

Cultural Integration – Usually A Difficult Goal to Accomplish

Part 1: Integration on Three Levels

All marriages occur on three levels and no marriage can be considered successful unless integration takes place on all three.

The first and most obvious is the merging of two separate legal entities. Since it is likely that both partners approach their upcoming union with assets and liabilities and the marriage will involve an exchange of stock or cash in exchange for certain specified assets, there are legal issues that must be settled. The buyer's interest is that the value being acquired is actual and not illusory. In basic negotiation terms, the buyer is seeking to establish the "quid pro quo" – something for something – and to bring specificity to what that "something" entails. The buyer also requires assurances that there are no unknown or undisclosed circumstances that would alter or cause the withdrawal of the proposal of marriage. In effect, due diligence is a "background check" to confirm that all representations are factual and there are no unpleasant skeletons in the bride's closet that could surface at an inopportune time. The seller's interests include ensuring that the buyer's marriage proposal is genuine, the purchase price represents a fair offer for the assets to be surrendered, and the payment terms are acceptable. Attorneys are charged with drafting pre-marital agreements that adequately address the legal concerns of both parties.

The second level on which integration must take place is the integration of business operations. Since business marriages are motivated, at least in part, by expectations of greater operating efficiency and cost reduction, the buyer naturally focuses on changes that will achieve cost-saving synergies. Decisions must be made about whether the newly-weds will maintain separate facilities or will take up residence together, whether some of the bride's assets will be sold, whether the bride will assume the brand of the buyer (or vice versa), whether and how they will integrate their budget and planning processes, and numerous other decisions that must be made to operate as a merged company.

The third level on which the integration must occur is the cultural integration – the integration of relationships. Unlike the first two levels of integration, this aspect of marriage is much more difficult to accomplish because its success is not controlled entirely by the decision-making of the newly-weds. Company cultures are established over time and are not likely to change overnight with the announcement of marriage plans. Support for the marriage by each relative is likely to be relative – to the perception of whether the marriage will enhance or detract from the existing relationship. The possibilities range from whole-hearted support for the marriage to fierce opposition and adherence to the status quo. Adding to the complexity is the fact that, in today's volatile business environment, the attraction of the couple most likely lies in their differences, i.e.

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the buyer is attracted to the seller because that company is perceived to bring value to the buyer that cannot be easily developed internally and/or would be too costly to attempt. This means that the new partner, buyer or seller, is likely to be perceived as someone who does not fit in with the way business is usually conducted. The buyer will be under pressure to demonstrate that the new marriage does not alter important existing relationships and, at the same time, to convince new members of the family that they are highly valued.

In order to avoid placing critical relationships, and ultimately the deal, at risk, decision-makers must anticipate which relationships the marriage requires for success, determine how those relationships will be impacted by the marriage, and then develop a plan for ensuring that those relationships remain intact.

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