

Cultural Integration Best Practices for M&A Transactions

GPMIP Webinar Series



Meet our presenters



Scott Whitaker
Partner, USA

Scott has extensive experience in all aspects of merger and post-acquisition integration, and has advised clients across dozens of industry sectors.

He has worked internationally on a variety of assignments, specializing in mobilizing Integration Management Offices (IMO's) and helping companies develop integration playbooks.

As a recognized expert in M&A, Scott has trained hundreds on M&A planning and execution. He is the author of "Cross-Border Mergers & Acquisitions and Mergers" and "Acquisitions Integration Handbook".



Christophe Van Gampelaere
Partner, Europe

Christophe is a hands-on expert in merger integrations and carve-outs, with a specific focus on culture and finance.

He has led numerous carve-out and integration projects across Europe, the U.S., and Asia.

Christophe is a recognized lecturer on International Business Strategy at the VUB University in Brussels and co-authored the books "Mergers & Acquisitions: A Practitioner's Guide to Successful Deals", as well as "Cross-Border Mergers and Acquisitions".



Monique Verduzco
Associate, USA

Monique consistently delivers outstanding business results for clients while aligning business functions based on organizational requirements.

She is an expert on assessing, identifying, and executing cost-effective business solutions centered around company M&A capabilities – including playbook creation, integration models, enterprise policies, governance processes, e-Learning training sessions for the buyer/seller, due diligence and integrations for Fortune 250 companies.

Cultural integration best practices for M&A transactions

**Most integration activity is centered around people, process and technology integration....
*but what about culture?***

In this webinar we will explore:

- How to define “culture” to make your efforts meaningful and actionable for key stakeholders
- How to ensure the “people part” of integration does not get overlooked, even for small acquisitions
- How to incorporate cultural assessments into your integration planning regimen
- What to measure and how to follow up to help keep employees informed and engaged

About Us

About Global PMI Partners

The post-merger integration specialists with worldwide expertise.



- ✓ 375+ M&A projects
- ✓ 35+ Countries
- ✓ 90+ Dedicated professionals

Our expert teams provide an optimal blend of skills, localization, and industry experience to meet the needs of our clients.



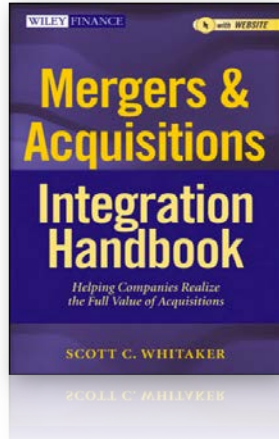
375+ M&A projects of differing industries, location and deal size

Cultural integration challenges inherent in nearly all deal types, sizes and industries.



Culture is a key topic in M&A

All of our books include dedicated content on cultural integration planning & execution.

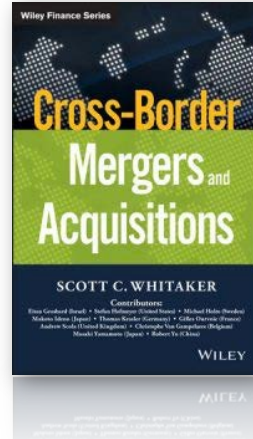


Mergers & Acquisition Integration Handbook

Proven Strategies and tactics to manage integration of acquired companies

Related Chapters:

(11) Culture Integration & Assessment



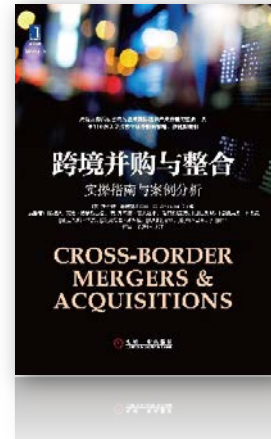
Cross Border Mergers & Acquisitions

The complete package for flawless execution of cross-border M&A

Related Chapters:

(14) Country-Specific Trends & Tips for Integration Planning

(7) The Role of Culture in Cross-Border M&A

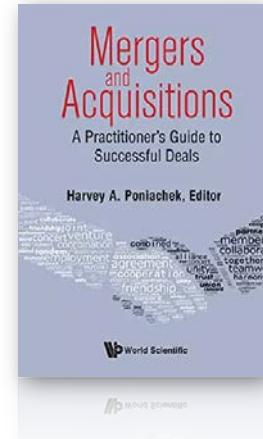


Cross-Border Mergers & Acquisitions

– Chinese Version

Published by China Machine Press

– only available in China



Mergers & Acquisitions – A Practitioner's Guide to Successful Deals

Contributions of integration and carve-out chapters

Defining Culture

Defining culture in the M&A dynamic

**There are as many definitions of the word “culture” as there are focus areas and points of view.
At GPMIP we use a definition that is geared towards the needs of M&A.**

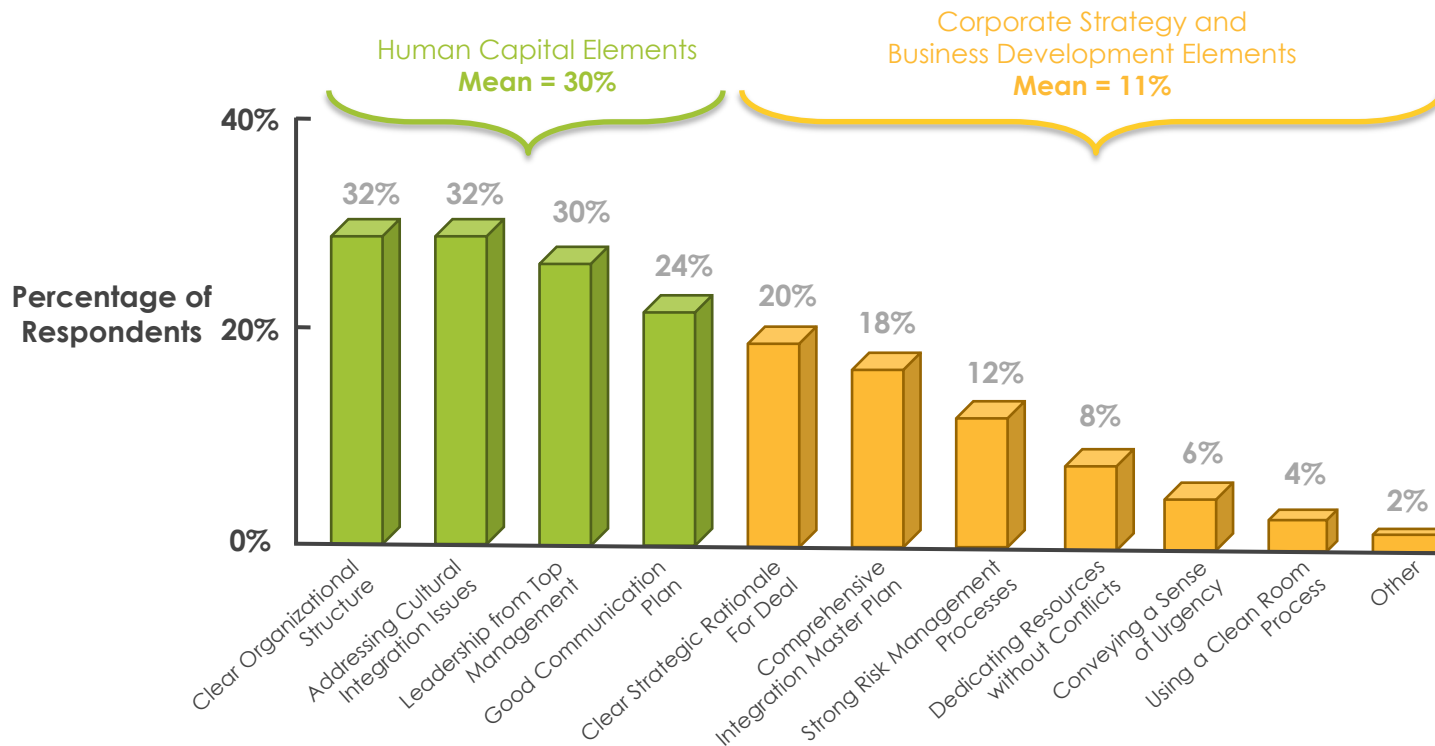
Culture in an M&A environment can be defined as:

“A combination of shared local and corporate norms, behavior, symbols, values, systems, and laws.”

- Cultural management is the systematic and facts-based management of differences between local and corporate cultural attributes.
- The strength of an integration manager lies in the extent to which he can reinforce the positive elements and de-fuse any negative tendencies that potentially lead to explosive situations.

Impacting integration processes

Culture and human capital impact in integration processes is significantly higher than other areas (including business).



Cultural awareness

Management may be aware of the importance of culture, but is not necessarily skilled in the matter.



People

Addressing the people part of M&A: prioritizing & understanding drivers of change for cultural alignment

Avoid trying to “harmonize cultures”...

Prioritize where alignment is critical & understand change drivers.

Prioritization:

- Focus on the dimensions where alignment is critical to delivering on mission and business objectives
(Examples: quality & safety, performance measurement, communications frequency & transparency)
- Avoid immediate and/or rigid alignment on minor policy differences
(Examples: dress code, telecommuting policies, minor HR personnel policies)

Understand drivers of change...and don't minimize them:

- Changes in how you do a job, what is expected, who you work with, and how performance is measured creates anxiety
- When coupled with minimal training, explanation, communication or support, people can become frustrated and disengage



Measurement & Follow-up

The facts-based approach

Facts gathering:

- Assess CURRENT cultures of both acquirer and target
- One-on-one interviews
- Focus groups
- Quantitative online survey
- Free input

Reflection:

- Reflect on DESIRED company culture
- Executive alignment on desired state

Define cultural elements:

- Dominant
- Lenient
- Positive
- Limiting

FIVE Dimensions of Culture

- 1 Employee dimension**
(individual, groups, divisions)
- 2 Company dimension**
(Acquirer, Target 1, Target 2, ...)
- 3 Time dimension**
(current, and aspirational)
- 4 Cultural strength dimension**
(dominant, lenient, or shared)
- 5 Positive vs potentially limiting**

Diagnosing cultural integration progress

- **Listen for organizational noise**

Noise in the organization is a major symptom of culture misalignment or ineffective change management. Where's the noise coming from? What is causing it? Drive that down to a root cause.

- **Look at your FAQs**

What topics are coming up as questions during feedback sessions or via feedback channels? What is the tone/sentiment?

- **Listen for the “I” to “we” shift**

Are people still focused on “me” or are they talking about “we”? Are you tripping over issues about job security, benefits, org structure, “what about me” topics, or has the conversation advanced to “how are we doing?”, “how can I help?”, “are we winning?”

- **Keep culture and change on the agenda**

Leaders need to keep the soft stuff on the agenda by identifying a few key questions that you can ask during employee meetings, integration check-ins, facility visits, informal interactions with people. These questions should tie back to your big culture priorities or change priorities.

- **Look at body language**

When you get joint teams together, what's the body language? Are people building relationships with newco colleagues, or hunkering down with their own legacy team? Are teams able to focus on shared future goals or caught in “how we've always done it”?

Check the Score – what does your bottom line tell you?

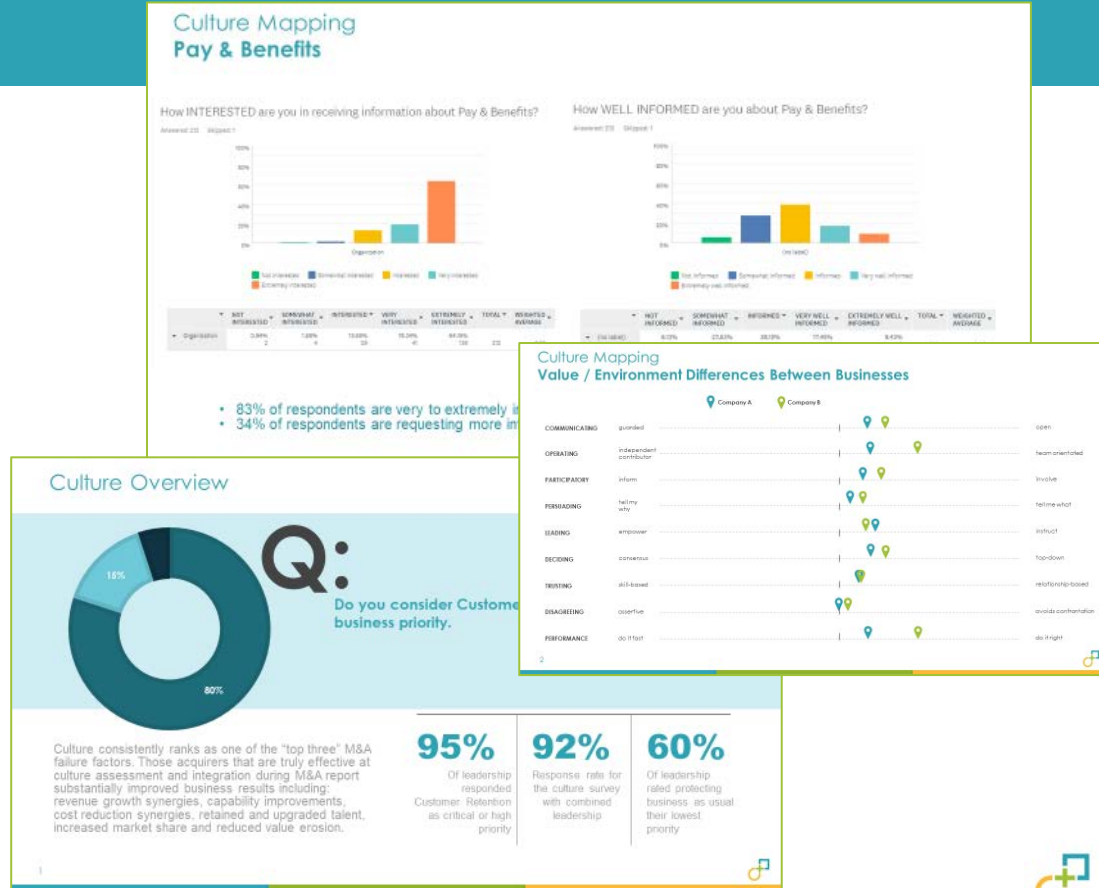


Cultural Assessment

Efficient cultural assessments

A four-step process:

- Leadership determines which cultural elements they want to measure
- All employees will be asked to take a short survey (approximately 20 questions)
- GPMIP will gather the results and show the alignment or differences on topical areas so we address future decisions in an educated / purposeful manner
- Leaders can use the results to show how you are aligned and what other actions you can take to strengthen alignment



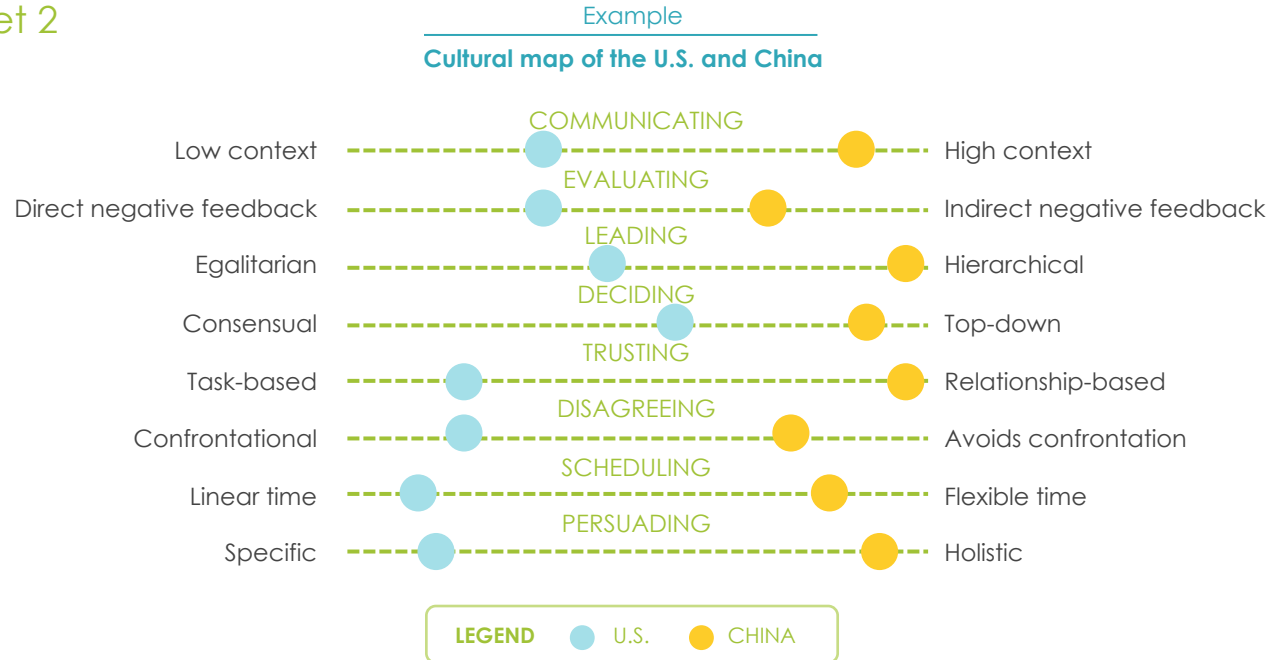
Clear diagnostics

Value/Culture element	Employee now	Company now	Employee aspired	Company aspired	Dominant or Lenient	Positive or Limiting
accountability	x				D	P
patience			x	x	L	
trust	x		x	x	D	P
underperformance	x	x			D	L
service oriented	x			x	L	P/L

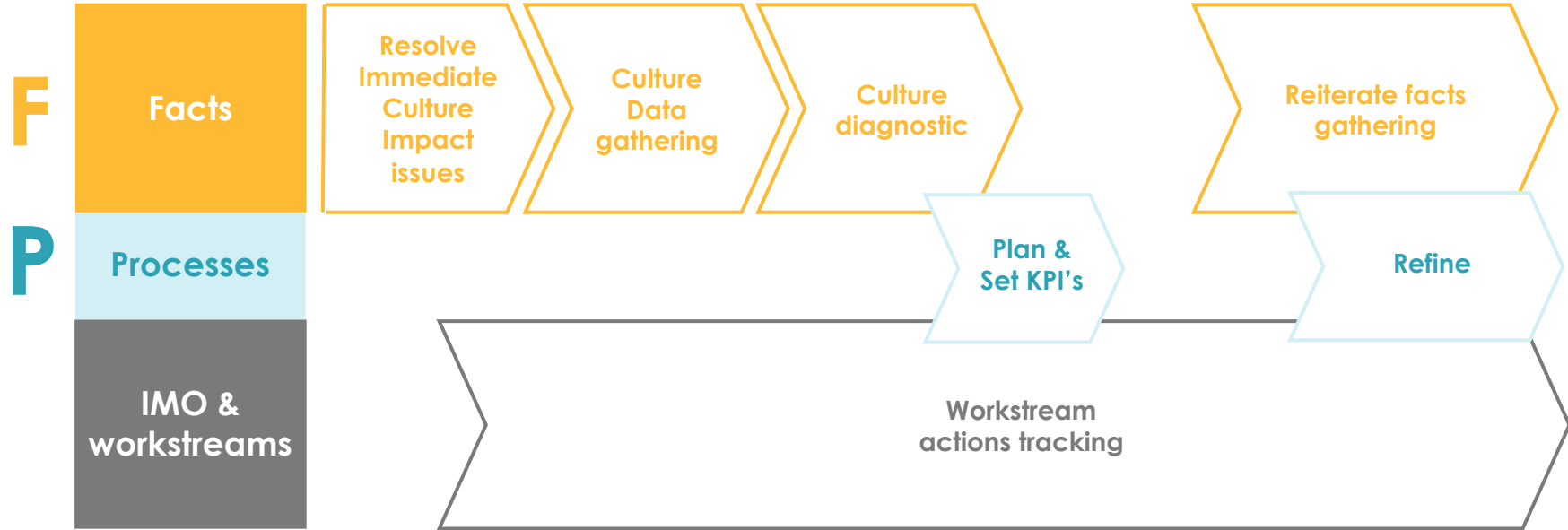
Country or regional cultures

Plotting the cultural map of: Acquirer, Target 1 and Target 2

- Communicating
- Evaluating
- Leading
- Deciding
- Trusting
- Disagreeing
- scheduling



Fact diagnostics



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- Overcoming Cultural Differences in Cross-Border M&A
- M&A Playbooks
- M&A Programme Healthcheck
- IMO Mobilization

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