

A lot has been written around organisational culture and how it can be used to fully engage employees with the organisational strategy and to a lesser extent how culture can result in higher profits, one study even showed culture can be directly attributable for 46% of EBIT (Earnings Before Interest and Taxes), (Flamholtz, 2001) generally a lot of this has made the classic mistake of assuming the organisation has a single culture which in all but the smallest of companies is almost certain not to be the case, the very second a merger or acquisition happens you are going to have a clash of cultures which without careful management can result in the balkanisation of the organisation.

The cost of not managing cultures

During a typical acquisition or merger there are usually hard targets for cost savings, ROI and other financial and operation targets, less thought is given in most instances to how two cultures developed over time can be merged to form one that is unique across every employee, history is littered with mergers that have failed due to the lack of a coherent culture.

some examples

When Daimler and Chrysler merged in the 90's they had vastly different cultures on almost all aspects of business despite both being car manufacturers albeit one American and one German, in the end the German culture became dominant which resulted in massive dissatisfaction on the American end and resulted in the Chrysler brand being sold off for a fraction of its original purchase price.

On the positive side is the merger of Disney and Pixar that came about due to the expiration of the deal for Disney to distribute Pixar's movies, during this merger despite senior positions in the combined organisation being taken by both Pixar and Disney executives they decided that Pixar should maintain its unique culture that allowed them to thrive, where Disney kept that culture unique the movies Pixar produce then feed into Disney's other businesses (theme parks, toys, books etc..) as well as Pixar's expertise and culture being used to reinvigorate the previously flailing Disney animation studios.

How can we merge cultures?

References

Flamholtz, E., 2001. Corporate culture and the bottom line. *European Management Journal*, 19(1), pp. 268-275.