

### Common Mistakes during Mergers / Acquisitions

Culture is the shared beliefs, values and assumptions that drive behavior within an organization. Culture must be a focus during a merger or acquisition, because without intentional acculturation, culture will undermine value-creation. Sound financial analysis and execution is insufficient to achieve the assumed level of value during integration.

#### Culture Challenges

*Flashpoints emerge during a merger or acquisition when insufficient attention is given to identifying institutional behavior that needs to be sustained / changed. Flashpoints are emotionally significant traditions that create divisions and culture clashes and can be identified by the battle lines such as; us versus them, superior versus inferior or acquiring versus acquired. Common flashpoints include:*

- **Practices**
  - Communication or collaboration practices
  - Decision making approach and subsequent alignment
  - Daily practices such as schedules, work location (office or remote), hours, dress
  - Stated versus operational values
- **People**
  - Levels of employee engagement
  - Change readiness of organization measured by competence and commitment to the power of trust
  - Fungibility of workforce
- **Performance**
  - What measurements and metrics drive behavior?
  - How are people compensated for performance?
  - Is risk taking rewarded or discouraged?
- **Pace**
  - Urgent and responsive versus thoughtful or deliberate
- **Power**
  - Money matters; how it's spent and who is authorized to spend it?
  - Hierarchy; the power/control structure
  - Centralized or decentralized management
  - Approach to conflict resolution

### Methods to Avoid Mistakes

- ✓ Measure the culture and look for flashpoints.
- ✓ Pay attention to the specific flashpoints and make proactive decisions about prevailing practices.
- ✓ Increase decision making and prioritization skills and agree on approach, including designation of specific decision makers or tie breakers; set clear expectations on the decision framework.
- ✓ Establish a clear internal brand with a compelling future vision, case for change and new language.
- ✓ Honor and build on the strengths of both organizations.
- ✓ Meaning making; all levels of leadership consistently explain the why and how of the amalgamated organization. It is the leader's responsibility to make meaning from events and decisions so that all employees clearly understand the why and how.
- ✓ Intentional Acculturation

### Change Management is Critical

- ❖ Recognize that communication alone is not sufficient to address culture flashpoints
- ❖ Culture is a business issue and must be owned by senior executives; they must sponsor or lead the change and ensure cultural flashpoints are avoided
- ❖ Create clear, measurable people changes in the business case to drive the culture shifts needed to successfully integrate organizations
- ❖ Setup a change network to formalize the informal grapevine
- ❖ Take time to understand the stakeholders, determine their level of commitment and create specific plans to influence their adoption of the new cultural practices