It's no secret that Merger and Acquisition (M & A) mania has gripped Corporate America. Businesses of all sizes and from all industries are caught up in the momentum—for better or worse. Unfortunately, more often than not, the results are for the worse, not for the better. One study shows, in fact, that of 150 deals worth more than $500 million only 17% created substantial returns, 33% created marginal returns and 50% eroded some-to-substantial shareholder returns.

Many experts say this lack of success is due in large part to overlooking the details of implementation, especially the human resource issues of personnel and corporate culture. "The job of HR during a merger or acquisition is to identify what business and financial aspects are dependent on making the deal a success and then to enhance those strengths through its people strategy," says Wanda Silva, a mergers and acquisition expert with Wallingford Capital Corporation and former human resources vice president for Medaphis Physician Service Corporation. "There are, of course, the logistical and administrative duties regarding benefits and policies, but a critical focus needs to be on bringing people together by blending cultures. Cultural integration is the single most important factor determining whether profits can be sustained and grown in companies that acquire or merge."

But blending cultures is not easy. Research has shown, in fact, that most merged companies are unhappy with their cultural integration efforts. In light of this challenge, what can HR do to promote a successful and profitable "marriage" between two cultures?

IT STARTS AT THE TOP

To effectively blend the cultures of two merging companies, HR professionals must first enlist the support of the companies' top leaders. To make that a reality, HR must adopt a pro-active stance and act on a strategy that puts the "culture is critical" message in front of the right people.
Mary Steele, group vice president, human resources director for SunTrust Banks, Inc., and a veteran of 75 mergers during her 20-year tenure with the bank, says one way to get the culture message to leadership is to rely on the business press to package the idea for you. "We're not talking about Psychology Today," she says. "Highly respected business publications like Fortune, Business Week and The Wall Street Journal have all written articles saying that the most common reason mergers don't work is that cultural fit was not made a priority. It's up to you to get these articles in front of the key decision makers who can champion the culture cause."

Another way to get culture on the due diligence list is to arrange for well-regarded business speakers to address your company's leadership at meetings and conferences. Especially influential are business experts who are known and respected by your executives who can speak with authority on the organizational impact of culture. Or, arrange for key leaders to attend conferences where the importance of cultural issues will be featured.

A key goal of your strategy at this point is to impress upon leadership the necessity for a cultural audit. Such an audit evaluates the strengths and weaknesses of the merging cultures, as well as identifying their cultural similarities and differences.

**CULTURAL ASSESSMENT**

Once awareness has been established about the importance of cultural fit and the commitment is made to make culture a merger priority, it's time to select the most appropriate cultural assessment tool for your situation. Conducting a cultural assessment is critical because the knowledge it provides will form the foundation for a successful culture-fit action plan and its implementation.

Cultural audit tools range from focus groups and one-on-one interviews, to normed and standardized assessments completed by a large sample of employees, to group-based 360 degree feedback programs that provide a wide range of information about the merging organizations. An effective assessment should address values, norms and practices – all areas that address the issue of "how we do things around here." Results of this type of assessment can be used first as a tool for integrating the executive teams. The new executive team, which should include HR
professionals, can look at results of both assessments, create a view of the desired culture for the new organization, and begin to plan action steps for reaching the desired state.

**SIGNS OF A CULTURE CLASH**

- "Us" vs. "Them"
- Winner - loser syndrome
- Intolerance: "Our way is better."
- Paranoia, protectiveness, combative / battles for turf
- Anger and resistance

While evaluating existing cultures, keep in mind that it is not wise to automatically assume the culture of the dominant company. The strengths of both company cultures need to be explored so the best of both can contribute to the success of the new organization. And, remember, that different cultures do not necessarily mean a bad fit. When properly integrated, diverse perspectives can dovetail, bringing new-found energy and vitality to the newly-formed entity.

**THE CULTURE CLUB**

Many companies have used transition teams composed of employees from both entities to facilitate integration during a merger. These teams can work on bridging the gaps identified during the cultural audit process and are an excellent way to tap into the ideas employees may have about what works and doesn't work from a day-to-day perspective. Another advantage is that you are not attacking culture head-on, but are working from the inside out. By following this strategy you enhance your chances of building employee loyalty and acceptance of cultural changes down the road.

One Atlanta company created a transition team they dubbed "The Culture Club." It is a model that can benefit any organization, big or small, that must merge people, processes and culture. It began when two well-known advertising agencies in Atlanta, Fitzgerald & Company and McCann-Erickson Atlanta, merged under the Fitzgerald name. Consisting of five people from Fitzgerald and five from McCann, the group was charged with bringing the two companies together by identifying and dealing with the challenges of merging the two cultures.
The Club, which met weekly, served as a successful bridge between the two companies. They discussed a variety of issues including how to handle the rumor mill. Having support from top leadership was essential to the group's success. Dave Fitzgerald, the president of the new organization and Clisby Clarke, the former president of McCann, promoted open communication and met at least monthly with the Culture Club's members. The sign of success for the group was when they started hearing the term "us" being used around the office instead of "we" and "them."

"One of the biggest lessons we learned," says Pam Piligian vice president group director and a Culture Club member, "is how big the little issues are. For instance, one company's official work hours ended at 5:00 PM and the other's ended at 5:30 PM. It turned out to be a big deal to settle the issue. It's not the lions and tigers that will kill you. It's the gnats." SunTrust's Mary Steele couldn't agree more. "You have to take the time to identify employees' hot buttons. Typically, you will be amazed at what they are and how easy it is to address them. During one of our mergers, for example, we found out that one of the smaller banks had popcorn brought in every Friday afternoon at 3:00 PM. As soon as the bank's employees found out we weren't going to do away with that, they were absolutely fine about the merger. It was a little thing, but it sent the right message and got that merger off to a good start. Operations and finances are, of course, central to a merger's success. But culture is critical."

Robert L. Turknett, Ed.D., is a Licensed Psychologist and President of Turknett Leadership Group, Carolyn N. Turknett, M.A., and James L. Anderson, M.B.A., are Vice President of Turknett Leadership Group.