



SLM Software and Bankline:

Gilding the Yellow Brick Road

When one firm acquires another, cultural and operational differences are probable. But when a multinational firm with offices in 34 countries acquires a prestigious national organization headquartered in America's heartland, cultural differences are inevitable. Therefore, when SLM

Software Company acquired Bankline, executives of the two companies met to hammer out corporate strategy even before the acquisition was complete.

SLM manages electronic transactions for financial and related industries around the world. Electronic payments, ATM, voice telephone inquiry

systems, Internet banking, credit card processing, and global financial commerce – all are SLM software management specialties. The specialties of Bankline – completing such transactions for financial institutions, issuing statements, calculating interest, fulfilling government reporting requisites -- fit hand-in-glove

with SLM's strengths. John French, executive vice president of SLM and CEO of Bankline U.S. operations, summarized the complicated mechanisms of the two

companies. "SLM provides all the conduits to let the customer transact business, then Bankline actually

transacts that business with the financial institution or account. SLM and Bankline are both very good at what we do and that's why the partnership is so terrific," he said.

Govin Misir, president of SLM, understood the significance of the initial meeting and planning phase between the two organizations. "We had acquired a lot of technological companies in Canada, five in 1997-98 alone, but Bankline required a different kind of integration. Bankline is just as large as SLM. Yet the management and the culture are different altogether, radically different because they deal with a different kind of technology requiring different skills," he explained.

Walking through SLM's Canadian headquarters in Toronto, Canada, one may hear at least 20 languages spoken during a regular business day – quite a difference from the American-based Bankline organization. "At Bankline we understand the value systems of the U.S.; the value systems SLM understands come from throughout the world," said French. "They're very sensitive

to one another's cultures and we're very



Govin Misir, president
SLM Software Company

sensitive to the U.S. culture and not as knowledgeable about international activity. Plus we have different company focuses." Executives from the merging companies anticipated the importance of ensuring that when it came to doing business, everyone spoke the same language. Today, that language is Performance Management (PM).

The Forum

Misir, who first learned about the PM technology in the mid-80s during his early days in the banking industry, became reacquainted with the process during a seminar at Harvard's Cambridge University. He and other key executives from SLM and Bankline subsequently enrolled in Aubrey Daniels & Associates, (ADA) Inc.'s Senior

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Executive Leadership Forum, held at the Kiawah Island Resort in Charleston, South Carolina. "We were looking for something to make sure we had internal alignment, an issue that concerned me," Misir said. "We were growing and bringing in a different technology, a different culture and different management practices. PM had helped me in the past and I thought this was a good way

to introduce everybody to it. I wanted everyone to go to Kiawah as part of a team, to start out getting exposed to the technology so we would all be operating on the same wavelength."

The Senior Executive Leadership Forum helps senior managers resolve key business issues through hands-on application of PM's behavioral tools. At the forum the SLM and Bankline executives outlined the strategic plans for a successful and cohesive merger. Although this was French's first exposure to ADA's performance improvement approach, he readily recognized its value. "If you want to be a world class company, you've got to have a process where your people excel. Only by having a process with which you can consistently communicate, recognize and reward people is it possible to have an extraordinary company," said French. "All of us at one time or another have tried management by objectives. That

was purely results driven as opposed to the ADA approach where you try to shape behavior to achieve specific results. There's no question that PM is universal enough to make us an international company."

The Process

How does a company apply PM tools to overall strategy and how does that strategy guide day-to-day performance? The merging management team used Accelerated Change Technology (ACT) to begin answering that question via a detailed planning roadmap. "ACT asks three main questions which sound simple but have great impact for executives," explained Darnell Lattal, senior behavioral consultant. The questions are:

- Why are we doing this?
- What are the desired results?
- How are we going to get there?

According to Lattal, the first question addresses an organization's business drivers – such as competition, customer feedback, and other external factors that influence or pressure a company to change. The second question encourages decision-makers to specify outcomes and the behaviors needed to achieve them; and the third question addresses systems redesign and training. At the leadership forum, the executive group developed company goals guided by distinct initiatives regarding coming together as one company with a common culture,

revenue expectations, profit margins and future acquisitions. They began to address the final ACT question with a 360-degree leadership assessment of their own use of positive behavioral strategies and made plans to train associates in the PM approach.

The group also used the ABC Model, a tool for examining the antecedents, behaviors and consequences that drive performance.

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The Vision

As the executives planned future strategies, they also created a shared thematic vision: two merging companies, (one based in Kansas City, the other in another country), a shared dream of a successful venture, and the road leading there built through mutual effort. The elements were reminiscent of the Emerald City in the famed story "The Wizard of Oz." The vision for the transition of SLM and Bankline

became EMC2 (the Emerald City squared).

The Journey



The task ahead was still a large one, but the executives of SLM and Bankline now had a working strategy employing common positive

management processes to drive change. Today, as the company's work force completes PM training the executive teams remain in contact. "We are talking at regular integration meetings and are further defining and aligning certain things," said Misir. "People relate back to the conference and we all understand the concepts. This has made my job easier because PM is not viewed as something I imposed, but as a system that works."

Misir and his direct reports often use the ABC model to analyze, weigh and measure their own leadership behaviors. "With the ABC model we look at the behavior we are trying to achieve and then work from there. My direct reports understand this is the model we will use and it is a model that generates a lot of discussion on how we should approach a problem."

Referencing ACT, the executive group returns to the business drivers established at the forum whenever necessary to refocus on the why of change. "It is important to communicate to the employees why we are doing

certain things, the rationale behind our actions, and what we're trying to achieve," Misir said. "On an average of once a week, the entire management team applies issues to the model we created in Kiawah."

"We've got the controls in place and we've got the objectives," French stated. "Our immediate goal is to identify roles and responsibilities. We've got to be able to identify and quantify what we're doing, have a good understanding of why we're doing it and discover ways to be creative. We won't expect our line people to do anything that we won't do ourselves."

The Leadership

Since July 1996 SLM has grown from a company of 85 employees to one of over 600. Revenues are projected to triple as a result of the growth, and the company is well on its way to achieving the year 2000 goal to become a billion dollar firm. Misir concedes that the rapid changes have also escalated the stress on SLM associates, but he sees the strain dissipating as people feel more control over their own work responsibilities. "As part of our common management method, communications, and the right alignment, the stress has reduced in terms of dealing with such issues as taking on new customers from acquisitions, taking on new employees from those organizations and trying to retain key employees during the transition. Now we have a method of telling people the why and the how which allows them to

work as a team. That filters down from my level to the next level, and we are seeing progress. Although we are still putting the

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process in place, people are already happier just getting clearer about what their goals are, what is expected and what their individual contributions to the company are."

In addition to the Kansas corporate headquarters, Bankline operates 13 offices throughout the country. With facilities in Boston, Philadelphia, New York City, Richmond, Chicago, Topeka, Denver, Dallas, Houston, Austin and Seattle, French and the executive team face the challenge of merging the

companies' cultural and corporate dichotomies. "We realize it's a global economy and we're intrigued with the opportunities to learn and explore different opportunities around the world,"

French said. "I think Govin has shown great insight to recognize that

leadership must have common goals and objectives and common processes so we can create a great place to work for all of our employees. If you bring proven processes into organizations that have total management commitment, then you really can get the results you're looking for." □