



Short Communication

The Merging and Integration of Two General Aviation Companies: A Case Study in Effective Leadership

Dr. Robert Evenson, Jr.¹, Dr. Timm Bliss^{2*} and Dr. Mallory Casebolt³

¹Service Manager, Textron Aviation, ²Department of Aviation & Space, Oklahoma State University, ³Department of Aviation & Space, Oklahoma State University

*Email: tim.bliss@okstate.edu

Received on 05/14/2020; revised on 06/28/2020; published on 07/26/2020

Abstract

The purpose of this study is to identify the optimal leadership skills and qualities necessary for the effective merger and integration of two general aviation companies, the Cessna Aircraft Company and Beechcraft Corporation. The purposive sample used in this study is comprised of leadership interviews identified as having significant industry knowledge and internal information on the initiative. This research study is significant in that it provides relevant insights regarding the importance and effectiveness of desired leadership skills throughout a successful merger and integration process. Companies will continue to merge and integrate, including aviation companies, for variety of reasons including: growth stimulation, diversification of business interests, elimination of competition, pricing power related to supply chains, or tax benefits. As evident in this research study, there are determining factors regarding leadership that effect a successful merger and integration.

Keywords: general aviation, merger, leadership skills, Textron Aviation

1 Introduction

Two of the largest general aviation companies, the Cessna Aircraft Company (\$2.8 billion in total revenues in 2013) and Beechcraft Corporation (\$1.8 billion in total revenues in 2013) merged in 2014; creating a single, new, and much larger aviation company, Textron Aviation Incorporated (Textron Aviation). In approximately three years, Textron Aviation began operating as one legal entity following the completion of the successful merger (McCoy, 2017). Today, Textron Aviation manufactures and sells Beechcraft, Cessna, and Hawker branded aircraft under common leadership and management. Together, the brands of Cessna Aircraft Company (Cessna) and Beechcraft Corporation (Hawker/Beechcraft) have created the largest general aviation company in the world; consisting of a global aircraft service network and a combined installed base of more than 250,000 aircraft (McMillin, 2015, p. 1).

Collectively, combining two general aviation manufacturing companies of this magnitude requires consistent leadership skills and qualities which are optimally present at all levels of management. Market share growth in the general aviation industry demands development of talent and educates personnel to sustain the demanding general aviation aircraft market (Bednarek, 2016). With multiple maintenance, repair, and operations

(MRO); the general aviation industry has a significant requirement to develop and maintain a well-trained and competent workforce that is capable of fulfilling needs as it continues to grow.

To ensure positive trends in the global economy, Textron Aviation had to have an aggressive and forward-thinking plan to integrate these two companies and help develop agile leaders. Innovative thinking, increased collaboration, and more integrated processes and systems are required to increase the company's significance in the industry.

1.1 Statement of the Problem

Companies merge for various reasons. There are numerous published research studies that conclude leadership is the cornerstone for any successful merger.

In a 2014 study conducted by Dr. Judy Bullock, she concludes: Leadership experience in mergers and integrations is an embodied state of being for others that incorporate the intellectual, mental, and emotional dimensions of an executive in the execution of functional roles involving vision and strategy, communication, culture, and change management (p.1).

Mergers are a critical test of leadership and the effectiveness of this leadership during a merger is essential to the success of all associated entities and personnel. Regarding successful mergers, Scanlan (2005) states,

“Companies must have leaders who understand the importance of building a business” (p.1). However, there is a significant lack of research focusing on identifiable leadership qualities, attributes, and skill sets required for the successful merger and integration of general aviation companies. Therefore, this research study will focus on the identification of leadership qualities and skill sets required by leadership to merge and integrate two general aviation companies into one efficient and synergistic aircraft manufacturer; emphasizing the Cessna and Hawker/Beechcraft merger and integration.

1.2 Purpose of the Study

The purpose of this research study is to identify optimal leadership skills and qualities regarding the 2014 merger and integration of Cessna and Hawker/Beechcraft and determine the overall effectiveness and efficiency of these skills and qualities during and after the merger and integration of the two companies.

1.3 Research Questions

The following research questions align with the intent of this research study:

- 1) What significant leadership qualities or skills are identified by leadership; ensuring a successful merger and integration process between Cessna and Hawker/Beechcraft?
- 2) How does leadership preserve the underlying values, beliefs, and practices that uniquely define both companies; thereby, minimizing culture dissonance between the two businesses and maintaining a viable and efficient workforce throughout the merger and integration process?
- 3) Is leadership from both aviation companies successful in their collaborative efforts as the two companies transition to common management?
- 4) What specific recommendations/conclusions can leadership contribute to other general aviation companies considering the merger and integration process?

2 Methods

The purposive sample for this study is comprised of eleven leaders employed within the companies of Cessna and Hawker/Beechcraft. These eleven participants are chosen by the researchers due to their direct involvement, knowledge, and experience in identifying the leadership requirements during the merger. The reason for collecting qualitative data from personal interviews with these aviation leaders, who have a direct impact on the merger and integration processes, is to bring a sense of ownership to the leadership qualities that are essential to successfully merge and integrate these two companies; as well as provide recommendations in addressing the need for leadership at the planning, execution, and post-merger stages.

All participating leaders are asked the same eight standard open-ended questions (Appendix) and all interviews are conducted in a natural office setting at Textron Aviation headquarters. Of the eleven participants in the interview process, three female and eight males are interviewed by the researchers. A further delineation on ethnic background, one African American, two Latino, and eight Caucasians participate in the interview process. There is no notable significant disparity of the opinions among the participants in any of these demographics categories.

After the interview process is completed, detailed reports are compiled for analysis using four broad research goals: (1) identifying the perceptions of significant leadership qualities and skill required for a successful merger, (2) identifying the underlying values, beliefs, and practices that minimize the cultural differences inherent when merging two separate and distinct organizations, (3) identifying the success of the collaboration efforts of the two organizations, and (4) identifying specific recommendations/conclusions that the interviewees may identify which may contribute to other general aviation companies successful mergers and/or the integration process.

Vivo coding allows the participants’ words to be collected into themes of similar language and meaning. Using HyperTRANSCRIBE software, the transcripts are coded and categorized.

The recommendations and observations formulated from the leaders of both Cessna and Hawker/Beechcraft are used by the researchers to determine how to assess successful leadership qualities and attributes.

3 Results

The participants’ combined years of experience in general aviation provide a valuable source of data specifically related to the manufacturing of general aviation aircraft worldwide. The participants’ involvement during the merger process range from the Chief Executive Officer (CEO) to first line supervision, providing unique insight and perspective from a variety of points of view. Table 1 illustrates each participant’s professional experience.

Table 1 Summary of Participants’ Background

Part	Department	Experience
1	Wichita Service Center	First-level manager with over 20 years of customer service experience.
2	Logistic and Procurement	Senior manager in logistics with over 15 years of experience in aviation manufacturing.
3	Human Resources	Senior executive in human resources with over 30 years of professional experience.
4	Business Development	Mid-level manager in business operations with over 10 years of experience in the aviation industry.
5	Business Operations	Executive in business operations with over 30 years of general aviation experience in mergers and integrations.
6	Information Technology	Mid-level manager in information technology with 20 years of work experience.
7	Global Service Center	General manager in customer service center with over 20 years of work experience.

8	Business Operations	Top executive in business operations with several years of work experience.
9	Corporate Business Operations	Chief executive officer with over 35 years of work experience.
10	Business Development and Integration	Senior manager in business development with several years of work experience.
11	Information Technology	Mid-level management in information technology with several years of work experience.

The researchers are able to collect the frequency from the participants' answers to interview question 1, *What specific leadership qualities are identified and implemented to minimize the disruption in daily operations, as well as calm employee concerns during the transition of merging and integrating these two aviation companies?*, and group them into leadership quality themes of (1) communication, (2) patience, (3) trustworthy, (4) delegation, (5) feedback, (6) listening, and (7) responsibility (Table 2).

Table 2 Summary of Participants' Themes

Part	Comm	Patience	Trust	Delegate	Feed-back	Listen	Respon-sibility
1	x	x	x				
2	x			x	x		
3			x	x	x		
4	x		x			x	
5	x				x	x	
6	x		x	x	x		
7	x	x	x			x	
8	x					x	
9	x				x		x
10	x			x	x	x	x
11	x	x	x			x	

3.1 Leadership Qualities

Regarding research question 1, *What significant leadership qualities or skills are identified by leadership; ensuring a successful merger and integration process between Cessna and Hawker/Beechcraft?*, five specific qualities of leaders stand out as being more common than the others: communication, trustworthy, feedback, listening, and delegation.

This study indicates the most important leadership skill to ensure a successful merger and integration is communication. As many participants note, "communication is not merely talking to individuals, it is presenting factual information in a timely and distinct manner." The term, communication, covers a very broad spectrum; however, the participants narrow the meaning of communication to timely, focused, and accurate presentation of the various planning stages of the merger and integration process. The leadership directly involved in the merger of the two aviation companies describe how the use of transparent communication assist them in keeping the various employee groups engaged, enthused, and informed during the integration process. As seen in the literature, ensuring open lines of communication will successfully align the company's goals with those of the employee groups throughout a merger (Baldoni, 2003). These leaders are able to adapt based on the employee groups they were communicating with at the time. Each employee group associated with the two aviation companies will have different needs and interests related to the merger and integration; therefore, leaders must be able to adjust their communication

based on each specific employee group in order to engage and encourage them to meet the goals of the initiative.

Another leadership quality recognized by the majority of the participants is trustworthiness. They explain how significant trustworthiness is to the overall success of merging and integrating the two companies. As Gardner stated, "It is virtually impossible to exercise leadership if shared values have disintegrated. Unfortunately, the soil in which such values are rooted and nurtured are blown away in the dust storm of contemporary life" (Gardner, 1990, p. 25). A trusted leader stays true to their convictions during difficult times, maintains an understanding of self, and a higher level of honesty and integrity and discipline. In order to develop and execute a successful merger, establishing and maintaining trust with employees is as important as open and effective communication. Leaders must be able to establish themselves as trustworthy because employees are more comfortable with change and more willing to embrace a new vision if they believe they are working for a trusted leader.

Leaders do not work in a vacuum when integrating two general aviation companies, rather they are employees themselves encountering the same stressors as any other employee (Hammill, 2005). The majority of the participating leaders state how important it is to provide consistent and factual feedback to all employee groups before, during, and after the merger and integration process. According to the participants, having the opportunity to provide and receive feedback create a collaborative environment for leadership and employees to resolve the unknowing and uncertainties associated with an ever-changing culture of the workforce during the organizational integration of two companies. Furthermore, feedback must be given in a timely manner and the leader must present it in perspective. If a leader's actions or words somehow minimize the feedback, it will not be acted upon aggressively by the workforce.

Listening is another leadership quality recognized by the majority of participants. The participants talk about how important it is for a leader to listen to their subordinates, their peers, and their customers. Listening is a leadership quality that many leaders neglect to focus on, primarily because they fail to understand that the purpose of communication is to engage - which requires listening to others. More than half of the participants believe it is crucial for leaders to actively listen to those around them. Mergers and integrations will create many unexpected challenges, so it is critical for leaders to listen and respond to employee groups. In order to be successful, a leader should never miss the opportunity to be a great listener. All leaders, regardless if involved in a merger, should remember the old adage, "it is impossible to stick your foot in your mouth when it is closed."

Almost half of the participants identify delegation as an important leadership quality. Most participants have the perception that delegation, as a leadership quality, is not as important as communication, trustworthiness, feedback, and listening. Yet, a leader who insists on maintaining all authority fails to meet the definition of a successful leader. Successful leaders seldom attempt to do everything themselves, rather they delegate responsibility to others. Leaders that are willing to share the responsibilities with their employees, along with the freedom to complete these responsibilities; builds creativity, satisfaction, and morale in the workforce. Conversely, leaders that lack the ability to delegate have no confidence in their employees; creating very dissatisfied people. Regarding the merger and integration process, employees from both aviation companies prove to be more effective performers once they feel part of something that is bigger than themselves. By delegating some of the merger and integration responsibilities to the employee groups, leaders are offering a powerful and productive statement to employees about how much they are trusted and how valued they are considered to be, as individuals, to the company.

3.2 Preservation of Values, Beliefs, and Practices

Regarding research question 2, *How does leadership preserve the underlying values, beliefs, and practices that uniquely define both companies; thereby, minimizing culture dissonance between the two businesses and maintaining a viable and efficient workforce throughout the merger and integration process?*, the findings show that throughout the merger and integration process, leadership from both aviation companies indicate they preserve the values and beliefs of both companies. In order to be successful leaders, the participants state they need to remind themselves to exhibit the company's values and beliefs within their leadership responsibilities every single day during the merger. Most of the employee groups from both companies are unsure about the merger and do not know what to expect from the final outcome after integration. But since the leadership teams from both companies are able to maintain the values, beliefs and practices of Cessna and Hawker/Beechcraft through successful organizational plans; employee trust is never an issue because the core values are effectively maintained and communicated throughout the merger and integration process.

Even though this merger and integration plan creates a complex environment for everyone involved, through a value-based leadership approach, the newly created leadership team (post-merger) is able to communicate effectively with all employee groups and convey a clear and concise message to align employee values with the organizational culture. It may be true that organizational culture, in part, is created overtime by leadership; but it is also true that organizational cultures are maintained and transformed by company employees. This is important because organizational culture generates, specifies, and articulates the core values and beliefs that uniquely define a company.

3.3 Success of Leadership

In reference to research question 3, *Is leadership from both aviation companies successful in their collaborative efforts as the two companies transition to common management?*, all eleven participants strongly believe that the leadership teams from both aviation companies, Cessna and Hawker/Beechcraft, are effective and successful in their collaboration efforts as these companies merge and integrate into one successfully combined company.

The data generated from the participants indicated that during the merger and integration process, leadership employs more of a collaborative approach that empowers their employees; instead of the more traditional leadership style of top down management. Since team building and power sharing are replacing the traditional forms of corporate hierarchy (Bevacqua, 2019), the leadership team encourages equal participation across all levels; thereby, sharing the power with all employee groups representing both companies. By recognizing that power is greatest in a collective team, leadership wants to take more of a team approach to problem solving during the process of merging and integrating the companies. This collaborative approach is successful in engaging the workforce and encouraging employee growth during and after the merger.

During the more challenging phases of the merger and integration process, the participating leaders discuss how important it is to migrate toward a more collaborative approach of solving more complex business decisions. Through this collaborative approach, employee groups are tasked with taking the initiative to become more involved in decision-making processes; thus contributing to the overall success of the newly-created manufacturing company. All in all, leadership at Cessna and Hawker/Beechcraft proves that working collaboratively with the entire workforce is extremely important and necessary in transitioning two large companies to a common management structure.

3.4 Recommendations

According to the final research question, *What specific recommendations/conclusions can leadership contribute to other general aviation companies considering the merger and integration process?*, one of the most important aspects of the successful merger and integration of Cessna and Hawker/Beechcraft is executing the communication plan set forth by the leadership team. This is accomplished by adopting comprehensive communication policies and strategies with its employees.

When company decisions are being made that will directly affect them, employees want to hear what is happening from the people at the top. As with these two aviation companies, communication is a vital leadership component to any company. Whether the purpose of communication is to inform employees on new policies and procedures or to simply listen to the attitudes of employees, effective communication is an integral part of successful leadership. A successful leader understands what is required to identify and implement a communications effort required to influence and make a difference in their company. And just as important as the communication effort itself, leadership must work through the communications cascade early in a company transition such as a merger with another company. If communication is not identified and clarified at the beginning of this merger, all attempts to successfully achieve company objectives with employee groups will fail.

Leaders at all levels of an organization must collect and combine all relevant documentation of current organizational procedures and company policies before implementing the merger and integration process. The only successful means for a leader to effectively communicate and convey his or her professional knowledge and expertise is to have a thorough understanding of all procedures and policies. Policies and procedures are an essential part of company; therefore, leaders must value the necessity of following procedures and adhering to established company policies. Together, policies and procedures provide the framework for day-to-day operations; ensuring compliance with industry laws and regulations, providing guidance to the decision-makers, and streamlining internal processes from within a company. Regarding the merger and integration process, policies and procedures will assist leadership in keeping daily operations from devolving into complete chaos. And unforeseen challenges and the occasional mistake in the process can be easily identified and addressed by the leadership team.

Diversity can be defined as an organizational asset that encompasses economic, educational, and generational differences, with the understanding that these differences will positively reflect the value they provide to the company's workforce (Fay & Cox-Irvin, 2019). Successful leaders are determined to integrate diversity into all of the organizational processes of their company. Using diversity to foster engagement and improve decision-making within the workforce is essential to successful leadership. In addition, successful leaders understand that it is necessary to build accountability into their organizational structure with regard to taking responsibility for creating a diverse work environment. Effective leadership desires compatibility in employee groups because compatible employees will transform diversity into unity. Reflective of this study, it is encouraging that all participants speak highly of diversity and the how it directly impacts the company's overall performance and morale during the merger and integration process. Because too often, diversity is relegated to the Department of Human Resources and is not recognized as a vital asset to in the area of leadership development and growth. In an effort to prevent this from happening, continued dialogue regarding the importance of a diverse workplace is vital to the success of individual leaders, as well as the company they are entrusted to lead.

4 Summary

Companies will continue to merge and integrate, including aviation companies. As evident in this research study, there are many determining factors regarding leadership that result in a successful merger and integration of Cessna and Hawker/Beechcraft. The challenges that are present to leadership during the merger and integration process are real, and these same challenges will continue to plague other companies involved in mergers. Therefore, additional research studies on the growing need to identify and define leadership qualities that contribute to a successful merger and integration process is not only imperative to the aircraft manufacturing industry, but to all other industries as a collective whole.

Conflict of Interest: none declared.

References

- Baldoni, J. (2003). *Great Communication Secrets of Great Leaders*. New York: McGraw-Hill.
- Bednarek, J. (2016). *General Aviation - An Overview*. Retrieved from <http://www.wingsoverkansas.com/history/a668/>
- Bevacqua, J. (2019, January). *The Rise of the Team-based Organizational Structure*. Retrieved from: <https://risepeople.com/blog/team-based-organizational-structure/>
- Bullock, J. (2014). *A Phenomenological Study of the Leadership Experiences of Executives in Mergers and Acquisitions*. ABI Information, 15.
- Fay, S. & Cox-Irvin, J. (2019, March). *The Importance of Diversity in Asset Management*. Retrieved from: <https://www.alliancebernstein.com/library/the-importance-of-diversity-in-asset-management.htm>
- Gardner, J. (1990). *On Leadership*. New York: The Free Press.
- Hammill, G. (2005, March). *Mixing and Managing Four Generations of Employees*. Retrieved from: <http://www.fdu.edu/newspubs/magazine/05ws/generations.htm>
- McCoy, D. (2017). *Textron Aviation now operating as one legal entity*, Wichita Business Journal. Retrieved from: <https://www.bizjournals.com/wichita/news/2017/01/03/textron-aviation-now-operating-as-one-legal-entity.html>
- McMillin, M. (2015). *Year after Beechcraft Acquisition, Textron Aviation Isn't Sitting Still*. *Aviation Week & Space Technology*, 3.
- Scanlan, L. (2005). *Mergers: A Critical Test of Leadership*. *Healthcare Financial Management*, 59.

Appendix

Interview Questions

1. What specific leadership qualities were identified and implemented to minimize the disruption in daily operations, as well as calm employee concerns during the transition of merging and integrating these two aviation companies?
2. Describe the specific leadership plans and actions implemented at the: (1) organizational structure level, (2) department/team level, and (3) the employee level during the merger and integration process.

3. Post-merger and integration of two companies can create unique leadership challenges including the need to successfully unlock potential and anticipated synergies. Describe the process that leadership used to promote and implement these synergies during and after the merger and integration process.
4. Any merger and integration process can create an unfavorable condition of terminating employees as a result of the immediate and longer-term operational and financial goals of the newly-formed company. Describe the operational and communicative processes used to evaluate, inform and integrate the workforce of the two aviation companies.
5. Maintaining workforce diversity is an essential component of any company. What specific considerations or actions did leadership foster to ensure the diversity of the workforce was optimized to maximize the productivity of the newly-formed company?
6. During the merger and integration process, what was the primary obstacle facing leadership regarding customer expectation and satisfaction with existing and new product lines? What short and long-term goals were established to ensure customer service was maintained throughout the merger and integration process?
7. What measures of success were created and implemented by leadership in determining workforce engagement and maintaining optimum productivity at both companies throughout the merger and integration process?
8. Regarding leadership, what ensures the continued historical success of both aviation companies, now that the Beechcraft, Cessna, and Hawker branded aircraft will be manufactured and marketed under common management?