



# Paris Phoenix Group

## Case Study: Merger and Acquisition Effectiveness and Culture Fit Assessment

*This is an example of a program we have used successfully with a large local company and could be implemented in a similar fashion for other companies experiencing growth through mergers or acquisitions.*

### Business Context

A large organization which acquires smaller companies for specific products or skill sets several times per year. Because culture fit and integration is key to ensuring the success of any acquisition (most M&As fail due to culture clash issues), it is important to measure the culture of the acquiring company and the company being acquired. Because culture is the 'why' behind behaviors in an organization, it is usually deeply-seeded and difficult to change, which is important to know early on in the process as it forms the underlying reasons why employees will be behaving in specific ways. This knowledge can assist an organization in deciding to complete

a merger or acquisition or can help them work through differences and recognize similarities for a smoother integration. In addition to understanding potential culture fit issues early on in the acquisition, it is important to measure the effectiveness of other aspects of the integration (e.g., team climate, administrative process and timeliness, onboarding programs, etc.). There are two measures used with each acquisition at different points in time, a culture fit assessment and an integration survey. Some acquisitions also include leader interviews about culture early in the process.

## Measuring Culture

In larger acquisitions, leaders are interviewed by HR representatives within the acquiring company early on in the due diligence process using an interview protocol we designed to try to identify early any potential culture clash issues. These questions were designed based on working with the acquiring company's current and aspire-to culture profiles. We analyze and summarize leader responses to report back any early indicators of culture clash or culture fit. Later in the acquisition process, a broad culture assessment survey is administered online to employees of the acquisition and results are compiled and compared to the acquiring company's current culture results. Gaps and similarities are identified and recommendations are made for cultural areas that will be easy to integrate, and areas where there may be culture clash. In some cases toolkits are provided for HR to work with managers and employees in both groups (acquisition and acquiring company) to be able to identify their differences and learn to work through them so the company can be successful.

## Measuring Integration

Approximately 90 days after a deal has officially 'closed' a second survey is sent out to the acquired employees asking about their integration experience. The main focus is on how well integration planning and activities are going, but also an emphasis on workplace climate (e.g., performance expectations, standards, managerial effectiveness). Administrative aspects of the acquisition are also covered (timeliness of network access, receiving new hardware and software, access to company information and resources, etc.). Results of this survey are provided to the HR teams supporting the acquisition and are also included and compared to the normative database of integration metrics for the HR organization. The integration survey was developed using some of the client's employee survey items (for internal benchmarking), as well as process-related items customized for this client.

## Report Design and Implementation

Standard report formats and presentation templates were developed for the series of measures, though they are customized with each acquisition. Each survey is administered online, and results presentations are delivered by us to the HR organization of the acquiring company. Some acquisitions request further integration resources such as culture change toolkits or activities for employees to do together. These resources are developed on an as-needed basis specific to the cultural or integration issues identified with the acquisition.



## Outcomes

The HR teams supporting acquisitions within the client company report high value in having this information throughout the acquisition process as they work with new leaders and employees for more successful outcomes (faster integration of business strategies, employees better able to work together, higher retention of acquired employees, and ultimately increased ROI in business metrics).



*Through customized business solutions, Paris Phoenix Group helps answer complex organizational questions around employee issues. Our consultants focus on understanding how the employee perspective fits into the organizational people system. Each of our customized solutions is founded on a rigorous research approach. This allows us to provide our clients with well-founded and effective solutions to meet their business needs.*