technology

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### LEARNING OBJECTIVES

- Share how we integrated change management activities into our acquisition of another company
- Share what we found to be the most helpful tools
- Discuss specific engagement methods
- Lessons learned



### THE SITUATION

Carpenter
Technology
acquires Latrobe
Specialty Steel in a
transaction valued
at \$558 million





# Just because everything is different, doesn't mean that anything has changed.



Signs were everywhere . . .

Signs that told us a change was needed . .

Signs were telling us what to do . . .

Signs were obvious to some, but not to others . . .







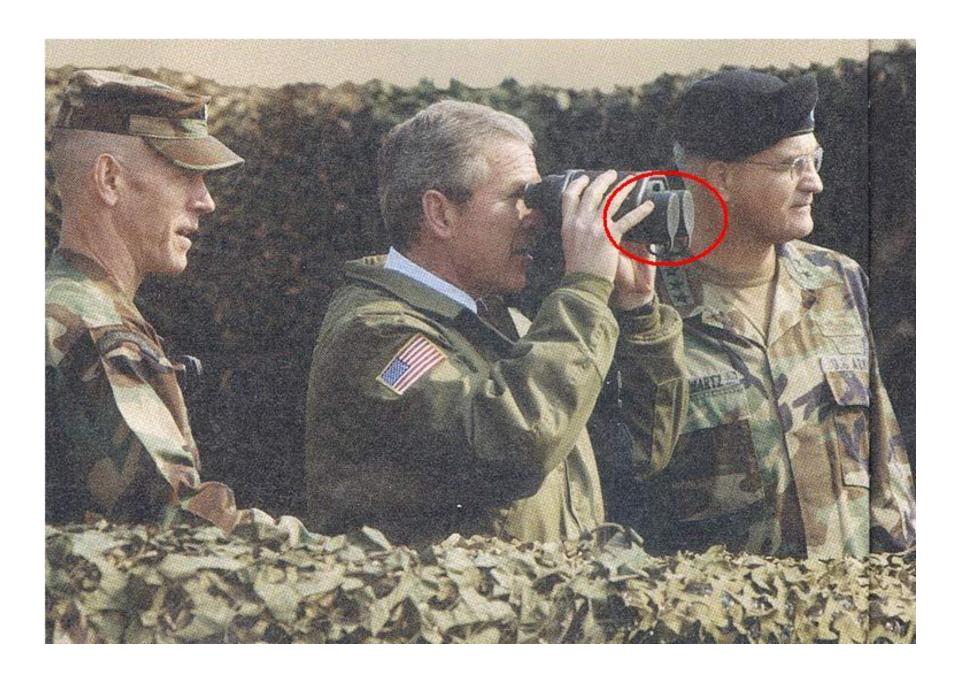




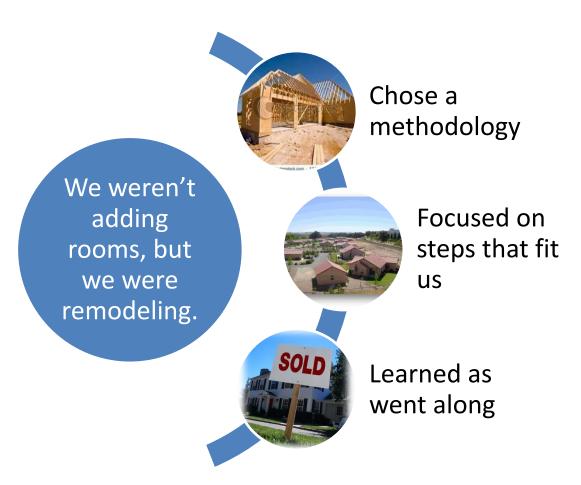


# IF EVERYTHING SEEMS TO BE GOING WELL, YOU HAVE OBVIOUSLY OVERLOOKED SOMETHING.



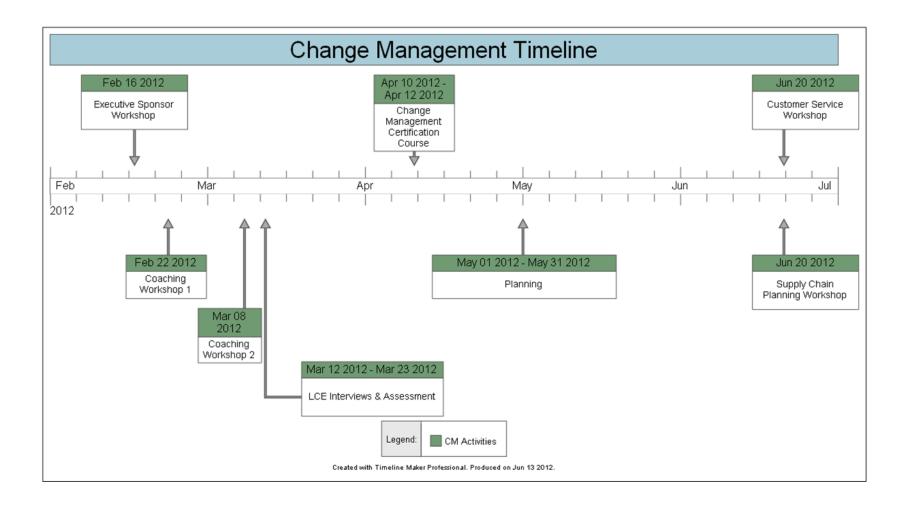


### House or Neighborhood?





### WE CHANGED TIRES ON THE CAR...





### **Integration Governance Structure** Rev Date: 03/27/12 Steering CRS/Latrobe Integration Team Executive Steering Committee (ESC) Yellow **Operations Committee** Andy Ziolkowski (Project Executive) Committee (ESC) Leadership Team Clean Room Integration Jim Dee Communications Blue Management Carol Lowry Bucky Rudolph Pepper Hamilton Office (IMO) Tipton Communications Integration Management Office (IMO) KPMG Integration Partner Steve Miller (PT) Steve Talarico Carpenter IMO Workstream Green Kathy Nevel - Operations Josh Hagy - Operations KPMG Integration Director (FT) John Steele, Chi Onyewuchi Function Purple General & Administrative **Human Resources** Sales & Marketing Distribution Operations IMO Liaison •IMO Liaison •IMO Liaisons ·IMO Liaison ·IMO Liaisons: Rich Tinsman, Chris Simcik, Dan Hennessy Jaime Vasquez Mike Fischetti ·FHS Steve Peskosky Jeff Kleinschmidt Capacity Utilization Team Ernie Jones Mark Weberding •Accounting John Matyasich •Benefits Mike Perry .Distribution Strategy ·Warehouse/Logistics Dale Mikus Laurie Rendin •Mfg Core Teams Technology Rich Walker ·Sales Andy Ziolkowski Dave Decusatis Toni Brugger Greg Fagert Ed Wanner ·Small Bar / TBD TBD Coil Finishing (Process) ·Engineering TBD Corporate •Compensation Bernie Mara Tom Zogas ·Latrobe Distribution Conversion Services Jaime Vasquez Ryan Weaver ·Hot Rolling Neal Fenton (Product) •Customer Service Dave Murray Toni Brugger Dale Mikus Jaclyn Bridge Tammy Koch TBD •Large Bar •Raw Materials Maintenance Joyce Petrunyak •Information Technology ·Labor Relations Mick Cataldi Finishing Kurt Krammes Operations Planning ·Manufacturing Product Angus Dalzell Mike Fischetti Rick Eaglehouse Tom Geary •Marketing & Branding Lisa Heffner Distribution Renee Furr Rosemarie Wolford •Press Randy Strayer Andrew Haimbach Quality Sally Sedlacko •Legal Organizational Devlpt TBD Bob Kemp Rotary Forge ·Purchasing Carol Lowry Janell Harakel Scott Balliett Toni Brugger Dale Mikus Product Management Jaclyn Bridge Remelting Ron Summerhill (MRO TBD •Product Devipt •Tax •Payroll TBD Joe Lehman Jeff Vanino Julie Peltier Scott Balliett Dale Mikus Terri Prevenslik Static •MOS Treasury Neil Berkley Mike Haney Dale Mikus Corporate Climate Communications Training Information Technology Rachel Hartnett-Brubaker Bucky Rudolph Janell Harakel Angus Dalzell



### THE MOST IMPACTFUL TOOLS WE USED

We built a Plan

We forced report outs on change efforts



We established formal feedback loops

We engaged sponsors



### The Plan

Comprehensive

 analysis of
 opportunities:
 communication,
 coaching, training,
 sponsors, resistance





## THE PLAN: COMMUNICATIONS RECOMMENDATIONS

## Create Communications Plans!!!!

- Use current Message Map process
- Create change management article series in the FYI weekly newsletter
- Create graphical depiction of the benefits of stand alone change management efforts versus what can be achieved together
- Implement a rigorous face-to-face group meeting activity
- Secure additional communications resources for scheduling events, crafting messages, and assisting coaches in gathering feedback



## THE PLAN: COACHING RECOMMENDATIONS

- Provide Coaching Workshops for all managers and supervisors
- Identify specific coaching expectations for communications and feedback.
- Prepare communications for managers to share
- Provide FAQs to support major milestones and sponsor communications.
- Establish a feedback process for communicating relevant issues, concerns or behavior.
- Implement the tools delivered in the coaching workshops
- Address each role (communicator, coach, liaison, advocate, and resistance manager) of the coach with specific support activities





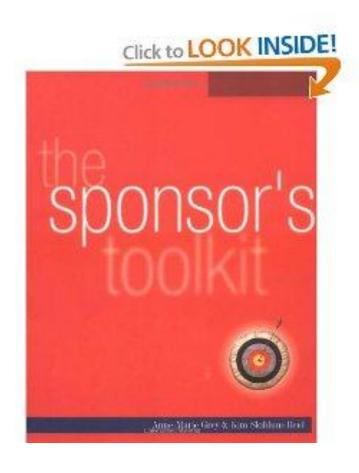
## THE PLAN: TRAINING RECOMMENDATIONS



- Establish a process for including feedback in training development and delivery plans
- Tie specific behaviors to integration goals and synergies
- Create a list of audiences that require training
- Define the training requirements for each audience in critical areas:
  - Emotional
  - Skills
  - Process
  - Problem solving



## THE PLAN: SPONSORSHIP RECOMMENDATIONS



- Identify specific face-to-face communications and coalition building meetings for the primary and group sponsors
- Create a Sponsor Assessment Roadmap
- Include sponsor/coach alignment activities.
- Create template used to identify specific sponsor activities and integrate these with the communications plan



### Tool 2

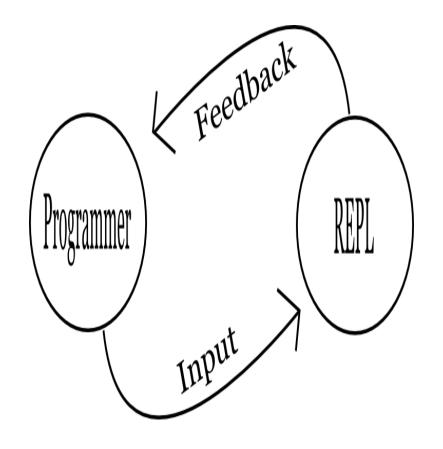
Change
 management
 updates were
 required as part of
 the project plan
 updates





### Tool 3

 Formal surveys with cascading target groups





### Tool 4

- We really engaged sponsors
  - Small sessions
    providing skill building
    ... And time to
    complain.
  - One on one interviews
  - A focus on the critical few influencers





### THE LESSONS WE LEARNED

