Journal of Executive Education

Volume 8 | Issue 1 Article 3

2009

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Journal of Executive Education, 8(1) (2009). pp. 33–58

Cultural Strategies in M&As: Investigating Ten Case Studies

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Abstract

This article discusses and contrasts the cultural fit, cultural potential, communication, direction, and leadership in the success and failures of mergers and acquisitions. The focus of the article is to determine independent variables that influence the success or failure of a merger or acquisition using existing empirical literature, while comparing and contrasting the information found in ten selected case studies of successful and failed M&As. According to one study cited, eighty-three percent of mergers and acquisitions fail to create their intended value. The ten case studies reveal that communication is a necessity, drastically improving the success of a merger, and a cultural assessment of both fit and potential are important factors for providing direction and guidance for necessary decision making and planning initiatives required by management throughout all stages of a merger or acquisition. The challenge for today's business schools is to struggle with preparing students to be effective contributors at their next

position while simultaneously providing the grounding they need for a lifelong career. This is not a unidimensional problem. Only when businesses demand what they need from the B-schools will they most probably get what they have been wishing for. The lessons from the case studies of failed mergers tell much of the story of this disconnect.

Introduction

A study by KPMG International highlights that 83% of acquisitions and mergers fail to create the intended value (PR Newswire, 1999). Mergers and acquisitions are designed and executed to create growth, competitive advantages, technological acquisition, eliminate competition and more in order to create value. But many companies badly estimate the complications that can arise during an acquisition, resulting in a "2+2=3" rather than a "2+2=5" effect (Appelbaum, 2000; Cartwright and Cooper, 1993; Hovers, 1971).

While strategic, cost, revenue and legal issues drive most deals it is cultural issues that determine their success. It is not an exaggeration that how companies handle culture issues is probably the single most decisive factor that can make or break a deal. Although cultural integration is of high importance it is often hard to anticipate, analyze and quantify. It is of no surprise that the most often quoted reason for the failure of an M&A is culture differences. (Papadakis, 2007)

"Increased turnover, low morale, satisfaction, commitment, reduced trust, reduced productivity, poor communication, and increase absenteeism are all potential outcomes that can and do accompany many acquisitions" (Nikandrou et.al., 2000). Many acquisitions have only been evaluated based on their compatibility regarding financial figures, technological advantages, or market share, never focusing on the soft M&A issues (Appelbaum et.al., 2003).

People issues once were considered "soft" issues, but organizations have learned there are hard consequences to ignoring or mismanaging people issues during a deal. (Appelbaum et.al., 2003). Is this acquisition a good cultural fit with ours? Do our employees have the same beliefs and values? Is this company open minded or closed to new ideas and change? Are we dedicating the correct amount of time to communicating our efforts and providing the vision and direction necessary for this integration during this acquisition?

An equally intriguing, if not more important, issue is that management personnel appear to lack sufficient awareness of the impact of "soft" issues (e.g., pos-transaction workforce integration, selection and retention of specific personnel, communications with severed and retained personnel, analysis of the pre- and post-transaction cultural operating environment, etc.). One can speculate from the analysis that management is either oblivious to the importance of these issues (i.e., their ability to undermine post-transaction strategic objectives) and/or lack the skills to incorporate interventions that mitigate unintended consequences associated with the issues.

The purpose of this article and strategic literature review, therefore, is to analyze cultural fit, cultural potential, and the communication, the leadership, and the direction required in the ten selected case studies to accommodate successful post-transaction integration and success or failure outcomes. This review is significant in that it will directly compare suggested necessities in successful acquisitions regarding cultural integration and create a framework for the skills required by executives to assure success outcomes. In terms of goals, this article has two basic purposes:

1. To examine if cultural fit, culture potential, and increased forms of communication, direction, and leadership are present in the review of ten case studies focused on acquisitions, and if they had an impact on the success/failure of the outcome.
2. To examine if there are any other variables that should be considered in future reviews.

The following section will review literature on organizational culture and M&As. Following that will be the comparison and analysis of each case study with regards to the information found in the literature review, and whether or not the selected variables were present in the resulting success or failure.

The Culture of a Company

The behavior of a company has been defined as "the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization." (Charles and Jones, 2001). "From organizational values develop organizational norms, guidelines or expectations that prescribe appropriate kinds of behavior by employees in particular situations and control the behavior of organizational members towards one another" (Charles and Jones, 2001). This is crucial in all M&As and one of the underpinnings of this article.

Many acquirers need to understand that in an acquisition, it is not the assets, technology, or infrastructure that is difficult to assess and integrate before, during, and after the takeover, but it is more the people (Feldman and Murata, 1991). Failure to fully assess the compatibility of cultures in the outset, the potential for compatibility in the future, is unknowingly decreasing their success from the outset.

Research literature has deeply investigated M&As in the last two decades. Studies have been carried out concerning several aspects of the M&A, including remarkable efforts describing the direct relationship between productivity and ownership change (Lichtenberg & Siegel, 1987), organizational changes and employee turnover (Morrell *et al.* , 2004) and employees' openness and commitment to large-scale change (Chawla & Kelloway, 2004), among others. But do M&A research findings provide firms with the solutions needed to successfully compete in today's evolving market?

How can we better control and predict organizational variables such as productivity, absenteeism, turnover, citizenship and satisfaction? These questions impact all M&As. As research has become more available on the soft issues related in the assessment, integration, and post-acquisition activities of companies, it is clear that the cultural assessment of compatibility is a must in order to improve the odds of 83% failure rate.

The cultural fit, cultural potential, communication, and direction in the pre/during/post stages of an acquisition are very important. Cultures can be a make-or-break factor in the merger equation. These will be examined in the succeeding sections of this review.

Cultural Fit

Culture formation is neither a random event nor an action dependant solely on the personalities of founders or current leaders, but it is an internal reaction to external imperatives (Schraeder & Self, 2003). Every organizational culture is different in style, function, rules, rewards, sanctions, planning, structure, and policies, from one another. The assessment of these variables between two companies is vastly important to their future integration. Just assessing the cultural compatibility increases the odds of successful mergers. The closer the cultural fit between the two companies, the less adversity there will be once the acquisition begins to integrate

(Bijlisma-Frankema, 2001). It is important to understand that the cultural fit of two companies can be either too close to realize synergetic improvements or too far apart to integrate without drastically negatively impacting the integrated firms performance and the level of employee performance/satisfaction overall.

This marriage of cultures is a very delicate exercise that affects the employees of both organizations. Regardless of the culture that eventually prevails, all employees will face the same experiences, such as working with former competitors, customers or suppliers, losing their jobs or being unhappy (Appelbaum *et al* 2000). Weber (1996) observes that mergers' performance and effectiveness are inversely proportional to the differences between the two top management teams. Managers need to integrate these variances.

An example to further illuminate this criterion of fit is the M&A between German-based Daimler-Benz and US-based Chrysler which demonstrated there was little or no cultural fit (See Case #1). "Chrysler had a reputation for having a more freewheeling, open culture, in contrast with the more traditional, top-down management style practiced at Daimler." Daimler-Benz was described with words like conservative, efficient, and safe, whereas Chrysler was seen as daring, diverse, and creative (Shelton et.al., 2003). Nguyen and Kleiner (2003) refer to the merger of Daimler-Benz and Chrysler as a perfect example of merger failure due to incompatible cultures. Daimler-Benz and Chrysler operations and management could not properly integrate because of the different approach of Germans and Americans to work particularly administrative issues such as pay scales and travel expenses. Ultimately, a large numbers of key Chrysler executives and engineers resigned and Daimler-Benz employees were dissatisfied with Chrysler division performance. In essence, it was a failure of fit.

Much of this non-cultural fit resulted in the failure of the acquisition. The intentions of Daimler-Chrysler were admirable for technology sharing, market growth, shared resources, but a true evaluation of cultural fit never successfully materialized resulting in a predictable failure.

The cultural fit seeks similarities in style, leadership, direction, communication, and organization policies. Although it is not imperative that a company must have similar cultures, it is definitely a hurdle if they are so very different from one another, requiring extra time, attention, and communication in order to integrate the two.

Another critical issue in the cultural fit between the two firms is management stylistics. If the preferences for style of management, degrees and ways of planning, formalization, rewards and sanction modes, time perspectives and growth orientations point in the same direction, it is easier to design an integrative structure than when preferences are far apart (Bijlisma-Frankema, 2001).

Cultural Potential

The next variable to consider is the cultural potential that is the framework in which companies operate, including cultural traits that guide the way in which relations with other organizations and cultures are handled (Bijlisma-Frankema, 2001).

The cultural potential of companies is an excellent barometer and further reveals their openness to change, mainly affecting the following traits discovered by Eiselle (1996):

1. Innovative Potential: openness to new values and ideas;
2. Trust Potential: openness to trust;
3. Mutual Dependence Potential: the mindset of two companies working together for the greater good; and
4. Integrative Potential: the openness of a company to sorting through issues, understanding differences, and wanting to work through differences.

Innovative Potential

In further exploring the cultural potential of companies (Want, 2003) we can analyze the M&A between Deutsche Bank and Bankers Trust. Deutsche looked at the innovative potential between redundant departments in the merger of the two companies and in doing so they were open to new ideas and ways of doing things. Furthermore, they evaluated departments excelling between the two companies, whether it was within Deutsche Bank or Bankers Trust, and in areas where Bankers Trust had better employees than Deutsche Bank, it was DB employees who were made redundant (Salama et.al., 2003).

Trust Potential

In examining the cultural potential of companies (Want, 2003) and trust, the M&A between VW and Skoda designed the trust potential through supporting Skoda's company history, past accomplishments, and encouraging employees to take pride in being part of the new company (Regani, 2007). This was crucial to the success of this venture and a critical indicator of trust.

Mutual Dependence Potential

The M&A between VW and Skoda had a very high mutual dependence potential, as VW spent much time understanding Skoda and where the company had come from. Alternatively, Skoda was very much dedicated to working with VW, and the two companies truly worked hand-in-hand. VW developed many reward programs that reflected team integration where the best ideas where kept, irrelevant of which company they derived from (Regani, 2007)

Integrative Potential

An analysis of the cultural potential of companies to integrate effectively reveals the M&A between Wolverhampton and Dudley Breweries (W&DB) and Marston, Thompson & Evershed was plagued with issues and aversive from the beginning. W&DB was seen as a cost-dominated and hard-nose employer, implementing a destructive winner/loser mentality among their employees. There was widespread dissatisfaction, lack of trust, feelings of favoritism, poor communication, and jaded employees. But both companies realized during the acquisition that issues and differences were materializing. Almost at once a plan was derived in order to combat this insurgence of negativity. Fairness, integrity, and transparency programs were created. Employment assistance programs were created, social events such as parties and family days were held, long-service and retirement awards were created, and employee reward programs were established. The openness of both firms to work through their differences and work together created the integrated potential for the M&A to succeed (Pollitt, 2006). This important case was presented as an example of its significance as a model at this point in the article but will not be one of the ten cases examined later in the article for congruence or lack of fit with the variables selected to evaluate the success or failure of these ventures.

Communication, Direction, and Leadership

It is difficult to separate communication, direction, and leadership, since they are concentric. Each has their part to play in the stages of an acquisition, and neither can happen without the other. The direction and leadership of a company is one thing, but in the midst of an acquisition, a new style of leadership and direction is needed and time and effort are further required to create open avenues of communication and information. Acquisitions are strategically in need of a culture and leadership style of change (Want, 2003). Some of the tactics to accomplish this include the following.

Establish leadership quickly

Leadership is the most urgent priority when a merger closes. The faster the top management team involved is established, the smoother the post merger integration process will be. Empirical data demonstrates that a significant proportion of M&As face a leadership vacuum. An example of failed acquisitions is Nokia, the global leader in the mobile phone business. Nokia engaged in a series of acquisitions in the 1980s and 90s in the consumer electronics business. Their growth strategy actually failed, and Nokia exited the business in the late 1990s. Among the main reasons for this failure was the “management vacuum” that they experienced just after the acquisitions.

Cisco Systems on the other hand conducted over 70 acquisitions successfully from 1993-2000, providing a positive example on this issue. Integration teams were formed very early in the process. Leaders appeared to be approachable to new staff and involved themselves actively in the whole process. A participatory style of leadership is needed (Bijlisma-Frankema, 2001) for employee citizenship and commitment.

Direction and Communication

Top management must help employees cope with the loss they are experiencing to decrease the chance of M&A failure and cultural clash and to increase employees overall adjustment (Appelbaum and Gandell, 2003). Employees exhibit strong negative emotions upon the announcement of a merger in terms synonymous with the death of a family member or loved one (Schreader, 2003)

Successful mergers communicate as early as possible and as often as possible to employees, customers, partners and the media. Cisco Systems, for example created the “buddy system”, someone to go to during the early days of integration, to help the employees in the acquired company feel at ease and an integral part of Cisco Systems. Cisco also held orientation meetings enabling employees to ask questions and get the proper answers. The CEO of Cisco Systems had institutionalized the motto "communicate early, often and honestly." Communication is one of the largest concerns in any acquisition, but communication is also the most neglected activity during the integration phases. Early communication and employee involvement drastically reduced the stress and anxiety created by mergers and acquisitions.

Nguyen and Kleiner (2003) point out that communication may be intentionally impeded during an acquisition in order to minimize advanced notification, which could decrease production output, increase turnover, and even lead to a negative impact on the share price. These delays in communication only create what they were trying to stop, increased anxiety, stress, negatively affecting future relations and trust. Even in the cases where management does not feel ready to communicate early on, silence is interpreted negatively as a sign of weak leadership and unclear goals. Employees are looking for answers to the "me" type of questions. How does the merger affect me? What will be my role in the new organization? Why should I sign up to the new vision and strategy?

A powerful means for quelling anxiety is stressing the elements of the old way of doing things that are keenly preserved, as these are valued as competing core competencies. They can serve as a bridge between the old and the new structure and as a source of continuing pride and self-respect, thus preserving an important function of culture throughout the change process (Schein, 1989; Bijlisma-Frankema, 2001)

M&As should not be considered as only a legal and/or financial transaction but rather a process in which the lives of people are affected (Cartwright and Cooper, 1993).

Even employees who are fully willing to invest their energy in making the new structure work often find themselves at a loss about the "hows" in situations of unclear expectations (Bijlisma-Frankema, 2001). Clear goals and expectations are necessary for the current and future direction of the organization as a whole.

A vision must be clearly communicated to the new organization with very clear lines on how and where the new company is going. Creating the change is necessary, as companies that can change have an inherent competitive advantage over their competition (Want, 2003). This is not as easy as it sounds as the following cases will examine and reveal.

Case Study Analysis

The following section of this article will include an in depth look into ten case studies to determine if cultural fit, cultural potential, increased communication, direction, and leadership are present and impact. Five of the case studies are considered successful mergers, while the other five are considered failures per the criteria and variables introduced in the review of the literature. Why use the case study method?

Critics of the case study method believe that the study of a small number of cases can offer no grounds for establishing reliability or generality of findings. Others feel that the intense exposure to study of the case biases the findings. Some dismiss case study research as useful only as an exploratory tool (Yin, 1984). Yet researchers continue to use the case study research method with success in carefully planned and crafted studies of real-life situations, issues, and problems.

In order to truly determine what variables influence the success or failure of an M&A, a cross-case analysis was chosen. Our case method approach was used in which 10 cases were chosen and then selected on the basis of detailed information present to accurately evaluate the level of communication, cultural fit, and level of direction/leadership within the merger. The cases were selected based on the amount of information present, rather than the outcome itself. It was very important that each case focused upon the activity of an M&A and that the researcher or author was not neglecting any of the details within the process itself. Each case was required to possess enough information to determine whether Cultural Fit and Cultural Potential (Innovative, Trust, Mutual Dependence, and Integrative) existed and had an influence, while incorporating the facets of communication, direction, and leadership (KPMG, 1999; PR Newswire, 1999).

We have elected to use case studies, since much of the environment within an M&A cannot be controlled and confidentiality is of the utmost importance in such a transaction. Such real-life situations would have been difficult to reproduce in a natural science environment unjustified by surveys or experimental strategies. Due to these highlighted constraints, a case study method was ultimately the only way in which we could evaluate the variables that either created a successful or failed M&A. Each case was evaluated on the level of communication, descriptions of each company's separate cultures, and typically the depth of detail regarding the management and their decisions. Our theory generating cross-case analysis was determined to be the only method that could effectively allow for the capture of cultural influences within a real-life environment that was external to our control, while dealing with confidential information and highly influential circumstances that could have placed the effectiveness of this article at risk.

We recognize that the amount of information that the researchers and author(s) of each case study included may be incomplete or limited and possibly at times anecdotal. These case studies are focused primarily upon the M&A activity and not necessarily the cultural influences, some information may have been neglected or omitted due to the methodology and unimportance attributed by the researchers in the focus of the specific case studies. Yet, the researchers and authors of the cases used for our study, focusing on the M&A activity itself, provided a more unbiased recount of the situation, supporting our cross-case analysis with a clearer picture of the said activities that lead to successful and failed opportunities to Merge and Acquire (KPMG, 1999; PR Newswire, 1999).

We are limited to the amount of information that the researchers and author(s) of each case study included. As these case studies are focused upon the M&A and not necessarily culture, some information may have been neglected or omitted due to the methodology and unimportance attributed by the researchers in the focus of the specific case studies.

We have interpreted the findings in each case study by the level of detail and specific levels of information for each variable. We have decided to only report whether we felt the variables were present or not, by a positive or negative response. We omitted what level of presence actually occurred, as the quantification of such information was difficult to determine, especially since the authors may not have been observing these variables or were not cognizant they existed as factors of success or failure. If there was no information that could be subjectively quantifiable, it was deemed as "No information could be quantifiable." The ten specific cases and variables evaluated are as follows:

Case #1: Daimler-Chrysler (Failure)

Cultural Fit:	Not a good one. Chrysler had a reputation for having a more freewheeling, open culture, in contrast with the more traditional, top-down management style practiced by Daimler. Daimler-Benz was synonymous with words like conservative, efficient and safe. Chrysler, in contrast was known as daring, diverse and creative.
Cultural Potential: Innovative	Yes, the Germans admired the entrepreneurial spirit and innovative thinking of the Chrysler team while Chrysler respected the engineering savvy of the Germans.
Cultural Potential: Trust	Not much. Several of the key executives who had led Chrysler to a solid reputation for creativity, efficiency and profitability retired early or defected to other carmakers feeling uncertainty and trust/confidence in the new corporation
Cultural Potential: Mutual Dependence	No, this was negatively affected when Juegen Schrempp, the ex-chairman of Daimler-Benz moved members of his German management team into key Chrysler positions signaling the lack of intent to share the vision. The management teams resisted to work together and were not willing to compromise so that Daimler and Chrysler had combined not much beyond some administrative departments, such as finance and public relations. Components and platforms were also not shared early enough because Mercedes-Benz executives worried their buyers might feel cheated if they shared parts with Chrysler's "inferior technology".
Cultural Potential: Integrative	No information could be quantifiable.
Communication	(Since the merger, DaimlerChrysler chairman Juergen Schrempp has acknowledged in a newspaper review that the so-called merger of equals was, in fact, a capture of Chrysler by Daimler-Benz.
Direction	No information could be quantifiable.
Leadership	No information could be quantifiable.

Case#2: Ford-Volvo (Failure)

Cultural Fit:	Not compatible since Ford had a highly formal and professional approach and Volvo was informal and flexible. At Ford, engineers are not allowed to make decisions and all information was passed up the chain to managers, while engineers made the decisions at all levels at Volvo.
Cultural Potential: Innovative	Yes, Ford would benefit from the engineering and safety expertise of Volvo while Volvo would benefit strategically from being part of the overall Ford group.
Cultural Potential: Trust	No information could be quantifiable.
Cultural Potential: Mutual Dependence	None. The integration phase was a long and complex affair. For example, Ford executives would be sent to meetings knowing that they did not have authorization to make decisions that Volvo executives would be able to do. -The Volvo value was lost as Ford gradually imposed its formal organizational structure on it. Volvo lost the days of speedy, flexible and "turning on a dime" decision making as engineers were no longer authorized to make these choices.
Cultural Potential: Integrative	Not evident. As mentioned above it was Ford's way of running the business that took over.
Communication	No information could be quantifiable.
Direction	Ford was maneuvering Volvo into the" Ford way" of running the business.
Leadership	No information could be quantifiable.

Case #3: British Petroleum-Amoco (Success)

Cultural Fit:	Different but unspecified per the investigation.
Cultural Potential: Innovative	Yes. The merger managed to integrate the best practices inside each organization. For example, the BP performance management process was considered to be best practice in terms of generating strong performance, but the Amoco model was used when it came to allocating capital.
Cultural Potential: Trust	Yes, since both corporations worked closely with each other to find the best of both worlds.
Cultural Potential: Mutual Dependence	Yes. The merger integrated the best practice of both sides.
Cultural Potential: Integrative	Yes. An effective blend of talent from BP and Amoco was achieved at the business-unit level so neither company dominated the merged organization.
Communication	Yes, a mini task force and project teams that included HR people were used to integrate the two corporations with open communication.
Direction	BP encouraged employees in both corporations to socialize and work together to break barriers.
Leadership	Yes. Also close management supervision was evident.

Case #4: Volkswagen-Skoda (Success)

Cultural Fit:	Not evident. After the Second World War (1939-1945), Czechoslovakia's Skoda came under the influence of Soviet Communism while Germany's Volkswagen was a global company. Volkswagen was known for its reliability and quality engineering while Skoda was renowned for poor quality and lack of innovation.
Cultural Potential: Innovative	The merger managed to integrate the best practices inside each organization. Through the nurturing integration practices of Volkswagen, Skoda was able to transform its products and reputation into a success story.
Cultural Potential: Trust	Yes, since both corporations worked closely with each other to find the "best of both worlds". Volkswagen did not replace Skoda managers; it trained them through mentoring and continuous support. In tandem management, key management positions at Skoda were shared by one manager from VW and another local manager for a limited period of time.
Cultural Potential: Mutual Dependence	Yes. The merger integrated the best practice of both sides.
Cultural Potential: Integrative	Yes. Suppliers from both corporations were used. VW also implemented what it called Skoda Production System at the company. The system tracked parameters like quality, costs, team cooperation and absenteeism in the factory, and displayed this information on the shop floor. The teams with the best results were rewarded. A common reward was a trip to one of the VW's other plants where the teams could benchmark Skoda's production practices against those of VW.
Communication	Yes, Volkswagen management worked closely with Skoda executive and middle management. There is evidence of high levels of communications and tolerance.
Direction	Volkswagen had a clear direction of turning Skoda into a well respected and profitable car manufacturer.
Leadership	Yes. Also close management supervision was evident.

Case #5: Cisco-StrataCom & Cerent (Success)

Cultural Fit:	No, however not specified why.
Cultural Potential: Innovative	Yes, however not specifically identified in the research.
Cultural Potential: Trust	Yes, since there was minimal staff turnover in the companies acquired. This indicated signs of trust for Cisco Systems by the employees.
Cultural Potential: Mutual Dependence	Yes. Cisco learned the hard way about trying to change the practices of companies it acquired. When it bought StrataCom, attempts to speed up sales resulted in 30 percent of StrataCom staff leaving. When Cisco bought Cerent it left it alone with the result that most Cerent staff is still in post. Cisco learned to use the best of what both companies have to offer. Cisco uses a mentoring system where Cisco veteran support an acquired manager. This is a painless way of transferring Cisco's values to the acquired company, as the acquired manager will trickle them down to his staff.
Cultural Potential: Integrative	Yes. A crucial part of Cisco's merger activity is exploring how its vision and that of the acquired company can complement each other.
Communication	Yes, Cisco holds regular employee orientation sessions where questions can be asked and answered. Also one of Cisco's integration principles is "communication early, often, and honestly". This avoids the atmosphere of rumor and suspicion that can build up around a fundamental business change like M&As.
Direction	Yes. Cisco over and over again demonstrated that it had set goals and achieved them.
Leadership	Yes, Cisco has made over 70 acquisitions to date and its executive owner has been actively involved in every one.

Case #6: Deutsche Bank-Bankers Trust (Success)

Cultural Fit:	(German culture vs. American culture was problematic.
Cultural Potential: Innovative	Yes. Deutsche bank has been a key European competitor in the banking industry opening new fields for Bankers Trust while Bankers trust was the 8th largest commercial bank in the United States. Bankers Trust also had a leading edge in technology that can be very helpful for Deutsche bank. -Transformation of Deutsche bank from a German bank into an international organization was the challenge.
Cultural Potential: Trust	Yes. Since Deutsche bank tried to minimize culture clashes through a culture assessment exercise during the due diligence, trust was easy to gain. As a result, the exercise uncovered that Bankers Trust had acquired Alex Brown Investment Group and it was not done successfully. Employees of Alex Brown felt that they lost their identity. To gain the trust of the employees Deutsche bank top management decided to name the merged company in the USA, The Deutsche Bank-Alex Brown Investment Bank.
Cultural Potential: Mutual Dependence	Yes. Bankers trust gained access to the European market and Deutsche bank gained technological advancements.
Cultural Potential:	The best of both worlds was implemented.
Communication	Yes. An integration team formed of key executives was in charge of closely monitoring the merger and kept everyone well informed. The team consisted of division heads, human resources heads and the CEO.
Direction	Yes. The development of a world leading bank was the outcome.
Leadership	Yes. There was close monitoring and control by top executives and HR.

Case #7: Dollar-Thrifty (Failure)

Cultural Fit:	(Dollar Rent- A- Car had a power culture while Thrifty Car Rental had a support orientation.
Cultural Potential: Innovative	Led to a larger customer base, fleet and a stronger company
Cultural Potential: Trust	Successful in combining two rival companies with unique and opposing cultures without disregarding their day-to-day business.
Cultural Potential: Mutual Dependence	Memorable customer service (Thrifty) and cost savings (Dollar) assisted both.
Cultural Potential: Integrative	Dollar Thrifty merger was a collaborative marriage featuring the identification and implementation of best practices, synergies and shared learning from both companies.
Communication	Employees from both companies were communicated with and served as change agents (the culture ambassadors)
Direction	Yes. The common goal was to build a solid company with best of both worlds
Leadership	Yes. There was close monitoring and control of resources by both companies.

Case #8: Southern Pacific Rail -Union Pacific Corporation (Failure)

Cultural Fit:	(Union Pacific had a top-down decision making predominates- that was not a characteristic of Southern Pacific.
Cultural Potential: Innovative	Union Pacific acquisition's of the Southern Pacific was a traditional marriage wherein the Union Pacific was dissatisfied with the performance of the Southern Pacific and felt that its role was to redesign it.
Cultural Potential: Trust	Problematic. Managers and employees of the Southern Pacific suffered career-modifying actions when resisted. There were problems of uncertainty, ambiguities and stress.
Cultural Potential: Mutual Dependence	None.
Cultural Potential: Integrative	Need to sever organizational difficulties because they took revolutionary change and disregarded the human capital from the company it acquired.
Communication	Inadequate communication.
Direction	Yes, the goal was to take over Southern Pacific.
Leadership	Not a sharing type leadership.

Case #9: Renault-Nissan (Success)

Cultural Fit:	No, contrasting cultures. (French and Japanese)
Cultural Potential: Innovative	-Renault had a great know-how in small passenger cars. -Nissan had the light commercial vehicles and large passenger cars. -Nissan had the know-how in the manufacturing process.
Cultural Potential: Trust	Yes. Cross training occurred and culture ambassadors were appointed from each company. -Nissan took stakes in Renault and vice versa to further satisfy this need.
Cultural Potential: Mutual Dependence	Yes, the Asian Pacific market of Nissan and the European market of Renault beneficial.
Cultural Potential: Integrative	The best of both worlds was implemented. Common platforms and engines appeared to be functional.
Communication	Close communication during the alliance and continuous follow-ups
Direction	Yes. The aim was to reduce Nissans debt. This occurred one year ahead of schedule.
Leadership	Yes. There was close monitoring and control by top executives and HR.

Case #10: Ace-Care (*Two Caribbean Banks*) (Success)

Cultural Fit:	None. Ace was not as customer oriented, was highly centralized, and emphasized strict adherence to procedures. The dominant management style was autocratic, and relationships between staff members were very formal. Care was quite the opposite: its branch managers enjoyed considerable autonomy and flexibility, the dominant management style was participatory, managers and supervisors were allowed to challenge their seniors, relationship between members of staff was informal.
Cultural Potential: Innovative	Yes, Goal was to share the technology and create a bigger customer base.
Cultural Potential: Trust	Yes due to close management supervision and communication.
Cultural Potential: Mutual Dependence	The highest performing resources from both banks were left as survivors
Cultural Potential: Integrative	The best of both worlds was implemented.
Communication	Continuous communication from management.
Direction	Yes. Given by the leaders in banking in the Caribbean.
Leadership	Yes. There was close monitoring and control by management from both companies.

Conclusions and Recommendations

A summary analysis suggests this particular literature review provides insight as to the defining success and failures via activities related to acquisitions from a cultural perspective. Researchers agree that the culture and communication/direction/ and forms of leadership are necessary in improving the odds of the now "famous" 83% failure rate among mergers and acquisitions. It can be confirmed that communication is a necessity, but it is not the defining variable. We found that the cultural assessment including the current cultural fit and cultural potential are imperative in improving the probability of a successful acquisition while decreasing the negativities that are present as two unique organizational cultures are brought together.

There is increasing evidence that cultural incompatibility is the single largest cause of lack of projected performance, departure of key executives, and time-consuming conflicts in the consolidation of businesses. By not assessing a cultural fit and the cultural potential of two merging companies and also imposing a style of management or lack thereof, only guarantees the fate of the integration, and supports the statistics of failure regarding M&As. Our case analyses suggests that cultural fit, cultural potential and the increased levels of communications, direction, and leadership are all present in the successful acquisitions, while many of these variables are missing in the failed attempts of M&As.

The ten case studies revealed that it was not imperative to have a pure cultural fit, but that it was very important to understand the differences in culture between the two merging companies. The significant divergence of cultural fit did not necessarily confirm a failure; it just indicated that increased time, effort, and communication were required and critical to bring the companies together. What was somewhat surprising was that that cultural fit was not the fact that either culture is similar, but that the acquiring company has made an assessment prior to the acquisition of the other company, and that it understands the similarities and differences. From that point, many companies have used this as an advantage for results of increased communication, direction, and leadership.

Cultural potential was a necessity for many of the firms that were deemed successful. Innovation, trust, dependence, and an integrative potential were all key factors of success. Companies that lacked these attributes almost always failed and it proved to be a major indication of the success or failure of the merger or acquisition.

Communication, communication, and more communication were seen as the key contributing factor to success. Much of the successful case studies highlighted the need to increase communication during the integration phase, as this was also supported by the literature review resulting in high congruence. Many mergers and acquisitions in the case studies raised questions of uncertainty and concern, but much of this was abated through constant and increased forms of communication from the leaders, managers, and fellow employees. Leadership and direction were also key contributors to success in acquisitions. A clear direction and lucidly articulated goals helped the companies to focus and alleviated any anxiousness or concerns regarding the integration and post merger syndromes.

It is very important to emphasize and note that culture should never be confused with values, since culture is concerned with the stability, identity, and traditions of the organization (Fralicx and Bolster, 1997). However, these two terms do interact with and influence one another. The confusion resulting from this issue was one of the major factors leading to the writing of this article.

This article has closely examined and analyzed the soft issues regarding culture, direction, leadership, and communication during a merger or acquisition, but future research can be focused on the impact of the acquisition regarding the cultural aspect, but using time, training, and examining the winner/loser mentality in more depth.

Having more access to the genesis and results of M&As as they occur would provide an increased perception of the intricacies that management is faced with and the speed by which decisions must be made.

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