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5 Tips for Successful Cultural Integration

September 23, 2019. Ian Foster — People Assured
Contact: ianfoster@peopleassured.com

Cultural integration: "Blending two or more cultures without one of the cultures sacrificing the characteristics that make it unique." [Reference.com]

When mergers and acquisitions deliver mixed results, leaders often cite "a misalignment between the two organizations' cultures" as a primary cause (Cancialosi, 2017).

To successfully integrate cultures we first need to understand them.

Kununu's Linda Le Phan asked 25 business leaders to share their thoughts on what company culture meant to them. Replies included:

- "It's what is truly valued and rewarded in your workplace"
- "It's the 'how' of what we do"
- "It's the learned (or assumed) behavior patterns"
- "It's the way we treat each other"
- "It's the best manager your business has"

(Le Phan, 2017).

When designing and implementing their merged organization, how can leaders strike the right balance: respecting tradition and culture, and delivering the expected value?

Here are 5 tips, based on experience and research:

- Keep the strategy and business case front and center
- Diagnose and manage key differences
- Initiate trust through your actions
- Orient to the future vision
- Seek to "hard wire" the changes

1. Keep the strategy and business case front and center

Focus on the rationale for the merger and the value proposition (products, services, business approach) that has made each company successful.

For example, does one company "have a higher-performance culture that helps to achieve ambitious sales targets" (Engert et al, 2019) or a strong focus on safety or innovation that is a business differentiator?

When leaders understand these differentiators and emphasize and articulate their importance (e.g. 'We want to grow our capability in…', 'We want to be more like…') it helps staff to understand the rationale behind the strategy.

2. Diagnose and manage key differences

"When you start a merger and acquisition … you have to reconcile differences" (Wright, 2010).

It's important to understand the specifics of how each organization differs in their approaches to planning, decision-making and delivery, and how individuals and teams communicate?

For example:

Does one organization invest heavily in long term planning whereas the other emphasizes 'getting things done'?

Are decisions made through collaboration and consensus, or determined centrally and cascaded down?

Are meetings used to explore and discuss options or to communicate decisions and establish action plans?

Key differences - those likely have a major impact on teams come together - should be identified and managed.

A variety of diagnostic approaches can be used to diagnose differences, such as: surveys, management and employee interviews and focus groups

Friction, an indicator of differences, is an expected and necessary stage in coming together. Successful mergers and acquisitions will get the parties working together in a constructive dialogue that allows them to fulfill joint business goals.

In addition to uncovering differences, seek out similarities. Commonalties provide opportunities to leverage and build on what teams are already doing.

3. Initiate trust through your actions

There are a number of practical steps leaders can take to build trust:

- Be proactive in your outreach. Take the first step to get to know the new people in your teams and how they can contribute. This can make a huge difference in reducing staff uncertainty.
- Expand your circle beyond your home environment

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- Share leadership opportunities across your incumbents and new team members
- Assume good intentions and avoid judgment or blame
- Communicate frequently, at all levels, formally and informally – leaders will be ahead in their knowledge of strategies and changes
- Gather and act upon feedback from staff

4. Orient to the future vision

"Merging companies must eventually come to a shared vision, mission, strategy and statement of new values" (Wright, 2010) that will drive behaviors.

Once leaders have established the future direction and priorities for the combined organization, it's important that function leaders bring their departments and teams together to share and discuss the strategy and:

- How will we work as a combined team? What will be our working norms?
- What obstacles stand in our way and how can we overcome them?
- How can we build credibility and capability across our business clients and customer base?
- How should we build the identity for our new organization?

5. Seek to "hard wire" the changes

Once cultural integration themes and initiatives are established, it will be important to "hard-wire" them into the company's new operating model and daily practices (Engert et al., 2019).

Like with any change program, cultural initiatives need to be tracked and managed – with corrective action taken when needed. "Proactively addressing cultural integration will help you achieve your vision" (Kelley).

Ultimately, the success of cultural integration will depend upon how it is planned, approached and managed. Developing a clear understanding of the value proposition of each organization, diagnosing cultural similarities and differences, and creating and instilling a shared vision of the future, are proactive steps that will increase your chances.

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