Making the Merger Work

Randall J. Alford
Caroline Fisher

You can influence business culture to accelerate integration and achieve your company's goals.

We are in the midst of the largest boom in merger activity in corporate history, and there is every indication that it's only getting started. Each year sees new records set both in terms of the numbers of companies merging and the dollar values involved. Unrelenting pressures from technology, demographics, competition and an increasingly boundary-less marketplace are making it impossible for executives in *any* industry to ignore the push for growth through consolidation.

No business is immune. No executive is exempt from what is emerging as *the* strategic imperative of this young new century: "Either do a deal—or become one."

The idea of merging merits both excitement and concern. It signals the opportunity to break out of old shells to create a more robust and competitive enterprise, poised for unprecedented growth and performance. This is exactly the kind of prospect that makes boards happy and financial markets downright giddy.

But the reality is far less inspiring. Despite the best intentions and the savviest business strategists, when all is said and done—after the dust settles and the confetti is swept away—only *one in five* mergers or acquisitions is considered a success.

"Stop the Insanity!"

We'd like to think that we're all pretty smart people who learn from experience and improve through past mistakes. This is usually easy to do when we're given a clear model of what worked, what didn't work, and how to tell the difference.

Unfortunately, in the arena of corporate culture, there has been a distinct absence of such a model. Instead of clarity, there has been confusion. Instead of agreement, there has been argument about what really matters. As a result, we've been slow to learn in the area of merger integration.

Most executives, being only human, persist in trying to do what they did before—only "better, smarter, and faster." They continue to depend on the old reliables in their tool kit of past success. They continue to demonstrate a:

- *Narrow focus on numbers, markets, and hard assets*—all the tangible dimensions of business that they can count, tally, and chart. Clearly, these are critical components of any deal; the focus is not at all misplaced. It's the narrowness of that focus that ultimately limits perspective and insight, and leaves critical relationships and dynamics virtually untouched.

- *Dependence on structures, systems, and technologies*. These are the "hardware" of our businesses—the things we can install, allocate, moderate, control, and mange. Not only are we thoroughly schooled in these things, they are largely responsible for the success that has brought us, as executives, to where we are now. Again, it is not at all inappropriate to value them. What is inappropriate is to let them take on such a reality—so fill our minds—that they totally displace all room for consideration of unfamiliar alternative, possibilities, and relationships.

- *Limited understanding of cultural implications*. This is where the confusion about culture really exacts its toll. We simply don't know enough about culture—or even know enough about what we don't know—to have any kind of intellectual handle on the matter. As a result, we approach culture not from a solid foundation of information and understanding, but from spindly platform of personal predisposition, anecdotal evidence, and loosely woven intuitions. This leaves us with no basis for choosing or acting with any kind of conviction. This makes an unfamiliar topic still more uncomfortable to talk about, so we either speak in sweeping generalizations, or reduce it to a tactical, HR concern. In either case, the potential value of a true understanding is lost.

- *Reliance on past success strategies and old expertise*. This is basically a catchall category for everything we've ever depended upon to get us though life. All our past knowledge and experience will help us win in similar games, but if we stick to the old games, we'll miss out on the new opportunities! And if we try to win at the new opportunities without old strategies, all we'll learn is how to become another statistic. It's the old "success is out biggest threat" conundrum.

Only one in five merger or acquisitions is a success.

There's a big difference between valuing your existing capabilities and mindfully developing your capacity for new ones. The situation brings to mind one familiar definition of insanity: persisting in the same behaviors but expecting different results.

The current “merger mania” is a kind of insanity. Basically, major corporations, some worth tens of billions of dollars, are moving “better, smarter, and faster” toward the same destination: an only one-in-five chance of success.

Executives currently feel compelled to accept a 20 percent success rate because they see no specific tools, insights, and perspectives that offer a way to beat the odds. As uncomfortable a place this may be for them, it is at least familiar—they can tell themselves they know the rules of the game, and that their skills will ultimately triumph over adversity.

The problem is, this is just a form of denial. It’s like trying to use your skills in chess to prevail in a rugby match—tell yourself what you will, it won’t change the outcome.

Fundamentally, we’ve got to choose and act differently to get different results.

Wake Up

Before we can make any headway, it’s important to notice what’s really going on and tell the truth about it. For example, it’s important to acknowledge that, even in the best of circumstances, when people learn about a pending merger or acquisition, they will quite predictably:

- *Interrupt or stop what they’ve been doing.* This interruption might last just a moment or two, or it could stretch on indefinitely. The point is, the news will register somehow in everybody’s system and create a natural, predictable hitch in his or her activity.
- *Start asking questions and recalibrating expectations*. This is the natural attempt to derive meaning from the information: What does it mean? What does it *really* mean? Today? Tomorrow? Down the road? These questions are a natural as breathing. Unavoidably, they also divert and distract attention, no matter how hard we may try to deny it.
- *Scan for winners/losers, insiders/outsiders, “us/them.”* This is part of the natural human impulse to cling to a familiar identity. When identity is thrown into question, we want something “solid” to hold onto. Further, by defining the status of people around us, we begin to identity the associations and alliances that we believe will help us keep your identity as intact—as safe—as possible.
- *Quietly reassess and renegotiate their personal contract with the organization and its leaders.* This is natural, cause-and-effect type of response. “If” such and such is true, “then” I will (fill in the blank). People will naturally begin to reassess and qualify their relationships, pending further (reassuring) developments.
- *Hesitate—take longer to think before acting.* There are so many unexplored implications in the wake of an M&A announcement, that people are necessarily more circumspect in their actions. Their roles have been disrupted, as have their relationship, perhaps even their responsibilities. And no matter how clearly they

are assured that they should "keep on keeping on," there is always that small voice saying, "Wait a minute…what if…?"

- *Operate under increased anxiety and stress.* This has a lot of very straightforward implications for performance. People under stress don't think as clearly, don't respond as quickly to unexpected stimulus, have a weakened immune system, and are less resilient, both physically and in relationships with others. In this state, mistakes get made and are easily compounded.

- *Withhold opinions, information, trust, or commitment*. The news affects people in a very personal way, confirming the power of information. Each person will tend to respond in kind, treating information as a different kind of resource, alternatively as a shield, a sword, or a gold ducat. "Looking out for number one" has a pretty selfish ring to it, but that is exactly what people begin to do when they find themselves dropped in a strange and unfamiliar context. They may extend their definition of "self-interest" to select colleagues, teammates, or even bosses, but the end result becomes the same. Hearts and minds become guarded, and information is throttled.

During a merger, productivity will inevitably drop.

Productivity will drop—that much is inevitable. It's not a "good" thing or a "bad" thing; it's just reality. But one of the most common mistakes leaders make in a merger situation is to fail to acknowledge that reality.

When we do this, we reinforce our own patterns of resistance and reactivity, in relationship with our people, or humanity, and reality itself. We begin to judge people (including ourselves), and label these perfectly natural processes as bad and wrong. As a result, rather than accelerating quickly through transitional stages, we engage in a battle we can't possibly win. We dig our trenches and equip ourselves for a war of attrition. Because of our approach, and consequent choices, the drop in productivity often becomes (quite unnecessarily) chronic.

Many leaders, even those who anticipate the natural human responses to a merger, make the equally grievous mistake of concluding that "time heals all wounds." In other words, they take a laissez-faire, hands-off approach to the cultural aspects of integration, or (at the very most) charge the new HR function to do what it can to mitigate the upheaval: "Maybe some training, or something." This reflects only a passing and superficial recognition of reality, and does nothing to address the very key strategic implications involved.

By denying the reality of human nature, or even misjudging the strategic impact of human choices, behaviors, and relationships on business performance, leaders remain ill-equipped to beat the odds of failure. We need new tools, insights, and information.

Get Real

Fact: Organizational cultures either promote or inhibit the changes needed for a successful integration.

Fact: Leaders who ignore organizational culture are likely to get burned by organizational culture.

This doesn't mean that, before tackling a merger, you should:

- Wait hopefully for cultural "conditions" to be just right. (Remember that hope is not a strategy.)

- Dive into the messy detail of trying to micro-manage people's behaviors and force some new culture into being. (This is thankless, fruitless, demoralizing, and ultimately futile work, anyway.)

- Divert your focus from costs, revenues, and market opportunities. (There's not much point in creating a happy ship only to watch it slam into an iceberg or be boarded by pirates.)

- Stop using your strengths and basically change everything you do. (Talk about wasting precious resources!)

It *does* mean it's time to wake up, get real, and recognize you're playing in a high-stakes strategic game. Culture is *always* important to business performance; a merger throws that importance into stark relief while putting new pressures on the system. Unless you plan an active and effective leadership role, any gaps and weaknesses in the system will naturally be amplified in the process, while any strengths and synergies will either be misapplied, applied with less than optimum results, or simply left dormant. Again, this isn't a matter of chance; it's a matter of choice.

Leaders who ignore culture are likely to get burned by it.

You can choose to pay attention to this game in a new way, ever mindful of the influence you wield as a leader. This involves:

- Understanding the cultures involved so well that you know their strengths, know their weaknesses, can anticipate the consequent dynamics, and can make informed, intelligent choices for leveraging *current* capabilities as well as *untapped* capacities.

- Taking full responsibility for the impact you have as a leader—whether directly through your behavior, or indirectly through the behavior of your team, whether positive (effective) or negative (ineffective), whether flattering to your ego or deflating. Own up to all of it, and start asking, "What can I do to enhance the

productivity of my contribution?" "How can I better manage the meaning of my messages, signals, and behaviors?"

- Consciously deciding what kind of culture you want and need going forward—not just operating from a place of "I'll know what I like when I see it." Really know the significant distinctions involved, and choose those that best serve your business' needs, aspirations, and capacity for success. While this might require you to define a radically new paradigm, chances are good that the major pieces are already available to you within at least one of the two organizations involved. Your job is more likely to be one of recognizing and encouraging latent strengths than it is one of creating wholesale change.

- Dispassionately assessing the needs of the "new," merged businesses—as distinct from either of the original entities, something unique unto itself. This means establishing a new sense of identity and allegiance in yourself *before* expecting it from anyone else. It means unhooking a lot of the old, habitual cords and wires that have held you to your past heritage, and engineering explicit new connections, channels, and pathways*. It means building a new relationship with the new organization.*

- Having the courage and tenacity to express new ideas, try new skills, and expose new vulnerability—all in the name of learning, leading, and creating something really great. You've got to be honest with yourself: This doesn't just put two business operations at risk; it puts you at risk—and your credibility, reputation, and vested "good will," both inside the organization and out. It will require all the conviction, faith, and visionary fortitude you can muster simply to overcome your own expectations, preferences, and assumptions, let alone anyone else's.

Of course, this is a "choice" that is easy to write about, but much harder to exercise. Fortunately, there are now available models, tools, and resources for making "culture" a meaningful, measurable target for your leadership. While courage remains an important element in the choice, today, you can better arm yourself with information and take much of the confusion about culture out of the equation.

A Pragmatic Definition

Culture isn't any fancy or exoteric definition of shared social agreements or elaborate explanations of beliefs. Quite simply, corporate culture is *how things get done* by people in an organization.

While this is a simple definition, it isn't easy. It still encompasses the full range of human choices, behaviors, activities, and relationships. But it gives us a clearer, more tangible target—something to observe, measure, and monitor. And it allows us, as business managers, to use terms and concepts already relevant to our operations.

For nearly 20 years, Dr. Dan Denison of the University of Michigan School of Business and his partner William Neale have been using this definition to map out the relationship between culture and performance. In their work, they have defined the "things that get done" in terms of six very traditional business performance indicators.

1. Revenue growth
2. Innovation
3. Market share
4. Quality
5. Profitability Employee satisfaction

A Practical Model

The model that emerged from Denison and Neale's work enables managers to discern the specific cultural factors that drive performance in specific indications. Dr Caroline Fisher extended their research and established still more compelling links between an organization's culture and its ability to create results.

Hope is not a strategy.

Denison's research shows that the highest performing companies are those with strengths in four cultural dimensions.

1. **Mission.** They are crystal clear about why they exist and where they are going.

2. **Involvement.** Their people embrace this defined direction, have clear line of sight from their jobs to the company goals, and bring the full complement of their skills to the work.

3. **Adaptability.** They hear what their customers want (or understand their customers' needs so well that they can lead customers to new products or services), and are able to learn what they need to respond to rapidly changing marketplace demands.

4. **Consistency.** They have systems, structures, and processes in place to help align them as a company, while being both efficient and effective in their pursuit of results.

As you can see from the model (Figure 1), each of the four main dimensions is further divided into three segments, creating a total of 12 attributes by which to measure, understand, and manage culture. The blank concentric circles that lie between the hub ("Beliefs and Assumptions") and the perimeter and (the 12 attributes) allow cultural data to be quantified and displayed in terms of quartile rankings, based on comparisons with other organizations in Denison's extensive database. This graphic presentation of the Denison Cultural Model is called a circumplex.

To gain a snapshot of their "cultural profile," organizations complete a cultural assessment using a 60-item instrument developed, honed, and validated through Denison and Neale's extensive research. The more people and the more levels,

This article appeared in the *2001 Handbook of Business Strategy,*
a Thompson Financial Publication, pp 247-259.

locations, and functions represented in the assessment process, the more valuable the data. The organization then compares the results of the assessment against a normative database (the parameters of which are defined using specific criteria such as industry, business life cycle, performance, etc.). The organization can further “slice and dice” the results to show specific patterns and profiles within functions, across management layers, or using whatever other meaningful distinctions within the population of respondents it may want to investigate.

Figure 1: The Denison Culture Model

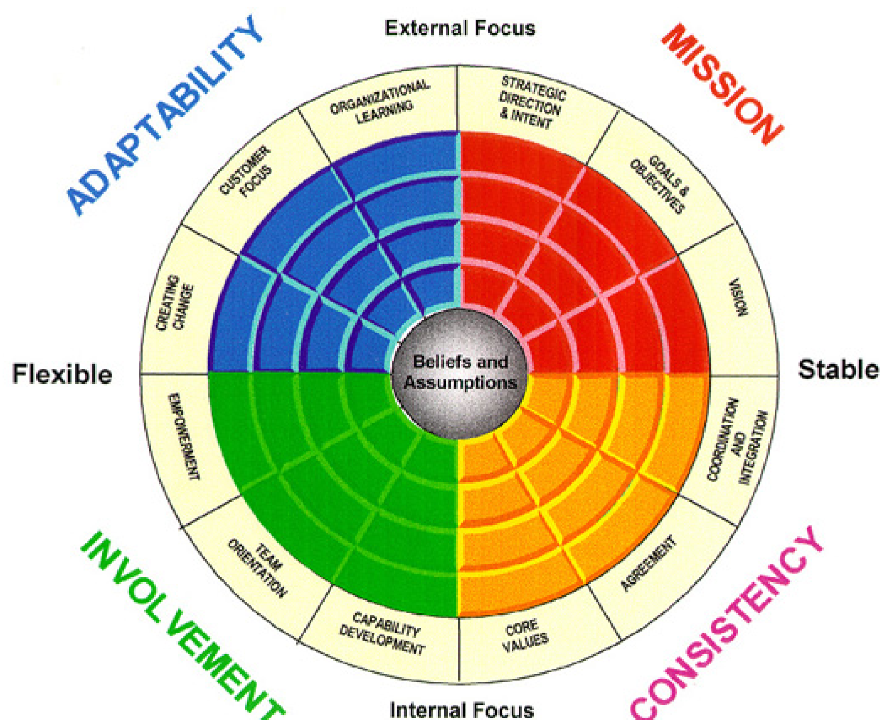
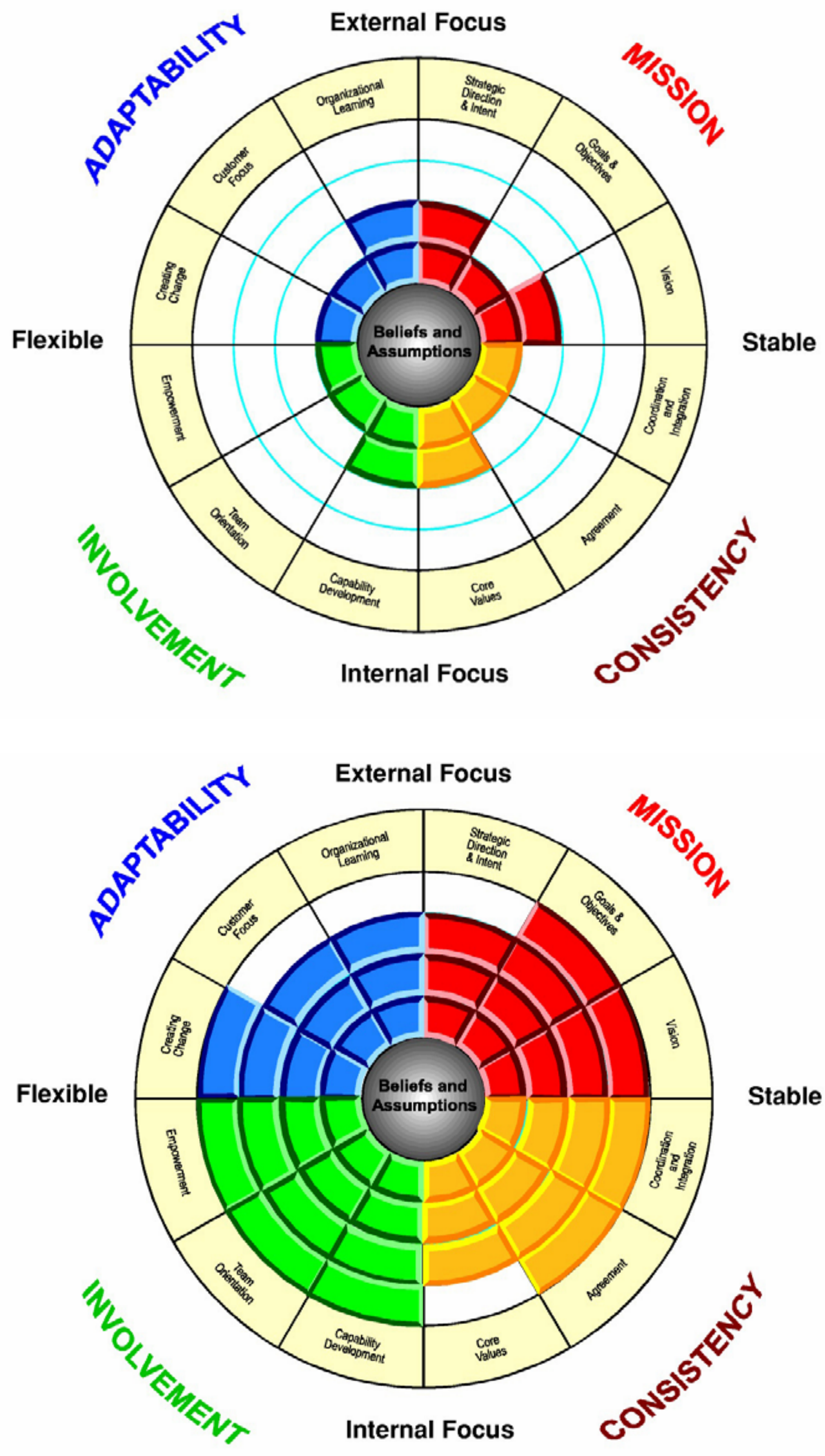


Figure 2 is a side-by-side comparison of curcumplexes representing organizations with low (about 9 percent) and high (about 30 percent) rates of return on investment. In addition to providing examples of “typical” circumplex displays, they illustrate how easy it is to see (and begin interpreting) the distinctions between profiles.

The shadings for each dimension are determined by “quartile” ranking of the organization’s score in that dimension when compared to the database. Therefore, when only the innermost ring is colored, the organization ranks in the first quartile, with scores in the lowest 25 percent of organizations in the database. Each progressive ring outward indicates a movement into the next highest quartile, until the final ring, which represents performance in the top 25 percent quartile.

Figure 2: Low ROI vs High ROI



This “chunking” of visual information in terms of quartiles helps managers discern patterns without getting too caught up in the detail of specific numbers or percentages. Once managers have identified and examined patterns, they can then interpret the numbers “under” the profile from this perspective, leading to a more detached and dispassionate examination of the nuances and implications of those patterns.

It’s important to remember that the database is not static. It continuously grows and reflects constantly changing patterns of organizational self-perception and assessment. And while strength in all 12 attributes is certainly desirable, in the “real world” there is no single “ideal” cultural profile. Different organizations face unique challenges and have unique situations. Ratings may go up or down based entirely on natural or predictable events (such as a merger). But managers now have a basis for deciding where to place their attention and how to make more informed choices about the strategic development and performance of their organizations.

A Case in Point

In 1995, a large corporate division of a multinational financial institution faced the challenge of integrating its operations with those of a recently acquired competitor. The executives of the corporation did everything they thought was needed to help smooth the transition:

- They declared that this was a merger of “equals,” and that nobody had “won” or “lost” in the process.
- They tried to provide balanced representation in the newly formed executive team to reinforce a sense of “moving forward together.”
- They set clear and ambitious financial goals and provided a reward structure designed to focus attention and align efforts right away.

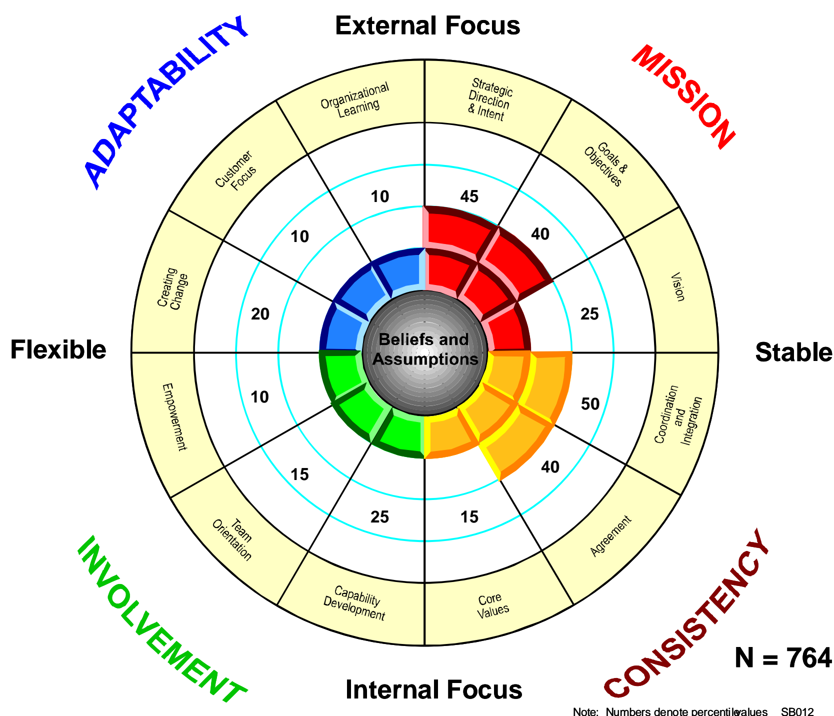
These were all very smart and laudable strategies for integrating the new organization. But they ignored a number of key “realities” of the situation:

- They were dealing with two fundamentally different operating cultures, with widely variant management styles, operational norms, and behavioral expectations.
- There was a very competitive, somewhat hostile “leadership environment” in the new team regarding roles, responsibilities, control, and authority, in which the leaders viewed the outcome of virtually every decision as someone’s victory and someone else’s loss.
- The division could claim marketplace dominance in its business—but this was a business in which the margins were continuously being squeezed; there was a legitimate question as to whether it made strategic sense for the enterprise to even remain in the business.

This article appeared in the *2001 Handbook of Business Strategy,*
a Thompson Financial Publication, pp 247-259.

- Many people in the newly formed organization—especially in the upheaval of the merger—felt as though they were in a “step-child subsidiary” of a fast-growing enterprise, without respect, resources, or the ability to control their own destiny.

Figure 3: SBU’s Culture Survey Before Integration



The strategic business unit’s (SBU’s) executive leader took his corporation’s mandate for performance and reward very seriously, and he had a clear vision concerning the business possibilities of this newly combined venture. But he also realized that, given the current state of his people’s beliefs and expectations, the potential gains from merging could more easily be squandered than leveraged. He knew he would have to act decisively in the short term to provide people with a new set of beliefs around the long-term opportunities for individual and team contribution in this newly configured division.

The SBU took the Denison Culture Survey, and the results confirmed what those familiar with the realities of the integration felt in their bones: The shared capacity for performance was limited by a constricted cultural profile (see Figure 3).

This profile gave the SBU’s executive and his team “hard evidence” concerning the state of the integration that had been lacking before. Further, it enabled them to focus on specific cultural enablers that research had shown could materially accelerate integration and promote performance.

Based on in-depth interpretation and insights gleaned from the survey data and results, the SBU executive partnered with consultants to design and implement a targeted, long-

term approach to cultural development. In the first year, the focus was on "teamsmanship": the creation of a single, shared identity at the executive level that would unite efforts, project an image of unity, and set the model for cooperation and collaboration business-wide. This was a phased approach, in which the advances of one phase fed directly into the accomplishment of the next (see Table 1).

Table 1. SBU's 1996 Goals: Focus on Teamsmanship
1. Post Merger • New team creation • Role/change declaration • Integration accountabilities
2. New Team Integration • Tension points: Approach/differences • Breakdowns: Interpersonal/political • Ownership: Current reality, consequences
3. New Team Future Focus • Opportunities: Efficiencies and growth • Management model: Rigorous accountability • Teamwork: Clear behavioral expectations
4. New Team Support • Critical "open-book" team evaluation • Staff engagement, feedback • Performance management alignment

Building on the strengths of a truly integrated and aligned executive team, the SBU not only maintained performance levels throughout the year, but extended them. But the team members knew their gains would be only short-lived if they didn't maintain their effort and extend it with strategic intentions. The next year's focus, therefore, was on transforming the essence of their business—away from the margin-sensitive, commodity-driven model of the past toward something far more strategic and based on significant value-adds to clients *and* the enterprise.

Table 2. SBU's 1997 Goals: Focus on Transformation, from Securities Processing to Transaction Management
1. Leadership • 360-degree feedback (pilot) • Understanding development gaps • Defining the 1997 leadership mandate
2. Strategic Visioning • Rationalizing the transformation • Defining the new strategic direction • Identifying key points of change • Determining the strategic priorities
3. Organizational Alignment • Engaging the larger management team • Identifying future competency requirements • Confronting implications for change: - Business process - Organizational structure - Behavioral norms

The year of 1997, essentially, was a year of radically redefining the *identity* of the SBU, so that people's beliefs, attitudes, and expectations would have a clear set of compelling organizing principles around which to coalesce (see Table 2). In addition to giving people clear, new targets to shot for, this process created a "third new thing"—and identity that was not based on either one of the "heritage" organizations, but on something entirely unique, something made possible only through their combination. In short, people had a clear reason to "let go" of old baggage, barriers, and inhibitions to collaboration.

It's one thing to shift how people think of themselves, and quite another to give them specific goals, responsibilities, and activities that combine to create real success. In the third year, the SBU's leaders worked systematically to extend the engagement of people at every level of the organization (see Table 3).

Table 3. SBU's 1998 Goals: Focus on Using the Vision to Implement Change Business-Wide
1. Breakthrough Teams
• Skill set and culture
• Business process redesign
• Technology/MIS
• Product and service range
2. Organizational Structure
• Functionally aligned
• Team based
- P&L accountability
- Customer/market focus
• Co-existence of knowledge and authority
3. Targeted Acquisitions
• Transaction management focused
• Global/regional gaps
• Value-add competency/capacity

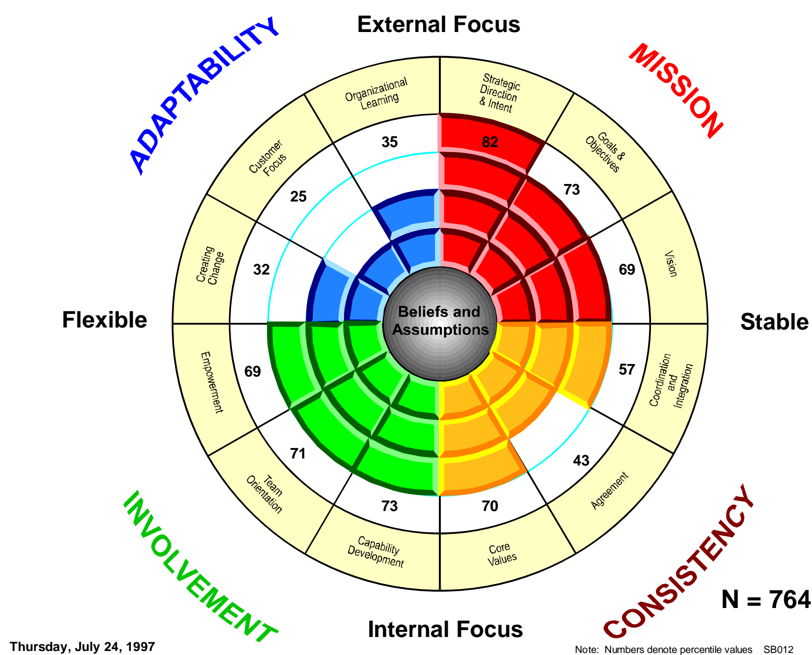
The "targeted acquisition" goal actually surprised some people in the organization, who continued to think of mergers and acquisitions as infrequent events—a periodic "necessary evil" that they didn't relish repeating. But given the new more strategic definition of the SBU, and given the increased capacity for performance now being continuously built into the culture, additional acquisitions were both sensible and (because of the mindful, systematic approach leadership used) relatively easily accomplished.

The biggest resistance to integration, it turns out, was not any "reality" of upset and confusion, but the SBU's beliefs, expectations, and attitudes about reality. By radically redefining these things and giving people the experience of progressive successes over time, mergers and acquisitions actually became competitive tools that people could wield with (perhaps unexpected) confidence and growing enthusiasm.

The SBU's Denison Cultural Survey profile after this work showed a dramatic improvement. Almost all dimensions of the model showed significant gains (see Figure 4).

The shaded quadrants provide a quick visual cue as to the progress made. Rankings in fully half of the dimensions increased by two quartiles; four others increased by two quartiles; four others increased by a single quartile, while only two (“Customer Focus” and “Agreement”) appear flat. (It is worth noting that the percentile scores for these two actually increased—in the case of Customer Focus, more than doubling—but not enough to shift to the next quartile.)

Figure 4: SBU’s Culture Survey After Integration



The numeric percentiles that determine the quartile ranking show dramatic increases in a number of instances. For example:

- The “Empowerment” ranking went from 10 percent (meaning that fully 90 percent of other organizations in the database had higher scores in the assessment of this attribute) to 69 percent—a swing of 59 points.
- “Team Orientation” moved from 15 percent to 71 percent—a swing of 56 points.
- “Core Values” moved from 15 percent to 70 percent—a swing of 55 points.

Significantly (especially since this assessment pertained directly to a merger integration situation), “Coordination and Integration” moved from 25 percent to 73 percent—a swing of 48 points.

In themselves, these results are "interesting, but…" For the model to have any real value to managers, they must see for themselves a strong correlation between improvements in culture survey scores to business *results*.

The improvements in the robustness of the SBU's cultural profile were matched by improvements in both revenues and earnings. In addition, the SBU physically expanded from having three Client Management Centers in the United States, to having 18 centers located throughout the United States, Asia, and Europe. Meanwhile, an enterprise-wide employee survey reflected the SBU's own cultural assessment in the areas the corporation had identified as key strategic enablers: "living the values" (71 percent of all responding employees found evidence of positive changes in the SBU in this area); "diversity" (78 percent believed the SBU's effort were off to a strong start with ever-increasing participation); and "empowerment and influence" (83 percent believed their individual impact within this SBU was as extensive as the effort they put into it.)

Lessons Learned

So how was this SBU's experience different from other integration efforts and why? By any objective ("money") criteria, the integration was a success. Clearly, the SBU minimized the expected downturn or flattening in performance during transition. By many subjective ("people") criteria, the integration also proved successful. The fact that, after just a couple of years, the organization had both the capacity and the will to undertake more acquisitions and integration signals an uncharacteristic resiliency and determination in the system—reflected not only in leadership's "visionary aspirations," but in the strength of employees' actual experiences and shared perceptions of the organization over time.

The executive of this SBU recognized the value of the information available to him through the Denison Cultural Survey. Working with a small team of consultants, he came to understand that his highest points of initial leverage, in accelerating integration, came in the cultural dimensions of Mission and Involvement. The initial efforts, therefore, focused on issues of shared identity and belief, creating and crafting a new business that truly engaged the imagination, and commitment of people at all levels.

This required a very purposeful and systematic approach. It challenged the SBU's leaders to "keep their eyes on the ball" in terms of the ongoing operational imperatives of the day-to-day business while concurrently devoting time, attention, and resources to the quieter, more strategic work of defining and enabling a newly competitive business. It challenged them to restrain the natural impulse to slap new structures, models, responsibilities, and mandates on top of the newly combined business at a time when it was not ready. They learned to wait until they had given themselves an adequate opportunity to lay important groundwork at the "core" of the culture, at the level of "beliefs and assumptions." As Peter Senge so eloquently noted in *The Fifth Discipline*, when it comes to working with human systems, you sometimes have to "go slow to go fast." Clearly, this SBU's experience provides a case in point.

Once the executives had laid the foundations, it became possible for the SBU to pursue a far more targeted and aggressive strategic course, creating new value for the corporation and opportunity for its people. Leaders learned they could (and should)

adapt and adjust their focus over time, responding to developments, progress, and feedback in real time. For example, based on their cultural survey results, they determined that, in addition to maintaining energy and focus in the areas of strength they now needed to invest specific effort in the area of “Customer Focus.” Just as they defined and pursued a specific cultural development agenda in each of the previous years, they defined the year 2000 as the year of “the voice of the customer.”

Making the Choice

In any organization, M&A activity is a clear disruption of people’s work and their expectation of how things are going to get done. It radically challenges and changes relationships. It changes the rules of the game.

This is what makes all those downturns so predictable. The disruption isn’t all bad; it can actually trigger positive adaptive changes. But over time, disruption will either resolve into renewed conviction, clarity, and focus or it will spawn chronic confusion and fragmentation.

Which of these occurs is not so much a matter of change as it is a matter of choice. This is good news for managers who are convinced there are better ways to lead their organizations through the turbulence and guide the crafting of a high-performance culture. It’s bad news for managers who already feel so overwhelmed by the challenges and expectations of modern leadership that they don’t really care to be held responsible for something as big and imposing as “organizational culture.”

Good news or bad, the emerging reality challenges managers to “get real”—to examine the very real opportunities and resources now available to them in dealing with the choices and implications involved in merging two (or more) cultures. If they act quickly enough, they will be in the forefront and can actually use cultural integration as a competitive edge. If they don’t, they’ll just follow the pack, flesh out statistics, and find themselves nursing battle wounds in the comfortable old chair of mediocrity.

In the midst of a merger, managers need the ability to build organizational speed and effectiveness while accomplishing key business objectives.

Speed. You can accelerate the integration process by ensuring:

- Singularity of direction
- Clear definition of results
- Unmistakable ownership of required actions
- An explicit commitment to results
- The forthright identification and elimination of behaviors that get in the way

Effectiveness. You can ensure the accomplishment of intended outcomes by:

- Involving the right people in the right ways to get the right things done;
- Ensuring that decisions are made where the best information resides;
- Getting people to take responsibility for their roles in creating results; and
- Tapping multiple synergies to make full use of all resources (people, facilities, relationships, etc.).

This isn't rocket science, which is actually part of the problem. If you give most American managers a good, complex problem that is rooted in "hard science," they will trip all over each other trying to be the first to plunge in and find the solution. Cultural work doesn't naturally inspire the logical, linear mind—which is why it is so significant that tools such as the Denison Culture Survey have begun to emerge. They offer insights that help keep you focused on the simplest, most critical levers for success without losing sight of the complex details needed to keep the operation rolling. They provide useful levels of information and feedback without allowing your "logical mind" to get caught in the trap of seeking easy resolutions or fixating on "perfect" scores.

When two cultures must form an abrupt relationship, they will tend to distinguish and polarize themselves. People within each culture experience the event as a kind of confrontation. Over time, without intervening at the cultural level, you may establish a tolerable level of compliance, but commitment will exist only in small and isolated pockets. If you slam two proud armies together, they are more likely to fight than to integrate.

On the other hand, when two cultures are purposefully and thoughtfully led into a relationship, people have more information to draw upon and become engaged in a process of discernment, evaluation, and choice. They experience the event less as a confrontation and more as an innovation—a way to achieve some larger goal or purpose. When you salvage the pride of each army and give the soldiers a clear and compelling common objective, they have a basis for aligning and integrating their efforts. They can more quickly turn their full attention away from an internal focus and direct their best efforts into the wider field of possibility made *available* through merger and more *accessible* through integration.

Contact Us

Learn more about Fisher Consulting Group, our consulting and training services and products, and how we deliver results by contacting:

Caroline J. Fisher, Ph.D.
Fisher Consulting Group
Tel: 1+970-476-1207 ~ Fax: 1+ 970479-1147
E-mail:cfishergroup@cs.com

This article appeared in the *2001 Handbook of Business Strategy,*
a Thompson Financial Publication, pp 247-259.