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Unlocking Success | Leslie W. Braksick, Ph.D.

DRIVING MERGERS

How to lead a company through merger integrations

If you consider the challenges of integrating any two corporate cultures, it is no surprise that so many mergers fail. The probability that two or more cultures have identical histories or ways of doing things is virtually zero. So, from the time of the merger announcement forward, the importance of leading well and managing behavior begins.

The paper avalanche of a merger discloses legal and business due diligence about both companies. Unfortunately, the documents and the due diligence process don't disclose the depth of cultural differences.

In other words, merger documents rarely reveal the patterns of behavior that have been shaped over decades by the systems and people within each organization. With a merger, the players abruptly change, leaders and leadership structures are altered, and expectations and behaviors that get rewarded also shift. The result: The old conditions that encouraged important behaviors no longer exist, and resulting behaviors become much less aligned with what made the individual companies so successful prior to the merger.

Under less successful conditions, subcultures can exist where the pockets become identified as the old "XYZ Co. sales guys" or the old "PFG Co. sales guys." What are people really identifying when they use these labels? They are using "code" for identifying the behaviors those leaders predictably and reliably encourage — the way they "still" get work done. And so it is easy for these subcultures to become embedded, and the development of a new culture to be delayed — while profits suffer and full integration is put off. Leadership is key in preventing this from occurring.

Creating a new culture

Leaders can create a new culture and help encourage new behaviors by aligning expectations (like a new vision statement) with desired behaviors and by ensuring that leadership feedback and coaching actively encourages those behaviors. Taking the time to do this work is where most mergers fall short.

In the frenzy to get FTC approval and names plugged into organizational charts, it is tempting to view "culture" as a distraction and a waste of time. Dedicated leaders, doing everything imaginable to hit pro forma targets, often forget that it is their leadership that most powerfully influences how their organizations perform.

Key leadership actions for successful merger integrations include:

Invest time in clearly articulating to everyone the vision, strategy and means of success for the future. Make the expectations clear and consistent. Encourage new teams at all levels to work together and to review the critical results targets at their levels. Identify key behaviors that need to occur for the targeted results to be met.

Invest time to plan and deliver positive consequences for achieving those results and decide how those who engage in less desirable behaviors will be coached. Don't leave success to chance. Ensure that every interaction the leaders have with the organization are leveraged as opportunities to show what the company stands for and encourage the desired behaviors needed for success.

Steward business plans with oversight of performance versus plan. Use this opportunity to track progress, reinforce success, remove barriers and take corrective action. Show through words and actions that the performance is the best lagging indicator of how things are working inside the organization.

Ensure that rewards and recognition systems are aligned with the behaviors needed for business success and for behaviors critical to the desired new culture. Maintained or improved business results are especially key in a post-merger situation. Leaders need to actively coach and encourage desired behaviors, and the consequence systems need to reward them.

There is no substitute for leadership's role during merger integration. <<

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