

ig

# A conversation on integrating cultures

---



To create this ebook, we spoke with 5 leaders on the subject of culture and integration.

They shared ideas and insight about what to pay attention to and what works when trying to shift culture.

If you've only got a few minutes to spend with us, here's a run down of the most thought-provoking takeaways.

### Yes, culture does deserve attention from the C-suite

"If we think of culture as leadership and leadership styles, we know that different leadership styles influence how teams operate and perform [and in turn] drive commercial results."

"Culture will happen whether you guide it or not, the question is: will you like the end result if you haven't guided it?"

The wrong culture means no team to drive commercial results."

Head to page 6 to see the full discussion

6



**To create a culture shift, you need to establish the right conditions and follow an appropriate implementation strategy**

"Culture [can be thought of as] an outcome: you need to create the right conditions for a shift to take place."

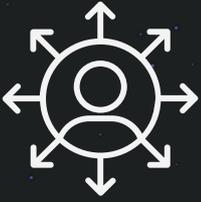
"Culture is about so much more than the words on the wall; if you use local leadership to showcase a desired culture, you can create quick change. But, culture development may be more about tweaking, rather than changing."

On page 7 you'll find  
more on creating culture shift **7**

**There's no one size fits all approach - for each culture shift project, there are unique decisions to be made**

Designing and implementing a new culture brings greater opportunities; and you've got the license to do it - but there are choices to be made about whether you favour one or the other, a blend of the two, or if you are going for something completely new.

Using real case studies, our participants discuss  
varying culture integration approaches on pages 8-9 **8-9**



**Leaders and managers have a crucial role to play, but true, long-lasting integration needs buy-in across the business**

"For most employees, most of the time, their experience of the company comes from their interactions with the team.

So messages about strategic priorities, or why we are restructuring, must be reinforced by managers."

"Leadership is important, but you might think you're shifting the whole culture at once when you're not.

For lasting change, you need to engage different groups, of different people, at different stages."

See the full discussion from page 10-11

10-11



## Integrating cultures: what works and what doesn't, according to those who've done it

A strategy of merger, acquisition or transformation will often involve the integration of two organisational cultures.

And, when two (or more) organisations come together, getting culture 'right' is often seen as a critical success factor

We brought together a group of practitioners who have been at the sharp end of cultural integration to ask them:

- **Is it worth focusing on culture?**
- **And if so, how can you use culture to maximise returns?**



**Alex Marples**, Director of Consulting at Indigogold



**Carl Clarke**, VP HR Vodafone Czech Republic – currently working on the integration of Liberty Global (UPC) assets in the Czech Republic



**Byron Clayton**, Global HR Leader Technology, Mercer; with experience of cultural integrations in Microsoft and Nokia



**David Deacon**, Author of The Self Determined Manager, and formerly Chief Talent Officer Mastercard and Head of Talent at Capita



**Laura Walker**, Business Owner; formerly Director of Organisation Effectiveness at GlaxoSmithKline and HRD in six industry sectors



**Annekatriin Ott**, Vice President HR Global Functions and R&D, Coty Inc during the merger with P&G's specialty beauty business.

**Around the table, we had:**





Alex:

Firstly, thank you all for finding the time to share your experiences with us – there's a lot of knowledge and experience in the group, so I'm happy we can have this conversation together.

I'm going to kick off with a big question: culture gets talked about a lot in business, but it seems to me that it's often used as a catchall explanation of things that have already happened, rather than as a strategic approach to achieve better ways of working. So...

### **Does culture deserve time and attention in the boardroom?**



Carl:

Yes. Yes It does.

You only have to unpack it a little, to see how culture has an impact on the bottom line.

If we think of culture as leadership and leadership styles, we know that different leadership styles influence how teams operate and perform; so a motivating working environment drives commercial results.



David:

I think if we're talking bottom line, then we need to talk about customers; and your end customers also benefit from a positive company culture. Achieving the right culture leads to a reduction in organisational challenges, and this seamlessness of process transcends through to a better customer experience.



Laura:

I agree, David. When I joined Aviva, it was evident that the business was federated. They had acquired many teams, over a long period of time, and little felt truly cohesive across the business.



Byron:

Is culture worth the time and attention? Absolutely. You only have to look at Nokia's spectacular failure which, in my opinion, was due to a complete misunderstanding of the behavioural changes that needed to be made. They misunderstood their collectivist, humble DNA and – in trying to become "more like Microsoft" – they caused their own commercial downfall.

That taught us: if you try to change behaviour too much, it leads to chaos.



Laura:

Absolutely.

**“Culture is an outcome, right? You need to create the right conditions for a shift in culture to take place.”**

When I was at British Gas, we wanted to establish a culture of ownership and accountability. But, we knew that simply talking about ownership and accountability wasn't going to be enough.

So, not only did we do an entire overhaul of the reporting process – to give employees open access to information – we also held a Dragon's Den style event (in the actual Dragon's Den studios!) and challenged our engineers to come to us with a pitch for how they would use £10k to grow their bit of the business.

Now, you can't use initiatives like this all the time. But doing something symbolic of the culture you're trying to build: that's imperative for company-wide buy-in.



David:

Symbolism is incredibly powerful, yes.

That is how you communicate where the company is headed and why that's important.

For me, it's the managers in a team who must act symbolically. Managers make a huge impact on a business; how they create an environment for effectiveness and growth.

Unfortunately, a lot of managers will attend a corporate event, hear corporate messaging, and then go back to their day job largely unaffected.

And we're all guilty of assuming that managers have the time, resources and competencies to catch the rest of their team up on what they've learnt – but this isn't always the case. So I think we need to invest in managers. If you aren't influencing your managers, to influence their teams, you're overlooking a massive lever for change.



Byron:

I think there's immense opportunity at the localised leaders level.

**“Culture is about so much more than the words on the wall; if you use local leadership to showcase a desired culture, you can create quick change. But, actually, I think of culture development more as tweaking, rather than changing.”**

Through micro events – like Laura's Dragon's Den example – and micro changes, you adjust the culture, and shift it in the right direction.



Alex:

You've got me thinking: it can be helpful to think about culture in terms of alignment more than trying to reach a target culture. Culture as an output, as Laura put it, is more practical than defining some form of target culture.

Organisations are chaotic systems with lots of unintended consequences – you can have an 'ideal' culture on paper – but that may not deliver the results you'd like it to.

When it comes to change, I have seen organisations go for a long-term emergent approach, and equally there are those who go for lots of effort in a short period to build momentum quickly...so:

### **Does 'Big Bang' culture change work?**



Annekatrin:

Culture isn't something you create and then it just sticks. You have to look at it continuously.

To truly make culture programmes truly work, you need to integrate them properly into the business. Otherwise it ends up being like a New Year's resolution.

For a culture programme to work, it needs to be integrated into the wider company narrative. And then reinforced, continuously, to create a meaningful shift in the organisational culture.



Laura:

For me, meaningful shift comes from complete immersion of new ideals over a sustained period of time.

Companies are complex social systems. Which means you need to adapt a mix of both formal measures – structures, responsibilities, policies, processes – and informal ones – leadership behaviour, employee expectations, beliefs about equality of power in order for cultural change to work.



Alex:

All the points here resonate with me. If we are talking about alignment, maybe the first thing to get clear upon is what we are aligning.

There are some choices to make before bringing cultures together – for example...

**Is it better to: choose one culture and forgo the other; try to meet in the middle; or should you start afresh and create a culture that's entirely new?**



Laura:

It depends on the context, but personally, I believe 70-80% of the time, the answer is to recreate and shift to what is needed in the future not either business' past

Especially when you're dealing with a merger of equals – like Glaxo Wellcome and SmithKline Beecham.

**“Designing and implementing a new culture brings greater opportunities; and at a time like this you've got the license to do it – but there are choices to be made about whether you favour one or the other, a blend of the two, or if you are going for something completely new.”**

Organisationally, it doesn't always work to follow a policy of equality with the aim of meeting in the middle. You can end up trying to be perfect, with equal positions within the team and equal timelines; it's all too prescriptive, and that's not the point.



Carl:

As we bring together Vodafone and UPC, we are learning from both cultures, and setting a vision for how we would move forward, with a new cultural blend.



Annekatrin:

Put simply: culture needs to be linked to what the company wants and needs to achieve. How do you need to do things, within your organisation, to achieve what you want to achieve? As we continue with Coty's cultural development, we've lost some leaders; they left because they didn't want as much change as we've needed to go through.



David:

I'm absolutely convinced there's a tendency toward the home culture; that all companies reflect, to a certain extent, the style of head office.

In Credit Suisse – when we put the investment bank and the private bank into a single entity – the strategic decision was made for that to be headquartered in Switzerland. We saw a dramatic shift politically and procedurally away from the US, towards the Swiss approach.

And it was dramatically different.

If you don't work then to bridge the two styles, you end up with winners and losers.



Byron:

Unfortunately, there will always be some winners and some losers during M&A.

If you try to go for a "win-win" result, by meeting in the middle, not only will you struggle but you'll also end up with a mediocre culture when you could have had a spectacular one.

This is easier when you're merging one small and one big organisation. If it's two large, or equal sized, businesses coming together, then you really need bold leaders to drive it forward.



Alex:

When the power dynamic is clearly in favour of one party over another, it can help clarity and speed to select that one and move on. However, there is a real danger of creating a two-tier organisation – integration becomes absorption and engagement levels can tank.

Something you have all touched upon, though, is who should be the main drivers of cultural change.

### **What is leadership's role in shaping company culture?**



David:

**"For most employees, most of the time, their experience of the company comes from their interactions inside the team.**

**So messages about strategic priorities, or why we are restructuring, must be explained and reinforced by managers."**



Laura:

"Leadership is important, but for lasting change, you need to engage different groups, of different people, at different stages."

I've found that one of the best unintended consequences of culture integration is the people who come to the fore during that time of exploration; they step up, for whatever reason, and you can uncover some real gems of people.



Annekatrin:

To build on both points from Laura and David: I believe we need to support leaders to be culture role models, to encourage them to be courageous and have open ears.

But ultimately, culture is the behaviour that ties the whole business together. Every single employee has an impact on culture: positively or negatively.

If an employee's behaviour is against the aspired culture, their colleagues – and leaders – encourage a knock-on effect, but either speaking up (through feedback) or staying silent. It's often much harder to speak up, but this is where leaders should act as role models; to protect and reaffirm the desired culture.



Alex:

So, to summarise: most change will have an element of senior sponsorship – but that is often not enough. The next challenge may lie in how to find the resources to recruit and align these leaders in big disparate organisations

Which leads me to my last question...

**Given resources are always limited, where would you place your key focus to change culture?**



Byron:

I think leadership is where you have to start. Ask yourself:

- Do your leaders have the right cultural attributes? Do they know how to use them and share them with their teams?
- Then, what mechanisms do you have to motivate employees to change? Things like performance reviews might not change culture directly, but they do influence it.



Carl:

**“Mechanisms and processes are really important; I think of it as the hardwiring of the business. But culture starts with leadership.”**

- You absolutely have to make sure the right processes are in place to support the change in culture; it must have an impact on how teams work together – that’s really key.
- Do a deep dive, and make sure everyone is with you; reinforce the message on all levels.



David:

I’m largely echoing Byron and Carl here, but:

- Be smart with who you hire; invest in your leaders, as they’ll make a huge impact.
- Then remember there are three groups to engage:
- Board-level leadership has to understand the context of what we are trying to achieve
- Managers have to understand their impact and model behaviour to their teams
- Teams need to want to behave appropriately, how will you motivate them?



Laura:

I agree that there are three levels to address, and for me that bottom layer – the teams who underpin the organisation – are the most crucial to engage. They are where the work truly happens and where the organisational memory resides.

- Consider the psychology of the company: who are the employees? Are they scientists, or designers, or engineers? Identify them, and speak to them about culture in a language they understand.
- Timing is absolutely everything, for any kind of change. If it’s not the right time, park your culture work until the organisation is more ready.



Annekatrin:

**• You need to break cultural vision down into specific behavioural expectations: how you want things done in your organisation.**

- This comes down to communication, communication, communication! Ensure that maintaining the right culture is the responsibility of every employee.
- And lastly, create an environment where feedback on employee behaviour is given, and received, across all levels of the business.



Alex:

Thank you all so much for contributing.

**Until next time...**