

## A Conversation with Maarten Nijhoff Asser, of THT Consulting: Dealing with Culture Issues During an Acquisition/Integration

### With Jay Chatzkel, editor, Beyond the Deal Newsletter and Principal, Progressive Practices

THT Consulting is a global firm that helps business leaders, managers and their organizations deal with cross-cultural challenges and dilemmas by actively supporting them in managing the business value of cultural diversity. THT Consulting serves a diverse range of clients, from the top Fortune 500 global companies and familiar household names, through to more local or specialist companies. Its methodologies and processes also apply to public sector and other non-profit organizations it also assists.

#### A Dilemma Framework for Dealing with Culture and Values Issues

**JC:** *What is your general framework for viewing culture and values issues in an organization?*

**MA:** The most important thing we learned from facilitating integrations of any kind is to focus first on the 'value orientation' level of the people vested in the merger/acquisition. We all try to make sense of our experiences and form value orientations. Along the way we are influenced by our upbringing, our family, our education, organizations of people that we associate with (including work), what we read and want to believe as well as many other seemingly unconnected individuals and events. This 'value orientation' process, in which we 'secure' our values, beliefs, and principles over time, culminates in our way of thinking and our way of approaching problems. However open we believe we are, we generally settle on one side of what could be perceived as a value spectrum that runs from one side of a dimension to another. Going forwards, we tend to favor one side of such value spectrum over the other side and find confirmation in our beliefs in the people we surround ourselves with. This is the side of the value orientation spectrum that we generally use to 'enter into a dilemma'.

Dilemma Theory is based on the premise that there are always at least two equally valuable sides to values, beliefs, stories and events that appear to be opposing one another. When we can analyze each side with logic and linear analyses and we could very well find both sides to be true in their own context. The basic premise here is that rather than think in singularities and "my way", "your way" and "either/or", which leads to confrontation, it may prove more useful to think in terms of equally valuable dual sides of the value spectrum. Duality or Dilemma Theory shifts the focus from singular value orientations to dualities and integration.

The heart of our thinking is that everything we value in business life comes to us in the form of a dilemma or a trade-off. This is particularly true in integrations/mergers, reorganizations, and other reshuffling or responsibilities and accountabilities. In mergers and acquisitions we find that the best way to capture the actual business challenges is in the format of dualities, which we define as dilemmas. We turn these dualities into two desirable, positive and beneficial, yet seemingly opposing value orientations. For example, on one hand we like standardization and consistency and rules. On the other hand we appreciate and need exceptions and flexibility. The latter allows us to argue that "It really depends. It's situational." Both sides are positive here: for example, consistency and flexibility. We try to measure consistency in the context of flexibility and measure flexibility in the context on consistency. We aim to eventually reconcile all dilemmas.

The word dilemma comes from the Greek language: two propositions or, two possibilities. We have developed an approach for just about any dilemma that people deal with. Most of these dilemmas stem from a framework of dilemmas that we have been using in consulting and research for the last twenty-five years. This framework finds its roots in cultural value dimensions and differences.

### **A Pathway for Resolving Dilemmas in an Integration**

**JC:** *What is the pathway for reconciling dilemmas in companies involved in an acquisition and integration?*

**AM:** All people and all cultures face similar dilemmas. Cultures approach dilemmas from different angles, but they survive because they reconcile their dilemmas. Companies that merge or acquire another culture would do well to have a reconciliation process that creates a new mix of dualities. From these dualities we create value and wealth.

Our first step or approach to integration always goes to redefining the joined vision and mission and the values that support these. The process is generally a wholesome, reflective exercise wherein the integration team starts to think and feel what the mission of the joint company really needs to be, given the opportunities that the combined entity has and the dilemmas it might face.

Our systematic approach indicates that mergers across cultures elicit at least seven different value orientations. We have found integration teams that address the integration mission, vision, tasks and key purposes early on, learn to appreciate the fact that team members have different views, values and behaviors based upon which they address the integration dilemmas. Serious misunderstandings happen when these underlying values are not made explicit. The 'cultural' differences are generally hidden from view, behind the spoken word and official documents and often underneath rather than on the table.

Our process is geared towards making tough and non-transparent issues transparent and explicit.

### **The Multiplier Benefits of Using Dilemma Reconciliation**

**JC:** *What do you provide organizational leaders through your work in dilemma reconciliation?*

We provide leaders a multiplier, a lever to become great leaders by teaching the true art of integration in highly complex contexts. We have measure leaders' effectiveness in integrating seemingly opposing values and correlated this with highly successful leaders of organizations. We find the high degree of correlation very encouraging. We are on our way to establishing a global leadership competence.

Leaders need to multiply their ability to reconcile dilemmas of opposing value orientation at the strategic, organizational, team, and individual level. Our process provides the clarity to frame such issues quickly and map the challenges such that all participants to the process can articulate the dilemma and forge the organization towards a mutually beneficial and mostly profitable and sustainable solution.

Over the years, we have made our tool more practical, yet it remains non-linear and therefore can alarm various MBA trained leaders. We understand that sometimes life seems a lot scarier if you become aware of all the dualities/dilemmas we live through personally and professionally. Yet, if we start with differences, rather than sameness, we have a good sense of how to create value through integration rather than trying to overpower and smother one side, or destroy a lot of value afterwards by not addressing underlying dilemmas to a merger.

**JC:** *Is it a problem in the dilemma approach that people do not know what will come out the other side?*

**AM:** We find that in mergers this can be true. People have difficulty truly envisioning what the result of the merger will look like. The dilemma reconciliation process assists in creating this vision and overcome the challenges of mergers. By focusing on the obvious tensions within the merger and also on the joined mission, vision and key purpose, we are able to jointly craft the new and innovative culture and create a compelling business case.

### **Why Understanding the Role of Values is So Significant**

**JC:** *Why are values so significant in accomplishing an effective acquisitions, integrations, synergies, and ultimately organizational renewal?*

**AM:** If we look at what really moves and impacts people, it is not the new strategy; it is not a new leader who has a new slogan. It is the underlying values and the translation of these values into behavior. Based upon behavior we act. The action is a consequence of a behavior. If we do not focus on values and cultural obstacles for example, we can have the best strategy but people are going to withhold information, commitment, and involvement. When strategy and culture clash, culture always wins. The strategy of culture change can only happen when there is a commitment for the culture to change.

People have to get motivated to see that there is something to gain from a new iteration of the organization. This is of course true for societies, organizations, and individuals/leaders.

Our methodology focuses on four steps:

1. Recognition of our own value orientations
2. Respecting others' value orientations
3. Reconciling the dilemmas, and
4. Realizing the benefits thereof

We need to recognize where we come from and understand the cultural values that we hold, before we can respect differences in another context, and subsequently reconcile ourselves with another side to effectuate change and begin to realize benefits from this integrated change.

Values are significant because beliefs are based on them. Many beliefs are a reason for us to behave in a certain way. These value driven behaviors turn into action. A very critical part of our process is a step called "values to behavior". It starts by identifying what the values of the integration team are. Let's take 'transparency' as an example. We ask the team to say, "If you take transparency as a value, what are the desirable and undesirable behaviors that you have noticed around you that support or not support this value." It is a very simple thing. We use a flip chart with stickies and list desirable and undesirable behavior associated with the value transparency. We learn that an undesirable behavior is having a hidden agenda in the team. Undesirable behavior is taking charge of a meeting with your personal issue and disregarding other people's insights. People don't say this because they read it in a book. People say it because it has happened, and they don't want it to happen again. We make it explicit for all to see, such that it is easy to keep each other accountable to the values of the team.

**JC:** *Why do you consider identifying tensions and working through dilemmas so essential for effectively dealing with culture and value issues?*

**MA:** Dilemmas are marvelous ways to capture stories, whether these are stories of the past that signify a certain cultural prowess or strength or stories of the future and of exploration.

Communication is always mentioned as a stumbling block for mergers and failed leadership incidentally. There appears to never be enough communication. This is often not really true. The trouble is that the communication needs to be meaningful. Stories make communication meaningful.

Most people can't see beyond a couple of layers above and below them. They need stories from the top. They need to see leaders tell stories. When organizational cultures are strong, stories about their leadership and about big challenges are everywhere. There are stories about Tom Watson at IBM still indicating precisely what he said and did that create meaning in the organization for years to come.

### Typical Culture Issues That Occur During an Integration

**JC:** *What are typical culture issues that you find in organizations engaged in acquisitions?*

**MA:** There are many issues that need to be addressed before, during and after acquisitions. Many have to do with goals and tasks and roles. Our focus is on the dilemmas of the integration team and the organization it is meant to serve as well as the competencies and complementarities of the team members. Often times the individual competencies of the team are not assessed and this creates problems sooner or later.

Another big issue is the lack of executive involvement/power: The executive is already off doing something else. The implementation team has trouble getting the authority to move things along, particularly on the issues that we refer to as cultural issues:

- What are we going to do for the various levels of employees?
- What are we going to change for them?
- How are we going to motivate them above and beyond the regular organizational changes?
- Who is going to focus on organic growth of the new entity after the merger?

**JC:** *How do you go about working with companies on cultural integration?*

**MA:** Nine out of ten times we get called when the deal is pretty much done, it has been made public and we are working on the implementation and the integration strategy with the senior executives, who are generally still involved at that point in time. We then redefine vision, mission, and what the actual business challenges are in terms of cultural integration for which we use various tools.

But all of this is based on the dilemma framework: What dilemmas do we see and assess? Dilemmas are tensions. We need to integrate those dilemmas and diffuse the tensions. We'll map the strategic, organizational, and people dilemmas; we even map the differences of opinion within the executive team on particular dilemmas. These maps signify the need to create a charter of desirable and undesirable behaviors within the team. This will set them up for efficient and effective meetings to address the strategic integration dilemmas. Out of this comes the compelling business case for the merger from a human potential perspective.

### The Ability to Integrate Differences/Dilemmas as a Core Competency

**JC:** *Are there any final thoughts that you want to leave us with?*

**MA:** We now understand the motivators and levers for successful value and human integration much better. We understand the power of integrating the tensions as well as dilemmas in a merger or acquisition and are able to process executive teams through these. We know how to create sustainable value from cultural challenges. We recognize and know how to construct the

power of stories. We are good at all that. We are still struggling with the ultimate measure. The reason for that is that we are so accustomed to linear measurements, for example: more is better, higher is always better. What we are trying to pilot is a duality measurement of success with an X and a Y component. On the X axis you score the wealth created in money terms in this merger. On the Y axis, you score the learning capability or the capacity to integrate benefits for the future company. Suddenly you realize that we didn't make as much money as we wanted in the first three or five years of our merger, but we also did not increase our capacity to integrate dramatically. If we increase our capacity to integrate, we will see a dramatic long term effect on our ability to create wealth from integrations, mergers, and acquisitions. Maybe the dual axis grid is a way to start looking at duality measurements, which needs to lie at the foundation of merger and integration success measures.

The biggest challenge is still how we can incorporate dilemma thinking into the measurements of success for leaders. We have qualified ten golden corporate dilemmas that successful and sustainable organizations and their leaders need to reconcile.

We are sure that the ability to integrate differences/dilemmas will be a big competence for all leaders that are charged to create value in for their organizations in the future. We have the process, and the measurement, and have correlated this with currently successful leaders of industry. One day, there may be a Chief Dilemma Officer role in global organizations.

**JC:** *Thanks very much for participating.*

## **Maarten Nijhoff Asser**

**Maarten Nijhoff Asser** manages the THT office in Cambridge, Massachusetts. His international client list includes General Motors, Rockwell Automation, Dow Corning, Telenor, Goldman Sachs, Dow Chemical Company, Cable & Wireless, etc., with whom he develops executive learning programs and engages in consulting projects around THT's Culture for Business concept, which includes Integration, Globalization, Vision and Values and Corporate Identity projects. He has been responsible for the continuous development of the company's interactive, multi media and publishing activities, such as "The Culture Compass".

Maarten's new book on *Strategic Sustainable Integration Across Cultures* with Fons Trompenaars will be published in the Spring of 2010. He is a co-author of the book "21 Leaders for the 21st Century", by Fons Trompenaars & Charles Hampden-Turner. Maarten has taught at various international business schools, most recently at IPADE, Mexico, D.F., Harvard Business School, and Columbia University's Graduate School of Business.

Maarten's areas of expertise include the facilitation of change management processes at the senior management level, and the development of scenario planning workshops. His special interests are strategic dilemma reconciliation, organizational learning, information and technology transfer, and intellectual property.