

Holignment™

Organisation Integration (Merger & Acquisition)

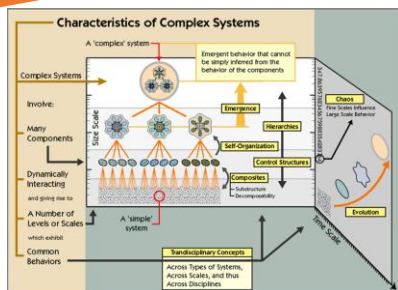
Diagnosis – Index - Report

Organisations

Organisations are fundamentally human systems and their goals are achieved through human interaction, while the sustainability of their success is determined by how well their subsystems and processes are managed.

If human-system effects underpin organizational effectiveness, then human functioning at the levels of the individual, teams and the organization as a whole, determine the maturity of an organisation, which means its capacity to learn and grow in a sustainable manner.

So, measuring sustainable organisational effectiveness ultimately must go beyond an accounting of results and features to a determination that is shaped by the members of the system of how sustainably the results and goals of the organisation are achieved



M & A Organisation Change & Development

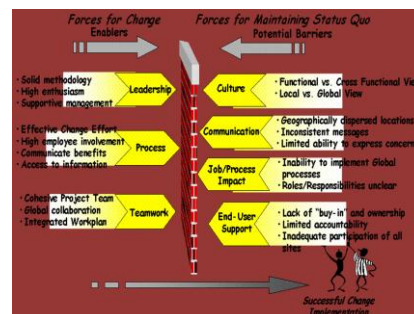
Too many mergers do not deliver on expectations (e.g., 48% underperform their sector after 3 years, *Mercer Consulting*). The primary reason according to *GE Capital* is that too little attention is paid to the human dimension. Research by Holignment further identified that though many organisations (and/or their advisors) had mature and comprehensive integration processes, there was limited structured, scientific tools and processes available or used to integrate the human systems in the overall context of the merger business objectives.

Though recognised as an important dimension to the speed and success of integration many integration processes focus on comparing and contrasting policies, procedures, processes and KPI's, perhaps coupled with some interviews and/or focus groups which though valuable in their own right fail to inform the integration team of the true cultural and operational challenges that may exist in integrating two organisations. Another finding is that a "one size fits all" integration process when it comes to the human dimension fails to reflect the true position when you segment the two organisations that are coming together, there may be different dynamics when you look at divisions, functions, departments, geographies etc.

So what do the integration team really need to know before the integration starts?

- **How ready is each of the organisations for change (Integration) at a granular level?**
- **What is their capacity for change & integration (Agility, Flexibility)?**
- **What is the gap between the different units/functions coming together?**
- **How can we compare the integration capability/maturity between units/functions**
- **What are the appropriate interventions we can take at a granular level to maximise the success and speed of the integration?**

Maslow's ROI Hierarchy for Enterprise 2.0



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

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Diagnosis – Index - Report

Diagnosis of the capacity & capability for two organisations to successfully merge

Holignment have reviewed many of the available models that are considered useful in the context of organization development and human system behaviours, which are the core of understanding both operational and cultural integration programs. The figure below gives a comparative indication of the various models. Of significance in the Holignment Maturity Index which is the model we are promoting is that it is the only model that has a scientific basis (Organisation Learning and the psychology of humans and human systems), and that gives a true and normative result for any organization and is comprehensive in that it covers every aspect of an organisations functioning. Therefore it is recommended as the most appropriate basis for use in guiding an M & A integration program.

	Model Base	Accuracy	Depth	Capability	Effectivness	Robustness	Completeness	Method								
	Scientific Basis	Intuitive Basis	Normative	Descriptive	Diagnostic	Discussion	Complexity	Simplicity	Calibrated Int	One Fits all Int	Systemic Learning	Change Learning	All Org Systems & Functions	Organisation Only	Program	Initiative
Comparative Models																
HOMI	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
GRID		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
GREINER		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Community MM		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
People CMMI		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Big 6 Frameworks		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Six-Sigma/Lean		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
TQM		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Diagnosis of the capacity & capability for two organisations to successfully merge

Using such a diagnostic on both organizations reveals the following:

- Graphic illustration of where there is internal capacity for integration in each organization, and where there is not
- Guidance for progress of integration capacity of each organization

Gap Analysis along the HOMI dimensions or Dynamics reveal the following:

- Guidance for Integration Team

The Holignment framework can also assess critical human-system effects relating to a merger as the following can be measured against the Learning model.

Merger Dynamic is important enough to the success of a merger that it warrants a modular status. After all, the causes of the failures often relate to the merger itself rather than attributes of the organizations involved.

Merger Dynamic Module	
Social Dynamic of the Merger	Economic Dynamic of the Merger
<ul style="list-style-type: none"> • Attitude to the Merger • Attitude to the Process of Merging • Attitude to the Other Organization • Attitude to Internal Leadership Team • Attitude to the Organization 	<ul style="list-style-type: none"> • Market Share • IP, Product, Brand, etc. • Finance, Economic Power <p>AS DECIDED BY THE INTEGRATION TEAM</p>

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

For More Information

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