

Organizational Culture - 7 Tips To Avoid Organizational Culture Clashes Damaging Merger Success

by Chris Cooper



One of the biggest reasons for merger failure is not understanding culture. Bringing two companies together with different cultures and sub cultures with no cultural integration plan can be a recipe for disaster. It represents a lack of cultural awareness by business leaders.

So why is it that businesses bring in experts to undertake financial due diligence before buying a business? However, rarely consider culture? This makes no sense, when financial success can be seriously put at risk if cultures cannot be effectively integrated.

So what do we mean by culture? At a simplified level Culture can be defined as 'the way we do things around here'. It is often a consequence of the thinking of past and present leaders. Developing culture starts with the leaders.

Recently a CEO was very honest in saying to me that he had been shocked by the cultural clashes that occurred when merging his businesses. This inspired me to write this article.

Article body:

Understanding and developing your culture and carefully understanding the culture of any business you merge with is essential for financial success. It is the secret that the most successful business leaders understand.

Here are some top tips if you are considering merging with another business:

- 1. Plan a very well thought through integration strategy.** View Culture as an absolutely critical component in the success of your merger. Cultural differences and weaknesses have been the downfall for many mergers. Think of it like brain surgery. Would you want a brain surgeon to start making incisions on you without careful planning? In a merger you need to win over the brains and hearts of people if you are going to succeed. Or at least minimize the damage.
- 2. Undertake a cultural diagnostic survey** of your existing business and the one you are merging or integrating with. This will enable you to see what you are dealing with. There are effective tools and methodologies to do this. Best do this when the staff know of the merger.
- 3. Accept you may need to change your thinking** - to change culture the leadership team almost always need to change their own behaviour first. Cultural change always begins with the leaders.
- 4. Do not assume that your existing business has a stronger culture than the other.** There may be many strengths in the other organization that could bring great synergy benefits. Do not lose these during integration. Recognize that achieving one culture may

not easily be possible. However, an appreciation by both parties of each others differences can be helpful.

5. Plan all communication carefully. Companies who are taken over may see themselves as about to be asset stripped by the new owner. Great communication is essential. Plan every conversation carefully.

6. Treat the staff of the new organization with great respect. Why not give them a 'red carpet' introduction to your business. Make them feel special and welcome. Help them understand the benefits that may ensue from the situation. Put out a red carpet, give gifts and make employees integrating into the new business feel very welcome. This helps turn fear into energy. Some people may still lose their jobs, however, it may well improve how they feel and talk about you.

7. Be a great leader by committing to develop a high performing culture. That means putting people who ultimately deliver the revenue very high on the priority list during these periods of high change.

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