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CHALLENGES TO ORGANIZATIONAL CULTURE IN MERGER AND ACQUISITION SITUATIONS



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This thesis has the goal of studying and understanding the methods to face the changes to the company culture within small and medium sized companies in Finland during merger and acquisition situations as well as how well the buying party supports the cultural changes of the sellers.

Mergers and acquisitions have been happening for a long time, but their direct and indirect effects on the cultures of the companies in the process of M&A have been understudied. This is a very interesting study to do, as mergers and acquisitions have become the most common way to expand existing companies and expand into new fields.

This research is done by utilizing interviews as the source of data. The qualitative data gathering method allows large amounts of research to be collected for the research's purposes. The research findings showed that sellers are aware of their cultural issues to some extent and that they take measures to overcome some of the most obvious risks and obstacles faced during the merger and acquisition situations.

Despite the limited amount of interviewees, the findings of this study show that there is clear interest in cultural issues within the companies, but they lack the proper understanding and tools to properly evaluate the possibilities as well as the risks of the cultural factors during the merger and acquisition process.

Sellers have tendency to neglect the sufficient communication between the management, causing uneasiness and stress within the employees. Buyers lack the interest to properly analyze the companies they are buying, leading to cultural clashes and insufficient informing of the employees.

KEYWORDS:

Small and Medium Sized companies, Company Culture, Mergers and Acquisitions

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HAASTEET YRITYSKULTTUURILLE YRITYSFUUSIOSSA JA YRITYSKAUPOISSA

Tämän työn tavoitteena on tutkia ja ymmärtää pienten ja keskisuurten suomalaisten yritysten menetelmiä kohdata kulttuuriin kohdistuvia muutoksia yritysfuusioiden ja yritysostojen aikana. Tarkoituksena on myös selvittää miten ostava osapuoli tukee myyjää kulttuurillisissa ongelmissa joita ilmenee fuusio- ja ostotilanteissa.

Fuusioita ja yritysostoja on tapahtunut jo pitkään, mutta kulttuurillisten tekijöiden vaikutus näissä tilanteissa on vähän tutkittua jonka takia tämä tutkimus on erittäin mielenkiintoinen toteuttaa. Ottaen huomioon kuinka yleisiä yrityskaupat nykypäivänä ovat yritysten laajentumisen kannalta, tekee se tästä tutkimuksesta entistä tärkeämpää.

Tämä tutkimus tehdään käyttämällä tietolähteenä yritysten johtajille tehtäviä haastatteluja. Tämänkaltaisen tiedonkeruumenetelmä mahdollistaa erittäin laajan tutkimusmateriaalin määrän tutkimusta ja analysointeja varten.

Tutkimustulokset osoittivat että myyjät ovat tietoisia kulttuurillisista vaikutuksista jossain määrin ja että ne yrittävät parhaansa mukaan ratkaista näistä toimenpiteistä näkyvimpiä. Tutkimustulokset osoittavat että heillä on selvä kiinnostus näiden asioiden selvitykseen, mutta ymmärrys ja työkalut kulttuuriin kysymyksiin puuttumiseksi puuttuvat.

Myyjillä on taipumus laiminlyödä kommunikaatio työntekijöiden ja johdon välillä joka aiheuttaa stressiä ja levottomuutta työntekijöissä.

Ostajilta puuttuu kiinnostus tehdä tarpeeksi syvälliset analyysit ostettavista yrityksistä, jonka seurauksena on kulttuurien törmäys sekä työntekijöiden riittämätön informointi.

ASIASANAT:

Pienet ja keskisuuret yritykset, Yrityskulttuuri, Yritysfuusiot ja Yritysostot

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LIST OF ABBREVIATIONS (OR) SYMBOLS

CC	Company Culture
M&A	Mergers and Acquisitions
SME	Small and medium enterprises

1 INTRODUCTION

The Finnish markets have a tough competition for new players in the field of business, which is why many companies choose to enter the Finnish markets through mergers and acquisitions (M&A) rather than directly opening new branches in Finland. In the Turku region this is especially the case, as the current businesses which operate here have made solid foothold within the region. The once strong region has been hit hard by the fall of its traditional economic powerhouses, the shipyard business of STX and the decline of Nokia in Salo.

The Turku and its close regions are nevertheless interesting as there are various fields which are booming in the region, especially biotechnology and electronics. Foreign and national companies are either buying these small and medium enterprises (SMEs) or merging them into their own organizations. The M&A process might look simple on a paper, but contains many possible problems in its implementation when the cultural factors of the companies step in.

1.1 Objectives

Whether the problems are caused by inability to understand the SMEs own cultures or simply neglecting it, there are ways to understand why there are troubles in the first place. There should be a clear understanding of the company culture (CC) before any M&A action is taken, simply to eliminate the possible negative outcomes caused by the lack of understanding or will.

The main reason this study is conducted, is to show whether the buyer is actually interested in the cultures of the SMEs and are they willing to help the seller during the M&A process. The research tries to assist in the process of recognizing and utilizing the potential dangers and opportunities of company cultures.

1.2 Research motivation

The understanding and recognition of different cultures within organizations is a very interesting topic. Company culture studies and the current level of understanding it is rather low, which is a remarkable point when one considers how important they are for the everyday lives within the companies.

The study is primarily motivated by the following research questions:

1. How seller handles the challenges to its company culture in M&A process?
2. To what extent does the buyer support the seller's company culture during M&A process?

1.3 Structure of the thesis

The thesis will be following the following structure: in the first part basic information and theories about the CC will be explained, there are models on how to understand culture within a company and how to change it to be better prepared for large changes such as a M&A situation.

Second part will focus on the M&A process, opening the concept and developing the procedures and actions needed to take so that the process is as successful as possible.

Third part will be the research methodology which explains the methods of research that have been applied to the creation of this thesis.

Fourth part of the thesis will focus on the analysis based on the interviews on SMEs that are located in Turku. Their M&A processes are analyzed and there will be discussion on whether there have been culturally linked problems within the process or not.

The fifth part and the end of this thesis also contain concise findings on both companies and discussion on how they should have improved the process they went through.

2 LITERATURE REVIEW

For the thesis to be able to cover as much data as possible, it must contain clearly defined introduction to Company Culture, how it affects the day to day business of a company and how it is defined.

Lastly the literature review will focus on merger and acquisition processes, what theories and methods generally apply to the process and how they are connected to company cultures.

2.1 Organizational Culture

Culture as a concept is ancient. Even the ancient Greeks and the Chinese noticed the differences between different groups of people. But by the 1900s the culture started to get wider awareness among scholars (Kroeber and Kluchohn, 1952, 3-4, Juuti, 1997, 14).

Origin of the word comes from a latin word cultura, cultivation. In the beginning the word was used in its concrete meaning as to describe the cultivation of a field. But Cicero used the term cultura animi, the cultivation of the spirit. In renaissance times the word civilization (civilisatio) was the more common term (Ahlman, 1976, 14, Juuti, 1997, 14).

By 1940s the term culture had become one of the cornerstones of social sciences, which was compared to be as relevant as theory of gravity to physics and evolutionary theory in biology (Kroeber and Kluchohn, 1952, 34-35, Juuti, 1997, 14).

Organizational culture has been studied since the 1950s. Then, the term was then used by Jaques and Selznik. According to Jaques, the life within an organization is the constant cultural, structural and personal interaction and the change in one causes the need for change in another (Jaques, 1953, 253, Juuti, 1997, 14).

Although the academics became interested in the field of organizational culture in the 1950s, it was only in the 1970s when it got truly discovered and in the 1980s its research became more popular than the research of strategic planning.

Culture got more attention due to the fact that American companies started paying attention to their Japanese competitors, as it was realized that the differences between them were not only technological or structural (Heinen, 1987, 24-25, Juuti, 1997, 15).

In addition, the turbulent business environment has caused the need for several organizations to develop the ability to quickly change their strategies and expand into fields which they are not experienced in. Change processes that have ignored the organizational cultures have generally been doomed to fail (Wilkins, 1983, 24-25, Juuti, 1997, 15)

2.1.1 Formation of culture

To describe culture and what it consists of, Valpola (Organisaatiot Yhtein, 2004, p.147) describes that culture is the way things are handled. It is something that is constantly developing and changing.

According to Schein (Yrityskulttuuri selviytymisopas, 2009, p41), culture definitely is a multileveled and definitely a very complicated definition, which should be analyzed on every level so that it can be understood. The danger when dealing with culture is that one simplifies it too much and disregards several crucial points which are important.

Culture is also very deep. If it is handled as a superficial phenomenon and one thinks it can be changed according to one's whim it will surely lead to failure. Culture controls you more than you control it; this is preferable as it gives stability and meaning to otherwise chaotic environment. When something is learned, beliefs and customs are formed which fade away from active consciousness but form the invisible rules on how to do things, how to think about things and how to feel about them.

Culture is also very wide, when a group learns to deal within its environment it learns from external and internal relations. Beliefs and expectations modify the daily life: how to get along with the manager, what sort of attitude you should have towards the customers, what is the nature of the career, what does it take to further your career, what are the taboos within a company etc. Interpreting a culture might be a task without end. Without a special reason or purpose to understand organizational culture, it becomes an infinite and frustrating topic to study.

Members of the group are working fiercely to uphold their cultural beliefs, as culture brings meaning and makes life more predictable for them. People are not fond of chaotic, unpredictable situations and they will do a lot of work for stabilizing and normalizing them. All sorts of cultural changes cause immense amounts of resistance and anxiety within the entire company. Changes to the culture are seen a direct attack against the most stable elements within a culture of a company.

As Valpola (Organisaatiot Yhteen, 2004,p 153) says, culture is like an iceberg. Some of its features are easy to write and read from a paper but most of the cornerstones of culture are deep in an organizations history, difficult to express and difficult to change.

Culture is something that is learned together with the group, it comes from experiences of success and lessons learned from past mistakes. Situations are chosen by the people who with their personal skill and handling reinforce a certain way to handle tasks and thus they create the style for the organization.

In many cases, the cultural cornerstones are unconscious and they will become apparent in cases when the culture meets or collides with another way of thinking, another culture.

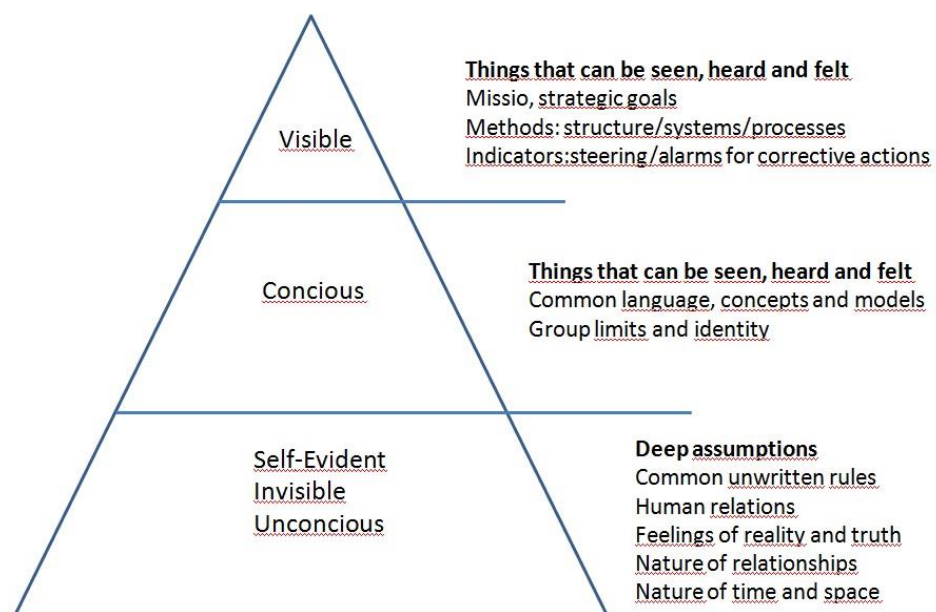


Figure 2.1.1 Source: E.Schein Yrityskulttuuri selviytymisopas p.30-35

2.1.2 Culture matters

According to Schein (Yrityskulttuuri selviytymisopas, 2009, p.17) organizational culture matters as decisions might have unexpected and damaging results unless the cultural aspects are not taken into account in the decision making process.

These situations could be avoided, if decision makers would pay more attention to cultural values of their organizations as changes will face resistance within an existing culture. It is a strong, hidden and often unrecognized force of different powers which control our daily decisions we make personally and the ones that we make as a group. It affects how we perceive things, how we value different things around us and how we think.

As mentioned by Eikenberry (Culture matters, n.d.) people want to be engaged with their work, they want to do something that is enjoyable and it is meaningful at the same time. When people are engaged, they do their work safer, more productive and more willingly and therefore satisfy customer and owner needs better.

When a company focuses on creating and upkeeping a culture, it shows its employees that they are the most important thing to the company.

Eikenberry also mentions that there are seven main reasons why a strong, functional and healthy culture is necessary:

Strong culture attracts talent. Possible talented workers are always on the lookout for a company that fulfills their needs and requirements for a good employer. These days the workers want more than just a big paycheck and material benefits, they want to work in an environment that they enjoy working in and where they feel they can succeed.

Talented people prefer to stay in a company with a strong and healthy culture. It is unlikely that they would stay in a bad environment which does not motivate them.

Culture that strongly engages people will make them more hardworking and it is exactly what the employees are looking for. They are searching for a job that gives them passion to be better at it. Billions are lost yearly simply because workers have no proper motivation and they underperform at their jobs. This could be avoided by making their job cultures more engaging.

Creativity and energy is created through a working culture, when workers are able to express themselves and feel appreciated for these efforts. This kind of positive feeling spreads to the whole organization and increase the momentum further improving the quality of work and the organization in general.

“Work” is no longer seen as a drudging from 9-17 and slaving at the workplace, but rather as something that is interesting and sometimes even joyful to tackle. Naturally, this kind of culture is sought after by a smart organization.

Synergy comes from a strong culture that brings the workers closer to each other. When people have the chance and the freedom to communicate between each other they will not only know each other better, but also exchange information which improves their effectiveness at work by fueling new ideas and increasing the work morale of the employees.

2.2 Cultural change process

It can be said, that organizations are systems which are created through social interactions, it has struggled to survive the various situations it has faced.

They are networks of social relationships, where different members act out different social functions within their respective frames of influence. Contents of these frames are molded through cultural processes and occur in cultural products, such as; beliefs, ideologies, symbols, language, rituals, stories and myths (Scheid-Cook, 1988, p.162, Juuti, 1997, p137).

Traditionally the organizations have been viewed as static, unchangeable social structures. Nowadays they are rather viewed as dynamic social processes, which create and destroy different operational concepts through its day to day activity (Juuti, 1997, p137).

To change it, one has to have basic understanding on what is a transformational change. Changes to something established within an organization will face resistance as people will have to unlearn previous beliefs, attitudes, values and assumptions. This sort of unlearning process is uncomfortable and creates even some level of anguish in the organization.

People can be forced to change the visible behavior, but these kinds of results are not permanent, unless the changes are done to the deeper parts of the organizational culture.

Transformational change model

Phase I

Melting: creating motivation for a change

- Undermining
- Creation of survival anxiety or removal of guilt
- Creation of feeling of safety to overcome learning anxiety

Phase II

Learning new concepts and learning new meanings for existing concepts

- Mimicing role models and identifying with them
- Learning through trial and error

Phase III

Internalizing the new concepts and meanings

- Connecting to identity and understanding of oneself
- Connecting to prevalent situations

Figure: 2.1.5

Source: E.Schein,

Yrityskulttuurin

selviytymisopas,

2009, p.132

As visible in the model above, the transformational change is divided into three parts in a chronological order.

First phase is about creating the scenario which makes changes able to happen. The organization has to learn various new things, but also unlearn something that might have been a very important thing for the organization in the past. Several strategies on changes in organizational culture fail to take into account the process of unlearning and winning the opposition against changes. They assume that having a clear vision of a positive future is enough to motivate the learning of new things.

Organizations have deeply rooted cultures within them, and without removing the old values and assumptions they have they cannot move to the future. To do this, there has to be an acute need for a change, a crisis; a threat or feeling of dissatisfaction which threatens the survival of the organization.

For a change to happen the balance of the company must be radically shaken, something new and unpredictable has to do this. When these new things are recognized there is a motivation for a change within the organization. Therefore, all changes begin with some sort of undermining of the old values and norms.

Schein lists 5 sources for undermining and causing dissatisfaction:

- Financial threat – unless change is made, the business will come to an end, market shares will be lost or other losses will be suffered
- Political threat – unless changes happen, a stronger group takes profits or benefits
- Technological threat – if no changes are made, the organization will be left behind from competitors
- Moral threat – failure to change will lead to stigmatization of being selfish, evil or socially irresponsible
- Inner dissatisfaction – goals and ideals of the organization will be unreachable without a successful change

Fusions, mergers and joint ventures are also important sources for undermining the current values in order to make the change process smoother. The need for a change becomes the most apparent when there is two different, sometimes even conflicting cultures about to be merged with each other. Sadly, the need for a change within an organization in these situations is rarely taken into account in a proper way.

The urge to make changes must be so great, that there is no anxiety towards learning new values and overwriting the old ones without guilt.

Second phase is about learning about the new things that are supposed to change the organizational culture. Basically there are two models for learning and identifying new concepts and give new meanings to existing ones.

The first method of learning is done by mimicking a role model and identifying with the new person psychologically. Role models can be given through example cases, through movies, role-plays or simulations. It is possible to bring out people who have learned something new and encourage the employees to find out how they did the change. This model works well, if the new methods are clear and the concepts are understood. Sometimes, there is a chance that people notice that mimicking another does not fit to their personality or the prevailing circumstances. When people return to work by themselves without the role models available, they revert back to the previous work habits and beliefs.

The second method involves a trial and error style of inventing new solutions for as long as something fits the organizations own needs. This is the best approach when the changes have to fit the organizations employees own personalities perfectly. Then there is no room for role models and the ones who are learning must observe their surroundings and adapt the best they can. The new strategies must then be adapted on those employees that have best adapted to the changes, but this sort of approach means that some get frustrated and eventually leave the organization.

Basic principle of choosing is that the manager who supervises the change procedure has to be aware of the final goals; the new working methods that they are hoping to gain through the change process. This does not mean that everyone has to reach the final goal the same way.

The one who is doing the learning process does not decide the final goal, but they do have the personal responsibility and the ability to choose the methods reaching that goal.

The **third phase**, which is the final of the transformative model of change, is to internalize all the new concepts leading to the new behavior. If the new changes are something that fits the personalities of the employees and is consistent with the group's behavior, it will become permanent part of the worker and the organization.

There is a danger that new concepts that are learned lead to new behavior which does not fit the job or the social group, which in turn leads to reverting back to the original values out of respect towards the group or alternatively it leads to the employee leaving the organization as they favor the new things they have learned (Schein, Yrityskulttuurin selviytymisopas, 2009, p.131–146).

The risks that the change has been stated in the above, but according to Rissanen et al (Uudistuvat organisaatiot, 1996, 48-50), the general difficulties in relation to a change processes are:

Resistance to change – Work communities express this by complaining and at worst with acts of sabotage. Changes don't happen or they progress extremely slowly. In general the internal system of the organization ceases to function as communication dies down.

Nonalignment – Conflicting goals within the organization. Upper management is incapable of changes and management is nonaligned with the set goals.

Relationships – Work communities exhibit confusion in power and responsibility. Communication stops working, at worst it shows as a method for control.

Lack of risk-taking – Work community is afraid of taking the risk to make changes, because they do not know its effects on them. Management is unable to manage critical situations and lacks the ability to break away from schematic norms

Lack of vision – Satisfaction to the current state of the organization which leads to the neglect of possible new success factors. Upper management is incapable to read environmental changes in the work environment, which would normally require changes within the organization. Also, management is unaware of the states of development the company goes through, mainly operating blind.

Unknown leadership methods – Management that is unfamiliar with different management models makes unsystematic decisions and actions.

Work community is being developed too ambitiously, too fast and too many things are being done at the same time, without clearly defining the wanted work environment.

In many cases, changes happen too fast in contrast to the actual need for them. The best change processes are done after the actual willingness and need for changes.

2.3 Mergers and Acquisitions

Corporations and organizations have needs for reforming themselves as it has become necessary to form better, bigger and more efficient entities in the market.

To do this, they often need to do mergers or acquisitions in order to survive in the harsh corporate world where they would alone face certain problems in the future (McClure, Mergers&Acquisitions,2009).

CEOs are announcing the shareholders and the media that their company will merge with another one, in order to create something big and impressive to challenge other companies working in the industry.

Customers are promised higher quality goods which will be superior in every way to the products they have had from the individual companies before.

Employees are promised a more secure future, as the finances of the two companies are combined. Investors are promised higher value stocks and therefore larger profits than before.

The feeling is something big, like a Hollywood movie that has been promised to arrive for a long time is finally being released.

The main task is to actually manage the process of joining the two companies together, because as soon as the media has been informed there is a huge pressure on the shoulders of the management to make the promised merger or acquisition successful. Failure to do it could at worst cause the death of one or both of the companies involved.

The need for mergers and acquisitions has grown due to the financial crisis of 2008, as several big companies that were deemed too big to fail had to merge their operations with other companies in order to save the jobs and keep the economy stable. These actions have also been political, as governments have tried to stabilize their wavering economies (DePamphilis, M&A Basics, 2011,p.1).

2.3.1 Reasons for M&A's

Mergers and Acquisitions are a great way to transfer resources where they are needed and also a very effective way to remove underperforming management. There are also other than just purely financial reasons for them, as visible in the following table:

Image 1. 2.2.2

DePamphilis, M&A Basics, 2011,p.3

Theory	Motivation
Operating Synergy Economies of scale Economies of scope	Improve operating efficiency through economies of scale or scope by acquiring a customer, supplier or competitor
Financial Synergy	Lower cost capital
Diversification New Products/Current Markets New Products/New Markets Current Products/New Markets	Position the firm in higher growth products or markets
Strategic realignment	Acquire capabilities to adapt more rapidly
Tax Considerations	Obtain unused net operating losses and tax credits, asset write-ups, and substitute capital gains for ordinary income
Market Power	Increase market share to improve ability to set prices above competitive levels

Mergers and acquisitions are done for many reasons, but there are differences between the two.

Acquisitions are easy in the sense that once another company purchases the other and establish itself as the new owner, the old company ceases to exist. The stock of the buyer continues to be traded while the sellers stock disappears and the company legally disappears.

Merger is the process of two organizations that decide that the best course of future action is to combine their resources and form a whole new company instead of being separate entities. In business terms this is called as a “merger of equals”, though in reality actual mergers have little to do about equality.

In many cases actual merger situations tend to be simply acquisitions, but some companies wish to avoid the negative connotations of the term acquisition as it is seen sometimes as more hostile and unfriendly by the employees.

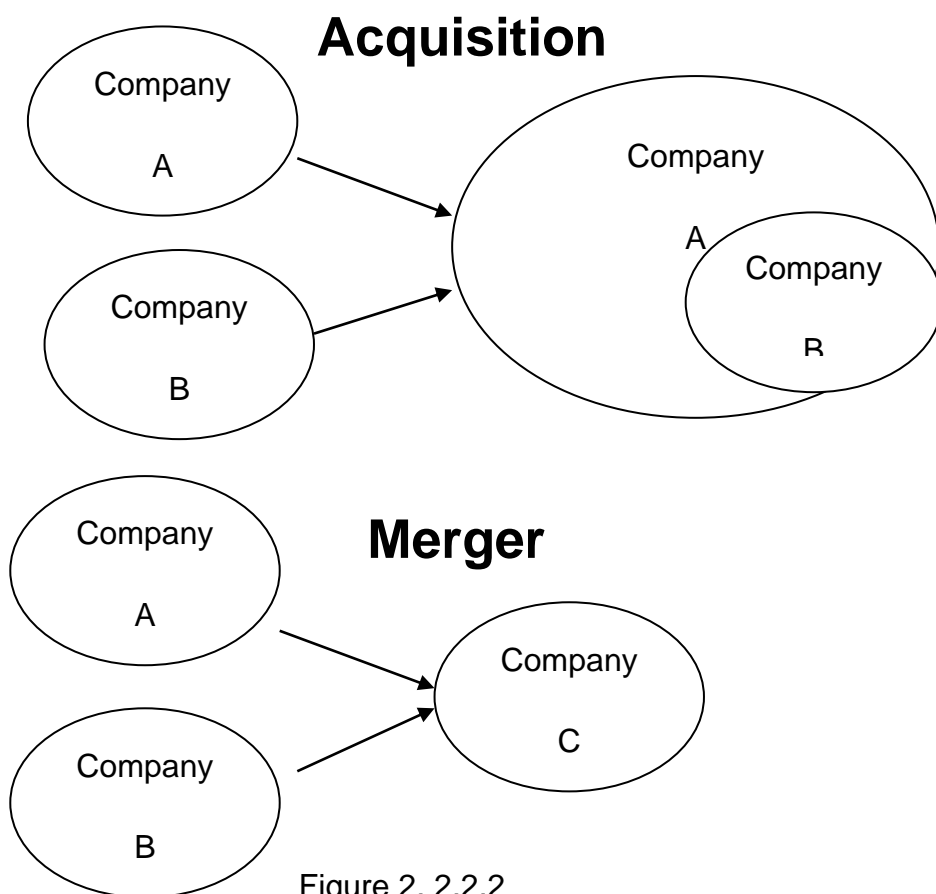


Figure 2. 2.2.2

Merger & Acquisition difference

This in turn brings the importance of organizational cultures into play, as properly prepared employees are more ready for the changes following the merger or acquisition process.

2.3.2 M&A Process

According to Teerikangas (Integraation Johtaminen, 2008,p.23-80) the **first step** in the M&A process is to map the mental health of the company.

News about the changes are usually taken with mixed feelings of excitement and anxiety. Depending on the case, these feelings might be very strong before any deal is actually struck between the seller and the buyer, possibly having a huge negative effect on the entire process.

If the employees are excited and willing for the new changes, they will actively participate in the change process and build a better future for the entire organization.

Uncertainty and cynicism about the coming changes on the other hand will surely have a big negative effect on the personnel during and after the M&A process, changing this sort of mindset later on is hard and time consuming.

Small companies will feel especially threatened, as they are most likely experiencing something like this for the first time. But as the people inside the company get used to such practices, the future M&A's will be a routine for them. For the M&A to be successful, it is important to measure and understand the cultural states of the companies. Identifying the key differences and starting changes within the companies to make them more compatible with each other is crucial.

Losing key personnel and the loss of employee motivation is a very big risk, for example French have a historical and social tendency to start striking if they find something wrong with an organization they work for.

The best way to handle this problem is to give enough information to the employees and therefore prevent negative rumors from emerging.

Next step in the process is to find out how the companies match each other, as it is imperative that they fit together.

It is important to know the differences between the companies' operational structures and how they differ culturally. Operational parts are visible and rather easy to recognize as companies might vary in size, level of internationality, work ethics and conducts.

Too many times the cultural aspects are forgotten, as they are not as visible as the operational parts. The fact that culture is not that easy to measure and it is time consuming causes many buyers to ignore it completely and suffer from that later on when the co existence is not going as planned.

Third step is the actual merging process, which involves post-acquisition integration management. It should be planned before buying, how closely the new company is being tied to the existing organization.

Should the company be fully integrated fully, partially or just superficially to the mother company? Should all the sections of the company be assimilated to the mother company or simply the management? Will the mother company face some changes too due to the merger or acquisition?

As these questions are answered, there will be clarity on how to proceed.

When the integration is planned well, the level of difficulty will greatly decrease as communication within the organization will be easier which reduces negative rumors and sentiments.

Post merger evaluation is also important in order to know if the acquisition is meeting the expectations and to identify what was done well and what could be done better in the future (DePamphilis, M&A&Other, 2005, p.203).

3 RESEARCH METHODOLOGY

The thesis investigates how sellers handle cultural challenges during M&A situations and how buyers support their company culture during the process of M&A. Theoretical studies and information are available in the literature review section of the thesis. This part of the study will give introduction to the methodologies used in this thesis. The first section will present the chosen study methods. Second section will describe data collection and analysis. Lastly, the reliability and validity will be presented.

3.1 Chosen study method

The author went through a collection of various related literature in order to familiarize with the topic being researched. Such literature contained information on company cultures, reasons why it should be observed, reasoning why it CC is important and cultural change process in preparation for M&A's as well as other relevant literature.

The research was conducted utilizing qualitative method, using interviews as source for data. The research is attempting to identify what sort of cultural challenges SME's face towards their culture during M&A process and how do they handle them. This thesis also tries to find out to what extent the buyer supports the seller's company culture issues during M&A process.

The reason for choosing qualitative method is the fact that it produces large amounts of data which will yield more interesting research material. The quantitative approach was considered but rejected after observing potentially limited data yields.

Face to face interviews with managers proved to provide quick and practical way to get large amounts of relevant information from SME's.

3.2 Data collection and Data analysis

As the Finnish market can be considered to be full of competition, the most reasonable way to enter the local markets is through mergers and acquisitions. This method of using M&A's applies to expanding existing businesses as well.

The experiences from the sellers concerning these processes and how they handled cultural changes and obstacles during the M&A process would be collected through face to face as well as email interviews.

The interview (appendix 1) contains questions both in English and Finnish. The target respondents were managers from local SME's.

Interviews were conducted face-to-face (appendix 2) and by email (appendix 3). The face-to-face interview was conducted on 14th of May 2014 and the email interview was conducted on the 21st of May 2014.

The focus was on the information that the managers of these companies had. A manager within a company has significantly more information than his employees and in some cases they withhold this information completely from their employees as can be seen during this thesis.

4 VALUING OF COMPANY CULTURES DURING M&A SITUATION BY THE BUYER

In this part of the thesis, there is discussion on how the cultural aspects of SMEs are supported by their buyers and themselves during M&A process. The pattern for analyzing the data collected from interviews is to divide them into pre-merger, during merger and post-merger situations. Two interviews from XXX-XXXX Oy and XXXX Ltd, which are from this point onwards referred as Seller A and Seller B. During the analysis part there will be three different parts for each respective company; the pre-M&A, during M&A and post-M&A.

The analysis of the pre-M&A will go in the order of questions answered by the sellers. The first paragraph will explain the level of interest of the buyer and their reasons for the deal, second about the experience of both parties with the M&A situations, third and fourth is about the assessment of the selling company by the buyer in terms of organizational structure and culture. Final paragraph is about the reactions of the employees to the news of sale and the methods of alleviating culture shock to the employees. As this thesis is focused on the cultural aspects, the due diligence process will be left into the background.

In the during M&A part the first paragraph will focus on the cooperation between the management of the seller and the buyer, second one will focus on information sharing during the deal, third one is focused on level of informing during the deal, fourth is about evaluation of the skills of the seller by the buyer, fifth focuses on representation and visibility of the buyer in the sellers company and final bullet point is about changing specific cultural rules by the buyer.

Post-M&A's first paragraph will explain the changes to the management's power within the sellers company, second one about the actions done to improve cooperation after the M&A, third will focus on future development plans, fourth about the level of merging and fifth is about the skills/technologies learned from the seller by the buyer.

4.1 Seller A

Seller A was approached by a domestic company interested in expanding their business into Turku and the surrounding region as well as acquiring a specialized company.

4.1.1 Pre-M&A

The buyer was interested in this company, as the seller was controlling a very specialized market in food hygiene field. This also made long negotiations unnecessary and smoothed the process.

The M&A experiences from the buying company were significant, as it was expanding within Finland by buying out the competition. Seller had not been in an M&A situation before, but its specialization into its field gave it a chance to be able to dictate the terms most suitable to it.

Information about the sellers company was given to the buyer without them even needing to ask for it specifically. Working methods were studied but there was no interest from the buying party to study the selling company further.

The acquisition process led to only one employee quitting as he was against the thought of becoming part of a bigger company. The manager went to different units and personally spoke to the employees to reduce the amount of shock which the news of the sale would cause.

Phenomena's found

Large interest in expansion led to the high interest in the selling company. In general the buyer had very little interest in in-depth analysis of the seller. Information sharing was very well done by the seller, as no information was kept hidden. Management of Seller A handled its own personnel well, the work to reduce shock from the sale was well understood by the seller.

Theoretical matches

The reasoning for the buyer was diversification, as seen in the table of chapter 2.2.2.

Communication was handled very well by the seller. This is extremely beneficial for the sales process and further can be observed in the parts 2.1.2 and 2.2.3 of the thesis. Good communication creates synergy between two parties.

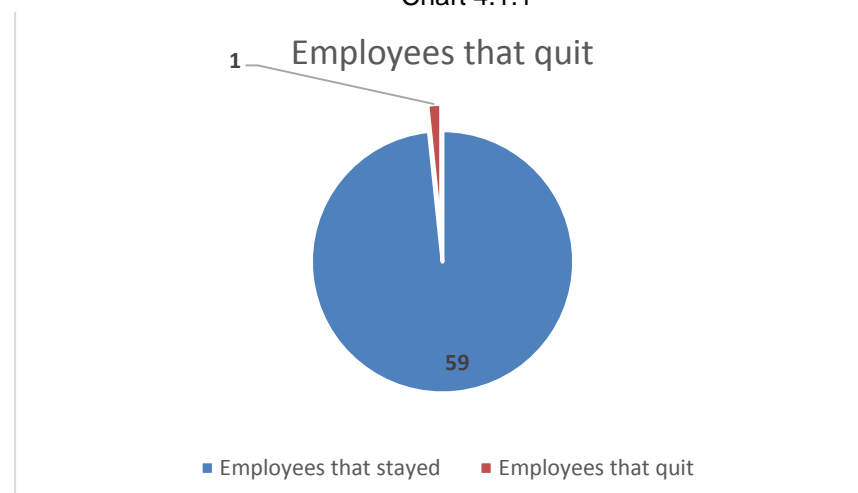
The quitting employee reacted as predicted in 2.1.1, 2.1.2, 2.2, 2.2.2 and 2.2.3, as he was fiercely defending the existing culture of the company and feeling threatened by potentially very different culture of the buyer. In these chapters it is also visible why positive messages from the management kept the main amount of the employees in the company, further supported by Frankel (2011) who states that small companies often have unique cultures where the management receives special affection, in this case their messages are respected. As chapter 2.2 points, there was also a certain transformation within the company, where the existing culture was challenged by the new changes. No models for a change process were used.

Brief conclusion

The pre-merger phase was handled hastily by the buyer. There was little to no interest in deeper analysis of the company, the only thing that mattered was the acquisition of Seller A.

Seller did its best to keep its workers well informed through the process of the sale, doing good work in keeping the employees calm.

Chart 4.1.1



4.1.2 During M&A

Buyer gave limited information to the management of the seller, it was made clear that the current manager will handle the transformational period in post-merger phase and then leave the service of the company.

Buying company's manager joined meetings with the customers of the seller.

Seller A kept its employees informed through their own meetings and there was an effort to keep the workers positive and motivated.

Buyer was very aggressive in its M&A deals and had little interest in evaluating the seller's skills and expertise themselves.

Employees did not feel appreciated by the buyer as they had very little interest in the personnel of Seller A. New management was not properly introduced and they only came to visit the company to sign the acquisition deal.

Largest cultural change by the buyer was the drastic reduction of bonuses to the employees. Buyer was more interested in harmonizing the reward system with its own system.

Phenomena's found

There was a clear transitional period set by the buyer. This shows that there was clear planning on transition of power. The buyer also started to introduce themselves to the business partners in early phase. Skills and expertise of the seller were not evaluated or observed by the buyer. The buyer made no efforts to alleviate employee shock. Harmonization of the acquisitioned company to the existing culture of the buyer led to dissatisfaction from the employees.

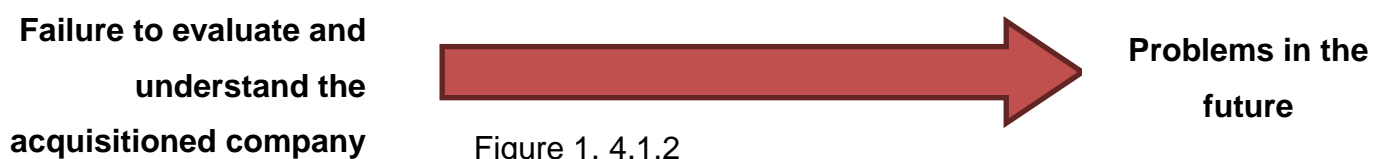
Theoretical matches

Part 2.2.3 shows that merger was planned, as the third phase of the M&A process shows that prior plans were enacted. In the same chapter it is also pointed out that cynicism from employees was caused by inexperience of the

seller's employees towards M&A's process and the unwillingness of the buyer to reduce that cynicism. Incited by Marks (1997), Kanter and Mirvis said that this sort of cynicism could have been reduced by meetings with the employees to vent out the potential anger, cynicism and distrust (p.271). Not enough communication came from the buyer. Chapter 2.2. points out that the changes to the culture were enacted too fast and no clear process was utilized for that. As seen in 2.2.2, preparation of the employees is important which will lead to resistance and as stated in 2.2.

Brief conclusion

Although the transition of responsibility and power was clearly defined and thought out by the buyer, they failed to make themselves visible enough in Seller A which caused cynicism towards the acquisition. Evaluation of the seller was minimal and led to difficulties in the management of the newly acquired company. There was not enough understanding of the field or the workers.



Importance of evaluation

4.1.3 Post M&A

Responsibilities were transferred to the new owner immediately after the deal. New management displaced the old manager completely after transition period of three months. Personalized relations between the old manager and the customers caused problems after his removal from the company. The company was gradually integrated to the buyers company within transitional period of 1,5 years. Company's identity was kept during this time.

The new owner had no further development plans for the Seller A after the deal other than expanding their own influence. As stated before, the company kept its own identity for 1,5 years until merged with the buyer.

The buyer learned that hastily made acquisitions will cause problems in the long run. If one has no expertise of a field it will be very hard to manage an existing company with its own culture and methods of working.

Phenomena's found

Old owner had personal connection to the company's customers, new manager faced problems in creating networks with them. Gradual integration gave some time for the company to adapt. Future plans were nonexistent which is very risky. Poorly planned and quickly executed acquisition was hard to manage.

Theoretical matches

Strong manager could have been seen somewhat as a role model, as seen in part 2.2 of the thesis. Incited by Carleton and Lineberry (2004), the removal of such an important part of the company as the manager caused a cultural clash. (p.15). The idea of replacing a senior management team member is further supported by Hubbard (1999), who states that replacing an important management figure further exacerbates the problems of M&A. Part 2.2.3 points out how the company was integrated to the buyers organization gradually according to prior plans. As explained by Ghosh (2010) that such a plan must answer where and how it should compete, how can the firm satisfy customer needs better than the competitors and why is the chosen M&A strategy preferable to other options? In this case, the buyer failed to place a competent new manager to the company and they failed to satisfy their customers.

Brief conclusion

The manager led by his personal example and much of the connections to the other companies were through him and the team leaders. Removal of such person will leave a clear vacuum in power and flow of information within the company.

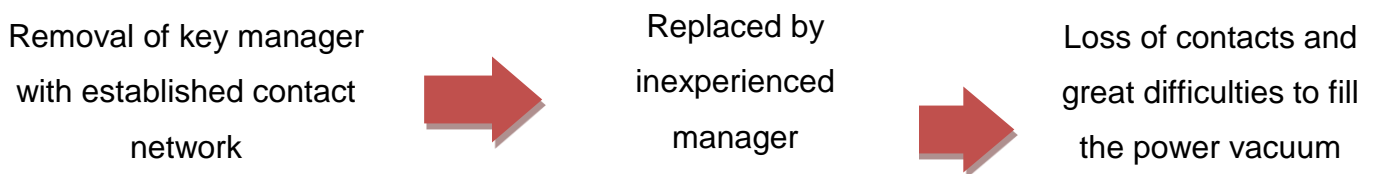


Figure 1. 4.1.3

Importance of manager

4.2 Seller B

Seller B was approached by a foreign company which wanted to gain new technologies through a merger.

4.2.1 Pre-M&A

Buyer was interested in integrating the technology of the seller to their own repertoire.

Both companies were inexperienced in the M&A process

Seller's organizational structure was studied by the buyer. Seller B's culture had no effect on the merger as the buyer was ready to give them their own freedoms. Information sharing was normal.

Employees were "part worried part happy about the new possibilities" according to the manager.

Phenomena's found

Although both parties were inexperienced in M&A's, they had common interests in expansion which smoothed the process. Buyer made research into the products and production methods of the seller, but made no in depth analysis of its culture. This was not an issue as they were not interested in making cultural changes for Seller B. Management of the seller kept the employees in the dark in the M&A's first phase.

Theoretical matches

The reasons for the merger are clear, as seen in part 2.2.2, operational synergy for both parties was the desired outcome. The company did not try to do any transformational changes within the company as suggested in part 2.2 of the thesis. In merger cases this might be acceptable, depending on the level of integration. As explained in 2.2.3 the studies made by the buyer gave them better understanding of Seller B, making it easier to plan future of the

companies. 2.2 explains how keeping the employees in the dark might create problems during the M&A process.

Brief conclusion

Common goal of expanding their business for both companies made M&A process easy, even though they lacked experience in them. Research made by the buyer was focused only on the processes and ignored cultural factors. This would have been a large problem, but since the goal of the merger was planned early by the buyer it caused no problems. The buyer would only loosely integrate Seller B into itself, allowing existing culture to remain unchanged. No employees quit the company due to the M&A, largely due to the fact that the company retained its identity, values and other cultural aspects.



Figure 1. 4.2.1 , Cultural changes

4.2.2 During M&A

Managerial cooperation between the buyer and the seller was minimal.

Seller delivered information about their company to the buyer upon their request. Seller asked for minimal amount of information in return.

Seller did not distribute information about the merger prior securing the deal, on the buyers side very few knew that the deal was being prepared.

Buyer made visits to the sellers company and the manager described it as “a very normal due diligence process”. Both companies were working in the same field so they were well aware of the work processes.

Buyer introduced itself to the seller’s employees only after the merger. The preparation of the merger was kept in secret in the selling company and the only one who knew about it was the CEO.

Buyer had no interest in altering any cultural rules or values. They were contempt in letting the seller keep their own culture and norms.

Phenomena's found

Cooperation between management of the buyer and the seller was minimal, this can lead to dangerous uncoordinated actions during the M&A. Similar threat is with the sharing of information which was kept to minimum as well. Visits by the buyer were positive, showing commitment to future of the two companies from the buyer's side. Keeping the employees in the dark during the M&A process is dangerous as employees will definitely feel threatened by such behavior.

Theoretical matches

As seen in 2.1.2, synergy within a company is important and this means that communication must flow freely. This has impact on the employees as well as future relations with the buyer. Part 2.2.3 shows how important it is to properly plan the merger within the selling organization as well. This was neglected largely by the seller as they held the information from the employees until the end. The same chapter also discusses anxiety that this sort of action might have caused. Incited by Buono and Bowditch (2004), the withholding of information increases uncertainties and tensions (p.258).

Brief conclusion

During this phase of the deal, due to minimal cooperation both parties were in serious danger of conducting errors in the merger process. Lack of active information sharing did not help this situation. In this case the fact that the merger was going to be rather loose helped to minimize the risks.

Rumors within the Seller B started to circulate as the buyer did their visits, but the management did not inform the employees about the sale. This made the employees uneasy about their future.

Keeping the employees in
the dark



Employees
experience
uncertainty, anxiety



Figure 1. 4.2.2 , Information

4.2.3 Post-M&A

The power of the management was not affected by the merger. The company kept working as it had before the deal.

The cooperation between the two companies was improved through meetings and personnel training.

The seller was very small in comparison to the buyer, the buyer has a well developed global sales network for the products of Seller B. The seller stopped their own sales and marketing and their sales, marketing and distribution was transferred to the buyer's organization. The seller stopped their cooperation with their distributors.

The buyer learned valuable technological information from the seller.

Phenomena's found

Seller B kept its independence thanks to the loose merger with the buyer. There were actions to improve the cooperation between the two companies as well as improving the training of the employees. Seller gained valuable marketing power, supplier network and distribution deals. Buyer gained technological insights. Both companies got value from the merger.

Theoretical matches

2.1.2 points out how important it is to respect the cultural values of a company. Although the buyer made no researching into the seller's culture, it still respected their culture, perhaps unknowingly. Incited by Shristava (1986), the as the companies motivated their workers to cooperate they gave them new opportunities for personal development. (p.72) Sharing same networks and its benefits are further developed by Reed et al (2007) who state that overlapping networks create the opportunity for network efficiencies and synergies.

As the third phase of chapter 2.2.3 shows, there has been proper planning of the level of merging between the two companies. Same chapter also points out

how this will smooth the merger process. Proper planning will also give valuable experience to the companies as they were inexperienced in M&A's.

Brief conclusion

In general, post merger actions were done well. Personnel training and meetings with the new partner helped both parties to work better together. Seller B benefited from networks of the buyer, giving them a chance to use it as a springboard for success.



Figure 1. 4.2.3

Importance of post-merger activities

5 DISCUSSION AND CONCLUSION

5.1 Discussion

Research question 1

“How seller handles the challenges to its company culture in M&A process?”

The seller has to work hard to keep its employees informed about the M&A process. In case the buyer is absent from the seller's company in the early part of M&A process, the information given by the management of the seller to its employees is crucial and has a huge effect on employee morale which has been discussed in chapter 2.1.2 of this thesis. The manager of a selling company also has to make their best efforts to pave the way for new management in case something like that happens during the M&A process. This assures the company's functionality in the post-merger phase.

Naturally the level of the merging during the M&A process is important as well, in case there are no large cultural changes resulting from the process.

Research question 2

“To what extent does the buyer support the seller’s company culture during M&A process?”

The buyers in both cases had very little interest in the company culture of the selling companies during the process. This caused problems anxiety and resistance within the employees. In these cases of anxiety and fear, it seems to fall on the shoulders of the selling company to deal with it. Buyer in case of Seller A also failed to understand the value of the manager that was replaced, as he had a very large influence over the employees as well as the clients and the removal of such an important figure caused problems for the business.

Again, in the case of Seller B the buyer does support the seller in giving them the freedom to continue working as before. Training and meetings were organized post-merger to help future cooperation. New, more efficient marketing, supplier and distribution networks helped the company to better focus on their product development.

5.2 Reliability and validity

The reliability and validity of this thesis was ensured by interviewing the management of the selling companies. The managers were given the choice to give anonymous information in order to encourage them to bring out the potential problems experienced during the M&A process, which is why they are referred as Seller A and Seller B in this thesis.

Most difficulties were given the busy schedules of many managers, reducing the amount of potential answerers. The ones who did answer differed from each other greatly; Seller A was a more traditional businessman, willing to give a lot of information and revealing problems and obstacles he faced during the M&A process his company went through.

Seller B on the other hand, had more engineering background and generally gave short and concise answers to the questions asked.

The fact why the regular employees were left out of this interview was the reality that their knowledge of the inner workings of a merger and acquisition process within their company is significantly lower than their managers. This does not mean that their information is less valuable but simply not as fulfilling and necessary for this thesis as the information held by their manager. As seen in this thesis, the regular employee may be kept completely in the dark during the M&A process until the very end. Interviews with these employees would not yield large amounts of information and would not be cost effective. This is why this thesis has given more value to the information given by the managers only.

As culture of each company is unique, it is not possible to expect homogenous answers to the questions asked. Therefore, it is not wise to use the findings and apply them fully to others cases as stated in chapter 2.1.1 that such a research would become a never-ending task.

Validity of the data received is high; as the managers were assured they could remain anonymous during the interviews if they wish so. This ensured maximum amount of confidential data received from the interviews.

5.3 Conclusion

In conclusion, this thesis proves that proper planning of mergers and acquisitions are needed and even vital for the future functionality of acquired companies. Free flow of information during the M&A process is vital for the well-being and motivation of the employees, as withholding information results in rumors and negative attitudes within the employees that might cause troubles for the company in the long run.

Buying parties seem to neglect the cultural issues of the sellers in the early stages of the M&A process. Again, such issues could be alleviated by sharing information with the companies that they are buying and working with them from the very beginning.

5.4 Future research

This research has shown that there is a further need to analyze and understand the behavior of companies during M&A processes. Some problems faced by the companies were identified and solutions were suggested. Future work should increase the amount of interviewed companies or focus deeply within a specific company to document the process of M&A it experiences from within.

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Appendix 1 Interview for companies

Ennen kauppaa

Before deal

1. Miten yrityksen johto suhtautui ostettavaan yritykseen? Millaisena se nähtiin?

How did the management of the buyer see the seller? What sort of attitude it had towards it?

2. Onko kumpikaan yrityksistä kokenut myynti/fuusiotilannetta? Jos kyllä, millaisia kokemuksia niistä on?

Has either of the companies been through a M&A situation? If yes, what sort of experiences did it leave?

3. Kartoitettiin ostettavan yrityksen rakennetta ennen kauppaa? Tutustuttiinko toimintamalleihin?

Was the structure of the seller examined before the deal? Did buyer explore the work methods etc?

4. Tutustuttiinko ostettavan yrityksen kulttuuriin? Opittiinko siitä jotain ja vaikuttiko se kaupantekoon?

Did buyer explore the culture of the company they were going to buy? Did they learn something from it and did it affect the process?

5. Miten ostettavan yrityksen työntekijät ottivat uutisen myynnistä vastaan? **How did the employees of the company that was going to be bought take the news of the M&A?**

Kaupan aikana

During deal

1. Kuinka läheisesti yhteistyötä tehtiin yritysten johdon välillä kaupan aikana?

How closely did the managements of the companies work together during the process?

2. Kuinka tietoa jaettiin kaupan aikana yritysten kesken?
How was the information distributed between the companies?
3. Miten työntekijöille annettiin tietoa kaupan kulusta?
How were the employees informed about the process of the M&A?
4. Miten saitte tietää ostettavan yrityksen osaamisen tason? Tehtiinkö vierailuja tai tarkasteltiinko työntekoa käytännössä?
How did the buyer know the level of expertise of the seller? Did they make visits or did they study work being performed?
5. Miten yritys edusti itseään kaupan aikana ostettavassa yrityksessä?
How did the buyer represent itself in the company that was being bought during the process?
6. Muutettiin ns. "pelisääntöjä" ostettavassa yrityksessä?
Were some of the ground rules of the company that was being bought changed?

Kaupan jälkeen

After Deal

1. Miten yrityksen ostetun yrityksen johtajan valta muuttui yrityskaupan jälkeen?
Looking at the company that was bought, how was the manager's power changed after the M&A?
2. Millaisia muutoksia yhteistyön parantamiseksi tehtiin kaupan jälkeen?
What kind of changes were made to improve co-operation after M&A?
3. Onko tulevaisuutta varten luotu kehityssuunnitelmia? Hahmoteltiinko näitä jo kaupantekovaiheessa tai sitä ennen?
Have there been plans for future development? Were these planned during the process or even earlier?
4. Kuinka täydellisesti ostettu yritys sulautettiin teidän yritykseenne? (esim. pelkästään johtaja vaihtui, mutta muuten toiminta jatkuu samana vai muutettiin kaikki toiminta muistuttamaan teidän yrityksenne toimintaa?)
How completely was the seller merged to the buyer? (for example only the manager changes but otherwise things continue as normally or was everything changed to resemble the functions of your company?)
5. Opittiinko ostetulta yritykseltä jotain mitä ei aiemmin yrityksessänne osattu/tiedetty?
Was something learned from the seller that was bought that was previously not a know how or knowledge for the buyer?

Appendix 2 Seller A Interview

Ennen kauppaa:

1. Ostaja oli erittäin kiinnostunut ostettavasta yrityksestä, sillä se oli erikoistunut elintarvikehygieniää vaativiin puhdistustoimiin. Tämän kaltainen osaaminen on niin arvokasta, että ostaja oli valmis tarjoamaan hyvää hintaa omistajalle eikä pitkiä neuvotteluja hinnasta tarvittu.
2. Ostava yritys laajeni Suomessa ostamalla pienempiä yrityksiä, sillä markkinat ovat Suomessa kuitenkin varsin kehittyneet ja joka paikkakunnalta löytyy oman alan yrityksiä. Ostava yritys laajensi omaa erikoistumistaan tälle alueelle juuri tämän oston kautta. Kaiken kaikkiaan ostava yritys oli varsin tottunut ostotilanteisiin. Myyjälle tämä oli ensimmäinen kerta.
3. Ostavalle yritykselle annettiin kaikki pyydetty tieto, eikä myyntivaiheessa yritetty jarrutella tiedonjakoa. Myyvä yritys oli halukas antamaan apua ostajalle ilman erillistä pyyntöäkin.
Toimintamalleihin tutustuttiin vähän ostajan puolesta, sillä yritys oli erittäin halukas lisäämään ostettavan yrityksen osaamisen itselleen eikä syvällisiin analyyseihin ollut kiinnostusta.
4. Myyvän yrityksen kulttuuri oli varsin tasainen, monimutkaisia johtoportaita ei yrityksessä ollut vaan johtajan alaisuudessa toimi 5 yksikköjohtajaa jotka hoitivat kukin oman siivousryhmänsä toimintaa Turussa ja sen lähialueilla.
Ostajalle yrityksen kulttuurin tutkiminen ei kuitenkaan ollut tärkeää, ostava yritys tahtoi kehittää omaa osaamistaan eikä mielenkiintoa ns. ”pikkuasioihin” ollut.
5. Yrityksen työntekijöistä ainoastaan yksi lähti myyntiprosessin takia, muussa tapauksessa työntekijät ottivat uutisen myynnistä vastaan hyvin. Johtaja kävi paikan päällä selittämässä työntekijöille missä mennään ja miten asiat tulevat etenemään jatkossa. Työntekijöille yritettiin antaa hyvä kuva siitä, mitä heille tulee tapahtumaan ja yritettiin välttää työntekijöiden lähtöä kaupan takia.

Kaupan aikana:

1. Ostajalta ei tullut myyvän yrityksen johtajalle paljoa informaatiota, kaupan yhteydessä tehtiin selväksi että entinen johtaja pysyy siirtymävaiheessa vain avustavassa tehtävässä ja johtajuus ja vastuu siirtyy ostavan yrityksen määräämälle johtajalle. Edellisen johtajan valtaa rajoitettiin siis selvästi oston jälkeen ja sen aikana.

2. Ostavan yrityksen johtaja kävi palavereissa asiakkaiden kanssa. Myös työntekijöiden ja johdon välillä kulki tietoa tarpeeksi, työntekijöiden asenteet pidettiin positiivisena oston yhteydessä.
3. Ostettavan yrityksen toimintaan ei perehdytty, kiinnostusta osaamisen tasoa kohtaan ei ollut sillä ostaja tahtoi vain laajentaa omaa erikoistumistaan. Yrityksen taktiikka oli varsin ostopainotteista ja aggressiivista.
Työntekijöiden kannalta tilanne oli sinänsä ikävä, ettei tulevaa johtoa opittu tuntemaan eikä se osoittanut kiinnostusta heihin mikä loppupeleissä vaikuttaa negatiivisesti yrityksen toimintaan.
4. Ostaja ei edustanut itseään ostettavassa yrityksessä, johtaja kävi paikalla kun kauppakirjoja allekirjoitettiin. Myyntishokkia työntekijöille olisi voitu helpottaa jos yrityksen johto olisi vaivaantunut esittäytymään uusille työntekijöilleen.
5. Suurimpina muutoksina palkitsemiskäytännöt muuttuivat, ei haluttu palkita tiettyä yksikköä eri tavalla kuin organisaation muita yksiköitä. Eli käytännössä vanhoja malleja hillittiin ja kuluissa ehkä säästettiin.
Tavoitepalkkiot joiden antamat edut olivat huomattavat, ajettiin pikkuhiljaa alas samoista syistä. Eli toimintaa tahdottiin yhtenäistää ostavan yrityksen organisaatioon sopivaksi.

Kaupan Jälkeen:

1. Uusi johto astui melkein välittömästi valtaan ja yrityksen edellinen johtaja menetti valtansa käytännössä kokonaan kolmen kuukauden siirtymävaiheen päätteeksi. Vastuu siirtyi kuitenkin heti uudelle aluejohtajalle. Riskinä olivat muutokset asiakassuhteisiin, sillä edellinen johtaja oli luonut varsin hyvät henkilökohtaiset suhteet asiakasyrityksiin.
2. Yritys toimi vanhalla nimellään 1,5 vuotta omana yhtiönään. Yritykselle annettiin siis jonkinasteinen vapaus, mutta johtajuus ja omistajuus vaihtuivat selvästi. Sulautumiseen annettiin siis selvästi aikaa, mutta sen oma identiteetti kuitenkin säilyi.
3. Yrityksen varalle ei ollut suunnitelmia, tiedettiin vain että tahdottiin keskittää yrityksen toiminta lähialueille. Käytännössä jatkettiin vanhalla mallilla, mutta uudella omistajalla.
Ostava yritys oli kuitenkin tehnyt kattavan tutkimuksen alalla toimivista yrityksistä alueella ja se tiesi selvästi ostettavan yrityksen arvon ja asiakkaat. Tästä eteenpäin ei kuitenkaan ollut muita suunnitelmia.

4. Yritys säilytettiin omana yrityksenään, kustannussyistä tämä on järkevää sillä tämänkaltainen hygieniapalvelu on selvästi kalliimpaa tavalliseen siivouspalveluun verrattuna.
5. Ostava yritys oppi ehkä, että täysin vieraalle sektorille levittäytyminen ei ole viisasta ilman tarkkaa suunnittelua, mikä voi taata asiakastyytyväisyyden.
Jos alasta ei ole kokemusta on vaikeaa johtaa jo olemassa olevaa yritystä jolla on vahvat taidot ja omat arvot. Yritys menetti asiakkaansa, sillä ostava yritys ei hallinnut kyseistä erikoisalaa tarpeeksi hyvin ja muutama vuosi kaupan jälkeen työntekijät palasivat pienempiin yrityksiin.

Appendix 2 Seller B interview

Ennen kauppaa

6. Miten ostavan yrityksen johto suhtautui ostettavaan yritykseen?
Millaisena yritys nähtiin, miten suhtautuminen näkyi ostettavan kannalta?
Kiinnostunut yhdistämään olemassa olevaa teknologiaamme ja tuotteitamme heidän tuotteisiin muuttuvassa markkinatilanteessa.
7. Onko kumpikaan yrityksistä kokenut myynti/fuusiotilannetta? Jos kyllä, millaisia kokemuksia niistä on?
Ei kokemusta.
8. Kartoitettiinko ostettavan yrityksen rakennetta ennen kauppaa?
Tutustuttiinko sen toimintamalleihin?
Kartoitettiin. Tutustuttiin.
9. Tutustuttiinko ostettavan yrityksen kulttuuriin? Opittiinko siitä jotain ja vaikuttiko se kaupantekoon?

Esille ei noussut mitään erityistä. Saman alan toimijoita.

10. Miten ostettavan yrityksen työntekijät ottivat uutisen myynnistä vastaan?
Osin huolestuneina, osin tyytyväisinä uusiin mahdollisuuksiin.

Kaupan aikana

7. Kuinka läheisesti yhteistyötä tehtiin yritysten johdon välillä kaupan aikana?
Varsin vähän.
8. Kuinka tietoa jaettiin kaupan aikana yritysten kesken?
Ostettava toimitti pyydettyjä tietoja ostajalle. Ostajalta pyydettiin tietoja varsin vähän.
9. Miten työntekijöille annettiin tietoa kaupan kulusta?
Ostettavassa yrityksessä ei lainkaan ennen kuin kauppa oli varmistunut.
Ostavassa yrityksessä hyvin harva tiesi, että kauppaa valmistellaan.
10. Miten saitte tietää ostettavan yrityksen osaamisen tason? Tehtiinkö vierailuja tai tarkasteltiin työntekoa käytännössä?
Tehtiin vierailuja. Varsin normaali due diligence (legal, financial, business) prosessi. Saman toimialan yhtiöitä, ostaja pystyi hankkimaan relevantteja tietoja myös muualta kuin ostettavasta yhtiöstä tietoja pyytämällä.
11. Miten ostava yritys edusti itseään kaupan aikana ostettavassa yrityksessä?

Ostaja ei käynyt kertomassa itsestään henkilöstölle mitään ennen kaupan toteutumista. Kaupan valmistelut pidettiin salassa ostetun yhtiön henkilöstöltä toimitusjohtajaa lukuun ottamatta.
12. Muutettiin ns. "pelisääntöjä" ostettavassa yrityksessä ostajan toimesta/pyynnöstä?

Ei ole muutettu pelisääntöjä.

Kaupan jälkeen

6. Miten yrityksen ostetun yrityksen johtajan valta muuttui yrityskaupan jälkeen?
Ei juuri mitenkään. Ei muutoksia toimintaan.
7. Millaisia muutoksia yhteistyön parantamiseksi tehtiin kaupan jälkeen?
Tapaamisia, koulutusta.
8. Onko tulevaisuutta varten luotu kehityssuunnitelmia? Hahmoteltiinko näitä jo kaupantekovaiheessa tai sitä ennen?
Ei tehty ennen kaupan syntymistä. Kaupan syntymisen jälkeen kehityssuunnitelmia tehty.
9. Kuinka täydellisesti ostettu yritys sulautettiin ostajaan? (esim. pelkästään johtaja vaihtui, mutta muuten toiminta jatkuu samana vai muutettiin kaikki toiminta muistuttamaan ostajan toimintaa?)
Ostettu yritys hurjan pieni ostajaan verrattuna. Ostajalla oma maailmanlaajuinen myyntiverkosto ostetun yrityksen tuotteille → ostettu yritys lopetti oman myynnin ja markkinoinnin, ostetun yrityksen tuotteiden myynti, markkinointi ja jakelu siirrettiin ostajan organisaatiolle, ostettu yritys lopetti yhteistyön jakelijoidensa kanssa.
10. Oppiko ostava yritys ostetulta yritykseltä jotain mitä ei aiemmin yrityksessä osattu/tiedetty?
Teknologioiden osalta kyllä oppi.