

Holignment™

Organisation Integration (Merger & Acquisition)

How it Works? (Diagnosis – Index – Report – Action)

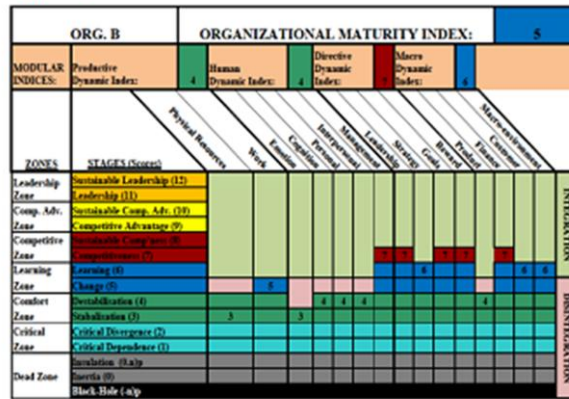
WHY IS DIAGNOSIS

IMPORTANT FOR M&A?

- 48% of mergers underperform their sector after 3 years
- The main cause of failure is too little attention to the Human system dimension.
 - "One size Fits All"
 - Poor gap analysis
 - Interventions at wrong level and/or wrong type.
- The maximum rate and magnitude of change is determined by the capability of the Human systems to change
- Human systems and change are complex, so selection of intervention(s) is critical.
- The risk of catastrophic degradation can be mitigated against. (Orderly systematic Degradation)

FEATURES OF A GOOD OD PACKAGE

- Scientific Basis
- Granular & Gap Analysis
- Graphic Diagnostic output to grab everyone's attention
- Systematic & Systemic
- Easy to use and manage
- Recommend course of action
- Allow for member involvement
- Enable specialist to advise
- Integrates all developmental activities and rationalises related spending

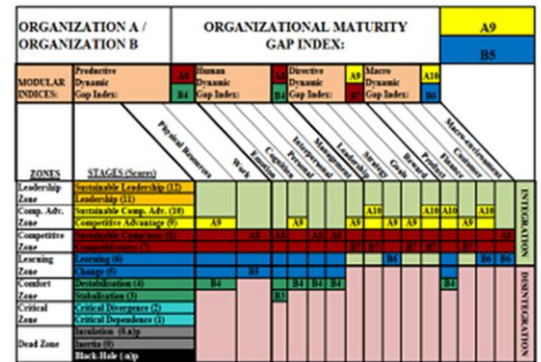


HOMI at a Glance

The core HOMI model is extremely comprehensive and can give a true and normative reading of an organisation or organization subset's state of functioning (Learning level/Maturity). By understanding the level of functioning management can select and calibrate those interventions that give the maximum traction towards achieving the business goal. Thus they avoid some of the failure risks when managing change. (See *HOMI Diagnosis & Roadmap paper*)

HOMI benchmarking (Gap Index)

When reviewing two organisations or organization units we can use the Gap indices to establish appropriate interventions to create alignment. In an M & A situation should Org A reside in the Integration level and Org B in Disintegration then until Org B has been moved through appropriate interventions to the Integration level then the merger of both will struggle and perhaps fail. The diagnosis helps management understand the Gap's and create flexible approaches to address any gaps in each part of both organisations



Change Readiness

Bringing two organisations together to achieve the specific goals that were the drivers for the M & A activity is the most important critical success factor. It is essential that the people involved at every level are ready for and accept the change, in order for the integration team to be successful. It's not just as simple as good communications and team structures it is much more fundamental in that it deals with the culture & human systems that underpin every organization unit and sub unit. A key element of the HOMI model is to aid the integration teams understand how ready each component of the organization is for the change/integration and take appropriate steps that gain maximum traction to facilitate the integration.

- CR is accurately measured across a comprehensive range of both organizational dimensions and merger dimensions
- The measurement leads to a development programme to raise Change Readiness
- Once both organisations are above integrative levels, there should be traction for integration. The reports should be integrated into an integration plan by the Integration Team.

Capacity for Integration

- The diagnostic shows exactly those dimensions of an organization that will support integration and where it will gain traction, and those dimensions that need additional attention
- At disintegrative levels of functioning < Stage 6:
 - No integration will take place
 - Merger will compound disintegration
- We can now see why and where disintegration occurs in Mergers and Acquisitions

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WHAT SHOULD BE DIAGNOSED?

- Work environment
 - Physical Resources
 - Work Practices
- Human
 - Emotion
 - Information Processing
 - Personal
 - Interpersonal
 - Management
- Directive
 - Leadership
 - Strategy
 - Goals
 - Rewards
- Macro
 - Product
 - Finance
 - Customer
 - Environment

Customising HOMI for M & A

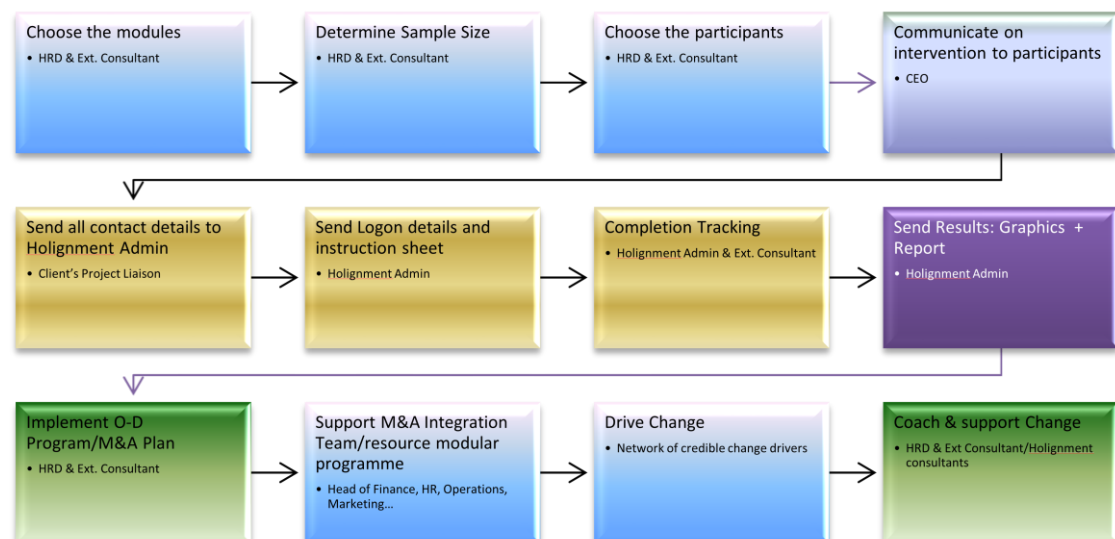
The HOMI model is a flexible modular model designed to enable its application to any organization or in fact human system. It can be used out of the box by selecting those dynamics relevant to the specific organization and business context and can be refined for unique surveys. As an example in the case of M & A for a client we can look at the main dynamics that relate to 1) The social dynamic of a merger & 2) The economic dynamic of a merger & 3) The personal dynamic of the merger. Specifically here our survey is looking at the capacity and readiness for change and the understanding and buy in for the drivers for the change.

Context for example above

Human Dynamic Index: inclusive of the Management, interpersonal, personal cognition and emotion functions
Directive Dynamic index: inclusive of the leadership, strategy, goals and reward functions
Work practices Dynamic Index and physical resources modules may not appear to be critical in the sense that they will most likely be covered in due diligence, process/resources audit that should be conducted. (As an example)
Leader dynamic Index: may be sensitive as it looks at the leader himself, and may generate resistance from his part, which is in this example is not what we are looking for since he is the main sponsor for this example initiative

The Process for HOMI Diagnosis

The HOMI process is a key component for the integration team. Ultimately its function is to provide the team with a tool to design the integration plans and interventions in a way that maximizes traction in each organization component and at the appropriate level for that component. In addition it provides benchmark information across the whole of the organization on both sides and as integration is happening. The diagnosis, report and dashboard are all on-line services.



For More Information

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