

## Leadership Barometer 147 Building Culture in a Merger

by Bob Whipple, MBA, CPTD



When organizations merge or there is an acquisition, the ability to create one new culture is paramount. This aspect is most often the stumbling block that prevents the merged unit from being successful.

Managers often assume this will happen naturally over time, They give this aspect little attention when planning the merger. **WRONG!**

Achieving a stable culture where people are supportive is the most significant challenge for most change efforts. Do not assume things will work out; instead, take a **highly proactive approach** to defining a new culture.

### Merger of equals?

In most cases, one group will feel they have been "taken over" by the other. Curiously, in many instances, both groups feel like they have been taken over. Employees in each former group need to modify their procedures to accomplish the union. Usually, one of the parties is assumed to be in the driver's seat. It is the other party that needs to endure the bulk of changing systems.

### Why the Resistance?

Lack of trust and genuine animosity lead to resistance when it comes to blending the two groups into one. It is common to have the conflict occur as passive-resistive behavior. People will have the appearance of agreeing, but subversively undermine the other group however possible. This kind of "we-they" thinking can go on for years if allowed.

What actions can management take to mitigate the schism and promote unity? Here are a dozen ideas that can help:

**1. Start early** - Do not let the inevitable seeds of doubt and suspicion grow in the dark. Work quickly after announcing the merger to have teambuilding activities. Openly promote good team spirit and put some money into developing a mutually supportive culture. Good teamwork is not rocket science, but it does not occur naturally. There must be investments to accomplish unity.

**2. Have zero tolerance for silo thinking** – This philosophy is hard to accomplish because human beings polarize if given the opportunity. Set the expectation that people will at least try to get along at all times. Monitor the wording in notes and conversations carefully and call people out when they put down the other group. This monitoring needs to include body language. Often rolling eyes or other expressions give away underlying mistrust.

**3. Blend the populations as much as possible** - Transplant key individuals from Group A with counterparts from Group B. If done with care, it will not take long for the individual cultures to be homogeneous. Sometimes the transplanting process is unpopular, but it is an important part of the integration.

**4. Use the Strategic Process** - It is important to have a common set of goals and a common vision. If the former groups have goals that are not perfectly aligned, then behaviors are going to support parochial thinking. When conflicts arise, check to see if the goals are really common or if there is just lip service on this point.

**5. Reward good teamwork** - Seek out examples of selfless behavior from one group toward the other and promote these as bellwether activities. Verbal and written reinforcement from the top will help a lot. You might consider some kind of award for outstanding integration behavior.

**6. Model integrated behavior at the top** - Often we see animosity and lack of trust at the highest levels. It is only natural for the lower echelon to be bickering. People have the ability to pick up on tiny clues in wording and body language. The leaders need to walk the talk on mutual respect.

**7. Co-locate groups where possible** - Remote geography always tends to build polarization in any organization. If merged groups can be at least partially located under one roof, it will help to reduce suspicion. If cohabitation is cost prohibitive, it is helpful to have joint meetings. This is especially important at the start of the integration process.

**8. Benchmark other organizations** - Select one or two companies that have successfully blended cultures. Send a fact-finding team made up of representatives

from each group to identify best practices. This team can be the nucleus of cooperation attitudes that can allow unity to spread through the entire population.

**9. Make celebrations include both groups** – Having both groups celebrate progress together is helpful. Make sure the celebrations are for progress toward the ultimate culture instead of sub-unit performance.

**10. Align measures with joint behavior** - Make sure the performance measures are not contributing to silo thinking. If the goals are aligned for joint performance, have the measures reinforce behaviors toward those goals. Often, well-intentioned measures actually drive activity that is directly opposite to the intended result. One way to test for this potential is to ask a question. "What if someone pushes this measure to the extreme? Will that action still produce the result we want?"

**11. Weed out people who cannot adjust** - A certain percentage of the population in either group are going to find it difficult to stop grieving. Identify these individuals and help them find roles in some other organization. It will help both the merger process and the individual. On the flip side, identify the champions of integration early and reward them with more exposure or span of control.

**12. Create incentives for the desired behavior** – Encourage people to act and think in an integrated way. Have the incentive plans pay out only if both units perform seamlessly.

If something awful happens with the business during the integration, don't panic. Often by working through a crisis or an emergency, a strong joint identity emerges. Use problems as a way to draw people together rather than a reason to focus blame.

The road to a fully-functioning integrated culture can be long and frustrating. By following the ideas given above, an organization can integrate cultures quickly. Hasten the day when people feel a sense of belonging to a single new order.

Bob Whipple, MBA, CPLP, is a consultant, trainer, speaker, and author in the areas of leadership and trust. He is the author of: *The Trust Factor: Advanced Leadership for Professionals*, *Understanding E-Body Language: Building Trust Online*, and *Leading with Trust is Like Sailing Downwind*. Bob has many years as a senior executive with a Fortune 500 Company and with non-profit organizations.

