CULTURE AFTER THE MERGER
TIPS TO ENSURE BETTER CULTURAL CONSOLIDATION FOLLOWING MERGERS AND ACQUISITIONS

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It is not uncommon for organisational culture clashes to occur in the wake of mergers and acquisitions.

1 START EARLY
This is the No. 1 key success factor. Most mergers fail because the focus is not on what culture after the deal is signed. Others, only when people start leaving the business – especially when people want to keep start leaving in droves. To improve the chances of merger success, put culture on the table well before the due diligence process. Culture itself could be one of the reasons why a merger does not happen in the first place.

2 BE CLEAR ON THE VALUE YOU ARE TRYING TO ACHIEVE
This may sound obvious, but many mergers do not effectively articulate their values. Hence, it will drive what must be done to achieve expected returns. In most of these underperforming deals, culture clash is at the top of the list of reasons for failure.

3 DEFINE THE END STATE FOR CULTURE
Culture strategy for a merger should be started in concert with business design and integration strategy development. There are four main choices for organisations merging, in terms of the desired future culture for the resulting entity:

   - Select the culture of the acquirer
   - Select the culture of the acquired entity
   - Choose a blend of the two cultures, i.e. the “best of”
   - Develop a new culture. The choice will need to be made early, in any case before the merger takes place, so that an effective culture plan can be developed.

4 CONDUCT A CULTURE ASSESSMENT DURING DUE DILIGENCE
The two biggest challenges for conducting formal culture assessments at the diligence stage are access and bandwidth. Ideally, an acquirer will already have undertaken an assessment of their own culture and be clear on what cultural attributes will be important in a potential partner, well before diligence begins.

   Usually, cultural assessment of potential partners at this stage takes the form of public information reviews, interpretation of data room content and observation through management presentations and related interactions.

   When considered in light of earlier work done by the acquirer, a disciplined approach sometimes reveals differences so profound they could jeopardise the deal. In any event, identified gaps should highlight risks, inform the deal approach and become an important lens for implementation planning decisions.

5 PAY ATTENTION TO ALL DECISIONS BEING MADE
All decisions that are made during the M&A process will have an impact on staff and both organisations before the deal is closed. It also affects the future combined organisation. This includes early decisions such as who will be the chief executive, the composition of the new leadership team, head office location, and more. Such decisions will affect how people feel and their mindset, which may be hard to undo if cultural impact of the decisions has not been considered and managed effectively along the way.

6 FOCUS ON EMOTIONS
Walking the Talking Be-Do-Have model explains how our values, beliefs and emotions drive our actions and behaviours, which in turn underpin our results and culture.

   Many merger processes focus on the DO level and forget the BE level. This is a tragic, yet common, mistake leading staff to desert the resulting organisation, or worse, stay with low commitment and productivity. Merger activities and investments must address feelings and emotions because the emotional journey that employees from both organisations go through, is not a straight line. By focusing on this BE level, businesses will be able to influence what people do and how they behave – and assist with a smoother transition.

7 BRING PEOPLE WITH YOU ON THE JOURNEY
Over-communicate! In a merger, you can never communicate enough. Employees will want to know what is happening, their emotions and feelings will be heightened, and perceiving the wrong message may lead to actions that are contrary to what’s expected. Even if there is little to say, say it. And if there is nothing to say, then say that there is nothing to say. It will avoid many issues later.

8 BE OPEN
The more open leaders are during a merger process, the more likely the process will be smooth. To the extent allowed by the regulatory environment, be open about what is happening. Be open about what you have in mind, and be congruent. Be open about how you feel. Give feedback and ask for feedback. Be open about the other organisation and their ways of thinking, being and doing things. Learn and look at the world with new eyes. After all, if you are merging, it is because you want to benefit from the others.

Get ready first; then merge!

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WHEN we are in a conversation with another person, what are we usually doing while they are talking? If we were honest, we would have to admit that we’re usually thinking of how we will respond. There are very few of us who are fully listening and deeply listening to the other person’s message.

The people we lead want to know that we care about them as individuals. They want to know that they matter. They want to know that we are listening to them.

That means listening intently and being fully present with what they are saying. It also means getting behind their eyes and trying to see the world from their perspective.

TO BE A BETTER LEADER, LISTEN WITH ‘TING’

THE LISTENING SPIRIT
The Chinese character for listen, 聽, captures this spirit of listening.

The upper left of the symbol stands for ear. We use our ear to hear the words the speaker is saying. The lower left of the symbol is for “king” or “dominant one”, indicating that hearing the words through our ear is the most important part of the listening process.

On the upper right hand of the symbol, we see “ten” and “eye”. Our eyes allow us to see any non-verbal messages the speaker might be sending. Together, “ten” and “eye” suggests a great level of attentiveness and readiness to take heed of what’s being communicated. At the bottom right is heart, and above that, the almost horizontal line translates to “one” or “to become of one”. This tells us that if we listen in this way, with our ears, mind, eyes, and heart, we can become of one heart.

DEEPLY LISTENING
I do not know about you, but this is not the way I was brought up to listen. I’m from New York. Where I grew up, people listen and talk at the same time.

So, if you began a sentence, and I was talked over by what you said, I’d jump right into the middle of your sentence with my addition or response. And, you’d feel free to do the same. We’d both be talking and interrupting all at the same time. I did not learn to listen with ‘ting’ until much later in my life.

Listening with ‘ting’ enables us to have a much higher quality of conversation and communication. We are engaged in what the other person is telling us. We are deeply listening for their meaning. We bring our hearts, minds, ears, and eyes into the exchange. And, we get much better results.

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