

Persuasion Scenario

You are the founder and CEO of a small software company that has grown to 2million in revenue. The company has 20 employees and a terrific management team that consists of a VP of Sales, Director of Marketing, CTO, CFO, and a VP of HR. The market opportunity is terrific.

Situation:

- You own 75% of the company. Angel investors own the rest.
- The company was founded less than a year ago. It was your idea and you invested almost 2 years of prior sweat equity.
- **You have found a holding company that is interested in buying your company at a great valuation- you are thrilled; your dream has come true!**
- At one point, you told your management team that you were considering ways to provide employee stock options. The comment was mentioned once and you never followed through because there were other more pressing issues. If the acquisition takes place, there is no chance that this will become a reality.
- It is your understanding that the parent will let you continue to run and grow the company as you please. The parent's only stipulation is that you pay back a certain % of net to the parent; the exact amount has yet to be determined. You are not completely sure this is the case, but you know of another of their recent acquisitions and they held true to their claim. Your gut feeling is that they are honest, although you are realistic and understand that they may execute some changes.
- You are confident you can continue to grow this business aggressively.
- Your team genuinely enjoys the work and the environment that has been created.

Other Considerations:

- It is not your intention to compensate your team for the sale.
- You can't do anything to adjust their pay in the first year (worst case scenario- decrease 10%), but you hope to implement a management team profit sharing system once you are secure with the parent and can show a strong bottom line.
- You think the parent company might dismiss the VP of HR- because they have a shared service you can utilize.
- The parent company does have some great-shared services that will truly help the company, including a great distributor network, employee benefits, and purchasing power.
- Everyone on the team gets along and they respect you.
- You know that some of them are being actively recruited by larger companies (at higher salaries), but you think they are sticking around because they see upside and like the environment.
- Your team has no idea that this has come up. The buyer just called you a week ago.

Your Goals:

- Get the team's commitment to the transaction.
- Persuade the team to stay on board.

Task:

Work with your team to think through your communication strategy. How might you achieve your goals? What are different approaches you might take? Discuss the pros and cons of each. Let's assume that you have called a meeting to discuss the situation.

WORKSHEET

What mutual objectives can you focus the team on? How can you appeal to “what’s in it for them?”

What is critical for you to be successful?

What key messages will you deliver? Please consider the order as well.

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How might you apply some of the techniques noted in the Cialdini piece? What are the pros and cons of each approach.

		Pros	Cons
Liking			
Reciprocity			
Social Proof			
Consistency			
Authority			
Scarcity			