

DNB-Nordea bank merger: redundancies are inevitable, and a new CEO is sought, “Verslo Žinios”

Vilnius, Lithuania – When the DNB and Nordea banks announced the merger of their Baltic operations, around 3,100 employees held their breath, from the lowest-level personnel up to the top management. Executive search and HR management professionals have predicted several potential change scenarios, and all of them include redundancies.



Leading Lithuanian business newspaper Verslo Žinios has written that the new giant bank will be established in the 2nd quarter of 2017 at the earliest, after receiving all necessary permits and licences from the appropriate bodies. A new CEO and top management team must be appointed before the merger.

[Kristina Vaivadaite](#), Client Partner at international Executive Search firm Pedersen & Partners, sets out three possible scenarios for appointing a new CEO.

“Looking at global practices for bank mergers there are several possible scenarios. It is quite common for one of the CEOs of the merging banks to be announced as the CEO of the new organisation. However, this usually depends on factors such as the strategic goals of the merger, the dominant partner and the CEO’s personal traits. The second possible scenario is for the candidate to be appointed from one of the managing groups, rather than one of the merging companies – this usually happens when companies operating in the same region are being merged. The third possible scenario is to bring in a new CEO from outside the merging organisations. All three scenarios are possible, but the third scenario seems to be very likely considering that the new Baltic bank will be managed equally by both organisations and will have a new name.”

Assessment of skills and talent

“From our experience of similar mergers, we know that it is essential to appoint a new CEO, who will be responsible for the organisation and the continuing merger process, as soon as possible. I would guess that at this point, the CEO search process is now at the very final stage. At this time, HR should be identifying talent within the organisation, and especially assessing second level management employees. This information will be important for the new CEO, who will need to decide which employees are needed in order to achieve the organisation’s new strategic goals,” noted Kristina Vaivadaite.

According to Ms. Vaivadaite, the biggest task ahead is to create a new structure and assess the talent from both organisations in order to evaluate whether they are appropriate for the newly-formed organisational structure. “The new CEO will need to know this information before making personnel-related decisions,” she added.

Although employees may feel that it is time to update their CVs, Ms. Vaivadaite predicts that most employees will not voluntarily leave and will wait for the final assessment, because the Scandinavian banking sector is one of the most attractive employers on the market. “When these kind of processes are taking place, it is easier to encourage people to consider other career possibilities, but we often see executives who do not make any decisions until they have heard the final word from their employer,” concluded Ms. Vaivadaite.



[Kristina Vaivadaite](#) is a Client Partner and the Country Manager for Lithuania at [Pedersen & Partners](#). Ms. Vaivadaite has more than 15 years of Executive Search experience, having completed over 500 senior level search assignments in Consumer Goods, Industrial, Pharmaceutical, Technology and Professional Services sectors in the Baltic countries, Scandinavia, CEE and Asia. Prior to joining Pedersen & Partners, Ms. Vaivadaite led the Lithuanian operations of a regional Executive Search company and also provided HR consulting services to local and international clients.

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