

WHY'D THE DEAL GO SOUTH? CULTURE SHOCK

By Carol Bergeron



Happy St. Patrick's Day to you!

Surveys repeatedly report that mergers & acquisitions do not live up to expectations because of post merger integration issues and incompatible company cultures. Since these disappointing outcomes are avoidable why do they keep happening? Possible explanations include:

- A live acquisition candidate is intoxicating and things get moving fast, so fast that company culture (or the "soft stuff") often gets overlooked.
- The soft stuff is deemed less important, thus considered optional, than the hard business issues.
- In-house expertise to assess and address culture and workforce integration does not exist, is tied up on other initiatives or not invited to the M&A party.
- Folks may be in denial that people are the source of competitive advantage and the soft stuff does make a difference.

Executives who address culture and workforce integration issues recognize there are three basic approaches and mix and match them so as to maximize M&A outcomes.

- **Get proactive and prevent the soft stuff from derailing your M&A**

Do this by expanding due diligence to include assessment of culture (of both companies so you know how wide the gap) and degree of workforce integration. More information earlier in the process positions you to prevent and address issues that could make your acquisition a statistic.

- **Deal with it during integration**

Get your arms wrapped around a culture that supports the business goals of the new organization. It may be a mix of best practices from the two organizations or a brand new one. Once defined remember that action speaks volumes when moving into implementation.

If you got so captivated with the deal early on, it's not too late. Address workforce integration and culture issues with conviction. Time is money and could mean the difference between retaining or losing your MVPs and people working at odds or productively together. In addition to assessment and planning to navigate from point A to point B, an accurate employee communications strategy that keeps people engaged, committed and moving in the same direction is absolutely critical.

- **Take corrective action post integration**

This is not the best position to start from but the situation may still be salvageable. Change management, going back to assess culture and establishing a new one, transitioning personnel into roles they're better suited for may all be part of the solution. It is best to do this within the first year. Further delay could put your investment at considerable risk.

Routing List

There are no silver bullets when it comes to a successful merger of acquisition. But there are approaches known to increase the success rate and they include the soft stuff that people care about. Whether your culture and workforce integration expertise comes from in or out of house, make sure they are brought into the M&A fold early on!

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