

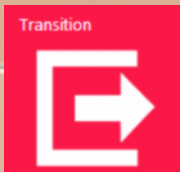
Welcome to our December 2015 e-bulletin.



All the best for 2016

This bulletin:

- **Page 2** - Bob Ferneyhough on **Managing successful mergers**
- **Page 4** - Clayton Glen on **Ensuring international outplacement / career transition consistency**
- **Page 6** - Vicki Escude on **Keeping corporations on the cutting edge with coaching cultures**
- **Page 8** - Veronika Celisova, ImaginativeHR HR-to-HR mentee on her **Journey into HR**



Honesty and managing culture clash are vital for successful “mergers”

(Bob Ferneyhough: ImaginativeHR associate and former sponsor / ex HR Director, Henkel - UK & Ireland)

There is a legendary story about the so-called “merger of equals” between Daimler, the makers of Mercedes-Benz vehicles and Chrysler in the late 1990s. A popular joke circulating among the US staff after the deal was “How do you pronounce DaimlerChrysler?”

The answer was “Daimler – the Chrysler is silent.”

This joke summed up Chrysler employees’ conviction that their culture was being taken over by the more formal and hierarchical German car-maker, with clashes on everything from expense claims to how managers should be addressed. Disparity in corporate cultures and values, coupled with a severe lack of trust from the top down in Chrysler, resulted in key people heading for the exits and the merger unravelling in 2007, when Daimler sold off Chrysler, following major losses and layoffs.

The costs of this failure to achieve promised value were painfully clear. It was this failed partnership resulting from *culture clash* that first rang the alarm bells, highlighting that cultural factors just cannot be ignored, especially with mergers and acquisitions on a global level. So what’s going on and what causes it?

Culture clash can happen all too easily. People don’t regularly notice their corporate culture, but when thrust into a merger, employees become aware of how their accustomed ways of working and doing things differ from those of the other side. When they feel vulnerable and threatened - often because they see themselves on the weaker side - employees can quickly move from perceiving differences, to magnifying them and then engage in dysfunctional behaviour such as stereotyping and put-downs. Worse still; they may stay, mentally opt out and do the bare minimum to get by, then resist change at every opportunity.

In typical mergers, culture building is an afterthought. Early in the process, executives downplay the importance of culture with off-handed comments like, “We are the same kind of people”. With hindsight, when the integration proves harder than first envisaged, these same leaders bemoan their inattention to differences in culture and values and it dawns on them that their plans missed something important.

Studies conducted in a variety of countries find that senior executives rate “underestimating the importance and difficulty of combining cultures” as a major oversight in integration efforts. Interestingly Dr Daniel Denison has conducted research and provided compelling evidence over the past twenty-five years to prove the link between organisational culture and financial performance metrics such as return on assets and sales growth.

So if all this is known, why do advisers and investment bankers never talk about the potential cost of cultural differences in the run-up to a deal? Acquirers have well-developed toolkits for measuring operational and financial aspects of a deal. Hard numbers on efficiency savings and revenue synergies are freely bandied about, as are analysts’ forecasts of earning enhancements, but the cost of integrating disparate cultures is rarely talked about. Even more rarely is it quantified. Typically it’s seen as a “soft” factor – whilst, ironically, being hard to measure or manage.

Often with no plan and one person held accountable, senior leaders can be left watching problems - such as poor customer service and people jumping ship - unfold without knowing what to do about it. And of course no one ever predicts that goodwill may have to be written off because of culture clashes.

Evidence from failed mergers shows that it is indisputable that there are such costs. As a result, experienced acquirers know that corporate culture matters in capturing value from M&A and have developed practical and effective tools to facilitate cultural integration. Leaders can manage and measure the difficult task of getting cultural buy-in, increasing the probability of success. So what’s involved?

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It is tough to get companies to change culture and work together, so we have to know what we are dealing with. A company's culture can be defined as the shared values, beliefs and behaviours that determine "the way we do things around here."

This can be seen as vague, so a good starting point, at the pre-deal target evaluation stage, is to adopt a practical approach to cultural compatibility. So for example, the CEO works with HR to carry out a high-level assessment to understand the impact of the acquisition, looking at areas such as vision and values, talent management, reputation, leadership style, approach to innovation and performance management.

Cultural fit is key to M&A success. If the assessment is that cultures are incompatible, courage and honesty need to prevail at this early stage, to call off the deal before business value is destroyed. Conversely if a green light is given to proceed to the next stage, savvy acquirers then define the cultural objective in broad terms, *defining the desired culture resulting from the combination of the two organisations*. The merger is then designed to build on cultural assets and mitigates the risks of cultural clash.

In many cases, there can be significant differences between the acquirer's culture and that of the target company, but it can be difficult to pinpoint where and how great these differences are. So a more detailed cultural assessment can be carried out; measuring differences among people in geographical regions and functions. A range of tools can be used to do this, including management interviews, looking at managerial styles and priorities, and employee surveys asking about attitudes and accepted behaviours.



Next, the leadership team has to define the future culture, re-visit the cultural assessment and define critical gaps that have to be closed. This team also needs to describe a clear picture of the future culture – beyond vision and values statements-in concrete terms that can be executed by managers. So, for example, the new culture is defined in terms of specific behaviours, with measures and incentives to encourage those behaviours.

After the diagnostic phase comes the important job of getting together key groups of managers; often in cross-functional integration teams, to discuss the strategy and build a vision of how they will behave collectively and what they will achieve. Focus is on value creation and specific behaviours wanted in the new organisation, along with processes and incentives that will encourage those behaviours.

Finally a culture change plan can be rolled out through workshops with key groups of employees to gain buy-in to the strategy and to the new critical behaviours. Such workshops, with a strong focus on customers, can be a positive motivator for employees. Supporting training, performance management and reward programmes that identify, describe and develop key behaviours can also be used.

My own experience, leading the HR function in numerous acquisition integrations with Henkel in the UK & Ireland, has taught me that cultural integration isn't something that can wait until a deal is done.

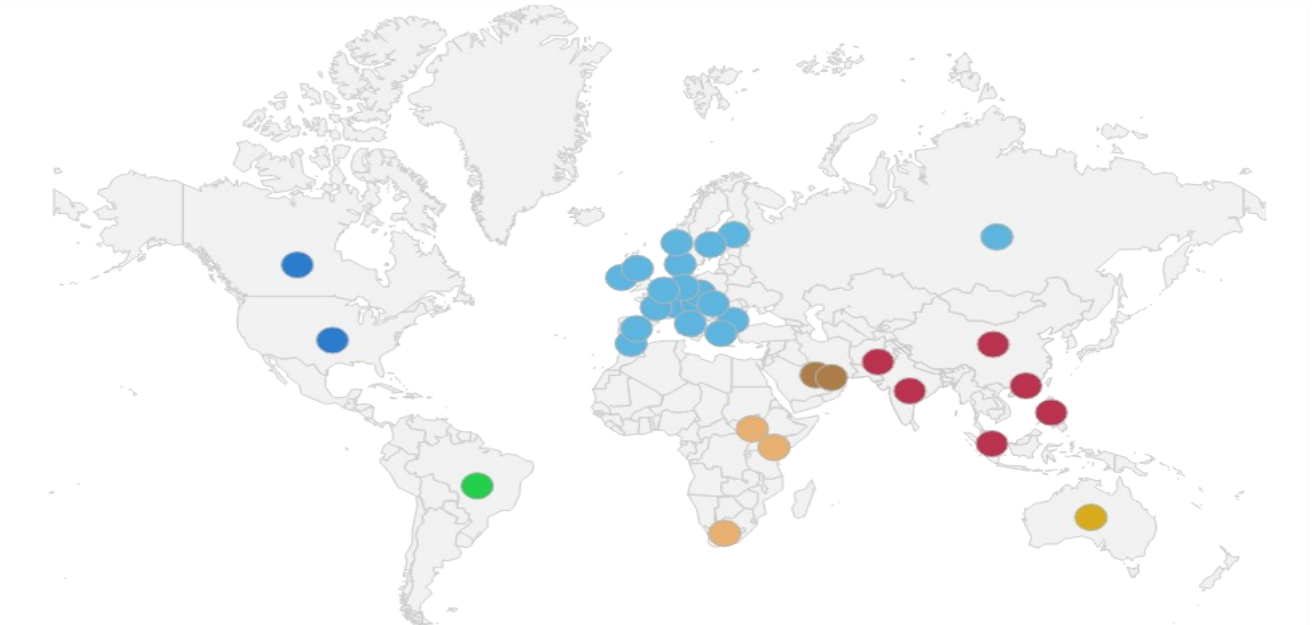
Possible culture clashes that may put the deal at risk need to be highlighted early on in a merger. Secondly, thinking about cultural conflicts and opportunities in terms of management practices makes culture easier to define, identify and tackle. Finally, leadership is key, as every integration action, from announcement to combination is in the spotlight and, if done well, provides an opportunity to positively impact the new culture and business value.

Bob Ferneyhough, BA Hons, FCIPD, FRSA

ImaginativeHR assists organisations to engage their staff; regularly during and post M&A events.
Contact us at info@imaginativehr.com if you would like to learn more about how we can assist you.

Ensuring international outplacement / career transition consistency

(Clayton Glen - Founder, ImaginativeHR)



ImaginativeHR's leadership team has 20 years' combined experience delivering individual and project-based multi-geography outplacement and career transition assignments across all continents.

A realistic appraisal of outplacement / career transition services around the world:

The expansion of world class outplacement and career transition capability has developed at highly varied rates around the world; driven by a broad range of factors, including:

- historical factors (based on when within a specific geography a social awareness took hold of the desirability of supporting transitioning staff for social and employer reputation purposes – e.g. it gained prevalence in the 1960s in the US, the 1970s in the UK, and so on)
- economic factors, (particularly the impact of economic cycles)
- socio-cultural factors
- regulatory and legal requirements, (e.g. continental European countries like Belgium and Germany require certain prescribed post termination support activities)
- tax-related benefits, (e.g. there are very clear direct benefits arising from the provision of outplacement in the US, though these are less clearly articulated by HMRC in the UK)
- and technology-related factors, (whilst there remain few technological barriers to delivering virtual career coaching support these days, the adoption of virtual communication technologies lags in certain countries and communities)

Indeed, as a result of some of these factors, the outplacement consultancy sector barely exists in certain regions, or is specifically calibrated for supporting small subsets of the employed population, e.g. senior leaders, those with specialist contractual rights or ex-pats and international assignees.

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At the same time, 'outplacement' has different meanings by geography; e.g.:

- in continental Europe, 'outplacement' most often refers to highly intensive, introspective and customised career coaching support, often with a commitment to continuing support until settlement, whereas
- in the US, 'outplacement' often takes the form of structured training (seminars/webinars), with a high proportion of office-based, telephonic and increasingly online and peer-to-peer support, and
- in the UK, 'outplacement' often takes the form of practical, customised, face-to-face coaching to generate self-ownership of outcomes, supported by ancillary services, increasingly augmented by ever more powerful online resources.

Achieving international consistency with outplacement / career transition services:

This means that – whilst many well-intended global organisations seek, in principle, to offer a consistent level of outplacement support to their staff across multiple geographies, ImaginativeHR's experience is that drawing on local best-in-class expertise leads to the most effective outplacement and career transition outcomes for global organisations seeking to offer comparative levels of support at all levels across multiple geographies.

ImaginativeHR international outplacement / career transition solution range:

By working only with expert local associates who achieve our specified international quality / service level standards, and combining this local talent with our *unique centralised personal concierge support*, delivered energetically; online, via Skype and telephonically, we are able to deliver complex career transition projects to achieve a broad range of complex career transition needs for international clients, including assisting individuals to secure their career objectives, including:

- local and international re-employment – including permanent, contract, interim and consultancy assignments
- self-employment
- business start-up activity
- non-executive directorships
- voluntary leadership assignments
- further education and other personal and professional development opportunities
- professional sabbaticals
- commercially active early retirement and retirement
- a combination / portfolio career transition strategy

Clayton Glen, BA, ABP, MBA, FRSA, is co-founder of ImaginativeHR and has worked in the HR consulting space since 2003 in senior commercial and CEO roles. During this time he was also on the Board of an international Career Transition network.

Prior to his time in HR consultancy, Clayton held a number of senior HR roles in the UK, Europe, the USA and Southern Africa.

Contact : ++44 (0)845 548 4321

International
Career Transition / Outplacement



ImaginativeHR delivers career reviews, redeployment & outplacement in the following formats under our talent transition solution offering; often delivered internationally on a multi-country basis. Our outplacement solutions include:

- senior one-to-one
- one-to-one
- group, and
- 24/7 virtual

Contact us at info@imaginativehr.com if you would like to learn more about how we can assist you in the UK and internationally. (ImaginativeHR also works with UK *competitor* organisations to support their clients' international needs)



Keeping corporations on the cutting edge with coaching cultures

(Vicki Escude, M.A. Master Certified Coach - ImaginativeHR partner, USA)

Imagine being poised comfortably on the balls of your feet, able to shift directions with grace and facility, like a soccer player moving toward the goal. Success in business today is not so much about technical knowledge as it is about being able to change gears and learn new things easily and rapidly. It is about embracing and adapting quickly to change.

How do we transform organizations, businesses, and corporations that value control and authority into more agile, sustainable cultures that support, welcome and expect change, learning and discovery?

After realizing the need for any change or shift; traditionally the corporate world has instituted a series of trainings and assessments, hoping that these will provide employees with the motivation to grow and learn. However, employers and employees are afraid of lost productivity, an overload of yet more information, and an encroachment into their balance or personal time. They ask themselves, "How can we integrate this new information into our already over-taxed system?"

The answer to greater productivity lies not in more training. In essence, it is about re-defining work. Traditionally, from the managers' / owners' / CEO's perspective, the purpose of work is to produce the bottom line. It is about greater economic outcomes.

However, work can take on a broader meaning without sacrificing profit. The Gallup Q-12 assessment for workplace engagement, for example, implies that employee engagement hinges on having work that is an expression of creativity as well as an opportunity to develop satisfying relationships.

"Rapid change" is the key for today's fast-paced workplace. Technical knowledge is secondary. Technical training and workshops are often obsolete by the time they have been scheduled and administered. The only way an individual can adapt and change readily, is to *learn how to learn*, and to have a workplace that supports and values inner learning and personal development.

The truth is that people who are high-performers are those who learn faster. They learn faster when they are encouraged to be aware of their surroundings and not be stuck in old habits, patterns and beliefs. Using a coaching philosophy, we already have what we need to learn and succeed. We just need an atmosphere of encouragement for our own success.

Can there be a shift in emphasis, so that both profit and fulfillment are honored and balanced? Can organizations and corporations foster a setting that encourages learning as well as improved performance?

There are several corporate trends that are excellent foundations for this shift. For example, in the past decade:

- Teamwork has become common, with teams doing managerial tasks and making managerial decisions.
- Managers are now evaluated and assessed by their employees.
- Employees are often encouraged to make customer service decisions that were formerly made only by upper-level management.

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What would a coaching culture look like?

- Corporations and organizations would design a new relationship with employees that would increase their performance through an emphasis on “learning” rather than “winning.”
- Evaluations would not be in terms of “strengths and weaknesses,” but would be a conversation between managers and employees about individual experiences with each other and in the workplace.
- Employees would be treated as independent agents.
- Education would be in terms of creative learning rather than teaching and directions.
- The human spirit would be validated, rather than individuals being treated as a means to an end.
- The business would prosper while being an arena for each person to find purpose and meaning in work.

How are learning cultures developed? By encouraging everyone in the corporation and organization to learn to think for themselves and value creativity. Coaching helps each individual to master the ability to get results and be successful – with balance and a sense of well-being and satisfaction. In other words, the coach facilitates the mastery of learning.

Everyone in a learning environment becomes a coach – for each other. In a coaching culture, people are empowered, because everyone knows and trusts that each person has the ability to problem-solve. Learning and growing are so motivating, that the individual is motivated to succeed, while encouraging others to do the same. Competition, which creates anxiety, is seen as a deterrent to learning. Coaching partnerships encourage performance.

How is a coaching culture introduced? There is a three-step process designed to create a learning/coaching environment.

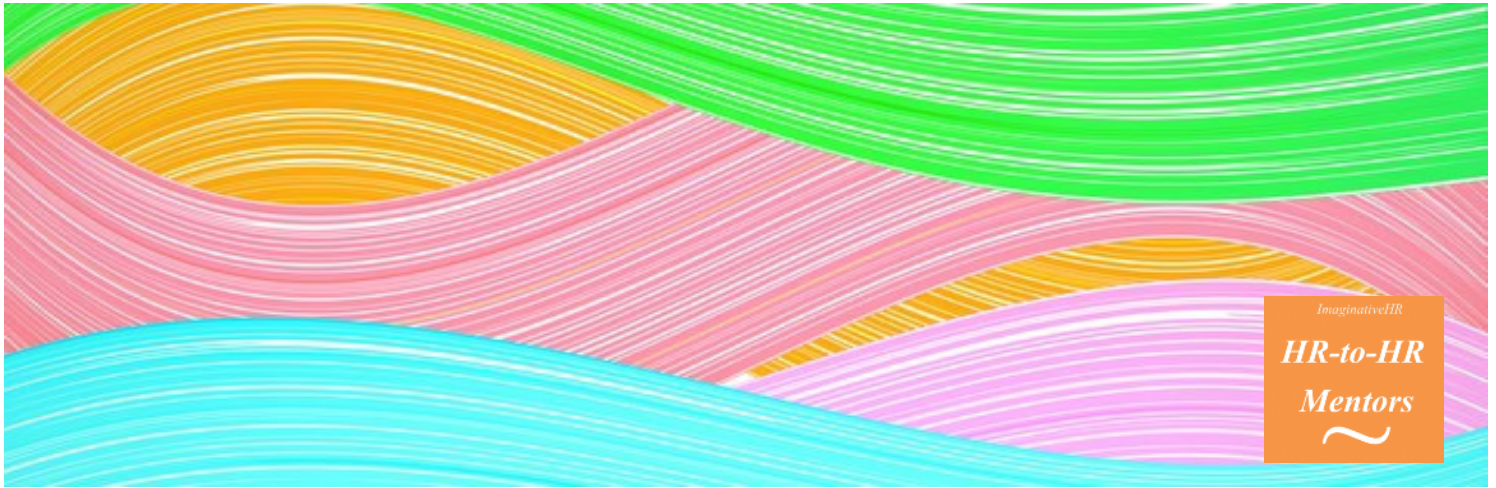
- Step one is to create an agreement within the organization that a learning environment is also an environment of performance. Coaching skills workshops can be interspersed with individual coaching for maximum learning. Studies have shown that training and individual follow-up increases learning.
- In step two, key managers can experience coaching by professional certified coaches for several months, to experience a coaching partnership relationship and to develop skills to maintain balance. Coaches work with the whole person - all areas of life - creating a developmental plan addressing issues identified by 360 assessments.
- Step three is coaching and monitoring key managers to become certified as internal coaches within the organization or corporation, so that the learning culture can be continually nurtured.

Creating learning environments within corporations and organizations is the key to keeping abreast of the high rate of change in today’s marketplace. Successful managers and employees are those who have learned to value change, self-direction, and self-motivation. Corporations who attract and nurture these individuals will stay on the cutting edge.

Vicki Escude, M.A., Master Certified, Coach, USA

ImaginativeHR assists organisations to develop leaders and teams via effective executive coaching and to develop enabling coaching cultures. Contact us at info@imaginativehr.com if you would like to learn more about how we can assist you.





In 2013 ImaginativeHR launched the first global, independent and voluntary HR-to-HR mentoring initiative which currently comprises 135+ mentors, active in 12 countries, with circa 30 active mentoring relationships at any time - *our give-back to HR*.

Mentees at both experienced HR and entry-level HR career stages benefit from access to largely remote voluntary mentoring by highly experienced HR and L&D professionals who have signed up as ImaginativeHR HR-to-HR mentors. At the same time, mentors benefit from developing their coaching and mentoring skills. The following article, is by Veronika Celisova, a registered ImaginativeHR HR-to-HR mentee, who is commencing her HR journey.

My journey into HR

(Veronika Celisova: ImaginativeHR HR-to-HR mentee)

My name is Veronika, I come from the Czech Republic and I am a recent masters graduate from Newcastle University in International HR Management. I have always had a great passion for HR, having studied it for four years in three countries. Like many graduates today, I was recently facing the challenge of finding my place in the “working world of adults”. Each of us is unique and has his or her own story and I would like to share mine with you now.

Wandering around Italian farms

Have you ever wondered how life would be like living in a gorgeous villa next to a vineyard in the middle of hilly and sunny Tuscany? And what if your daughter told you she is off to wander around Italy alone to volunteer on small organic farms for some time? This is a challenge my parents had to face recently after I finished my studies. God bless them for their patience.

I have studied in Pisa before, but I still remember the anxiety I felt when arriving in the evening by train at a little village somewhere in the middle of the Apuan Alps, hoping to be picked up by the hosting family at the station as agreed. Besides good reviews, I had read a few stories of people travelling in a similar manner who had to escape their farms secretly because of bad conditions. Before leaving the train I quickly reminded myself why I went on this journey - *to find out what I really want to do next and where I want to live*.

I was fortunate enough to choose the right family, so this idyllic dream became reality. One night, after a sunny day working on the vineyard, sitting by a fireplace; I realized I didn't fancy a job with big corporate firm paying a big salary. My desire is to *give back to society*, make a difference and a positive contribution to people. I have been educated about the problems of the world, the effects of globalisation, pollution, mass consumption and other problems less fortunate people are facing. That made me realise the responsibility we have for this planet and forces me to *think about my actions*. My point of view actually corresponds with recent research showing that young people are motivated externally, by changing the world together through a wider impact rather than having a successful career as an individual. Those thoughts led me to book a ticket, move to London and look for a job in HR in the charity sector.

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On the search for a meaningful job

So here I am, a few months later in a new city again, with no job secured and a friend's couch for three weeks; from farms directly to the busy city life of London. Giving up the possibility to work for a family business, because *something else* was more important. That something was my journey leading towards securing a meaningful job, which will allow me to follow my values, passions and talents. Whilst I believe one needs good timing and perhaps luck to succeed, there is usually a fair proportion of hard work behind every success. I was actively looking for a job, identifying my strengths and weaknesses, attending networking events in the charity and HR sector to gain an overview. After one event I joined **Engage for Success**, a movement committed to increasing employee engagement across the UK.

This was an opportunity to meet great people and gain a sense of being part of something bigger, which has a far-reaching impact across the workplace in the UK. Despite the job market being very tough at the moment, especially for young people with limited experience; I was very fortunate to find a part-time position with **Ambition**, a leading youth charity, within a month. This led to a full time position after a further month. To be honest, my partner had a big role giving me his full support when settling down here as well as my family back at home. After all, being surrounded by people who believe in you is the key to any success.

Conclusion

Studying and living abroad changed me. It developed my character and made me more independent. I am now aware of limitations of my little world and how much more is out there. I find the culture differences and exploring other people's worlds fascinating and educating. As one of the **Erasmus generation**, I see how flexibility and work-life balance are valuable to us. It has become more and more popular to travel after studies as many young people struggle to adjust to conformist career paths. Many of my friends from around the world have similar life-styles, moving around different countries.

What they have in common is the passion for traveling and the courage to accept the uncertainty; not knowing what will happen next - and yet dare to do it. However, I admit I do have fears every time I take the next step. When first moving abroad, I was flying alone and I missed my plane because the first connection was delayed. I remember asking in tears: "What should I do? I am lost in Brussels and I have no idea what to do!" An even bigger challenge was waiting for me after landing in Pisa, realising nobody really speaks English.

But I always ask myself: "What is the worst thing that can happen?" And if I believe I can cope with that, I just go ahead. What scares me more than making a mistake is to do nothing. I believe life is about realising the fear, facing it and overcoming it.

Veronika Celisova - ImaginativeHR HR-to-HR Mentee

ImaginativeHR regularly supports early career stage HR professional mentees like Veronika. Contact us at info@imaginativehr.com if you would like to introduce any of your early career stage colleagues to our mentoring service.



ImaginativeHR is a bar raising UK and international employment life-cycle / talent development consultancy which partners HR to creatively align organisational, team & individual interests; delivering services in the following areas:

- Assessment - for selection & development
- Coaching & mentoring - executive, virtual & team
- Staff engagement - focus groups, staff surveys, post-survey change facilitation & career management
- Career transition - career reviews, redeployment & outplacement

Email us at info@imaginativehr.com or call us at ++44 (0)845 548 4321 to speak to **ImaginativeHR** about how we can support your UK and international needs.