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'Only Openness Can Create Success'

Jacques Pateau, professor at the Compiègne Technical University outside Paris and managing director of Pateau Consultants, comments on corporate merger pitfalls.

Professor Pateau, why do so many corporations experience serious difficulty creating a common corporate culture after a merger?

PATEAU In most cases, it is because the top management has not made an adequate commitment. A real sense of community will only develop if the corporate leadership makes it clear that they want one.

Is that really enough?

PATEAU At the very least, it's a start. Moreover, it's crucial for the two parties to deal with each other openly, recognizing and discussing problems thoroughly and not sweeping them under the rug. Only openness can create success. Unfortunately, in many mergers, this doesn't happen.

Integration teams are often formed as part of mergers and acquisitions, with the goal of facilitating the consolidation of the companies. Do these teams help in creating a uniform corporate culture?

PATEAU It depends on the teams, their mandates and their know-how. One common problem, unfortunately, is that the members of the team seldom have adequate intercultural skills. This makes it impossible for them to recognize what is really important to employees—and so they fail to fulfill expectations.

If the integration teams have done their work well, does this guarantee success?

PATEAU Not really. Certain follow-up measures are always required, such as regular workshops for employees slated to work together on a permanent basis. Less-targeted measures, such as company-wide social events, are also helpful.

Is it actually feasible for a non-centrally managed, internationally focused corporation such as Allianz to develop a truly uniform corporate culture?

PATEAU There will always be subcultures within the individual subsidiaries, but these in no way pose an obstacle to an overarching culture that is supported by all employees regardless of where they work. Creating this is challenging.

People from very different countries must take the time to sit down together in workshops and get to know and understand their various cultures.

Does a uniform corporate culture even make sense in today's world?

PATEAU That depends. If you are attempting to fuse two companies, then it's absolutely vital. But, even when that's not your goal, employees whose work is not affected by a takeover should still be made aware of the new corporate culture. This eliminates many prejudices and fears.

In your opinion, what is the true added value of being a multicultural corporation?

PATEAU When it comes to acquisitions, for example, a multicultural philosophy makes it possible to motivate and retain employees. If the employees of a company that has been taken over feel dominated by the new owners, two things will happen: The good people will leave, and those who stay will assume an uncooperative attitude.

