

TECCANADA

PEOPLE CULTURE AND THE BOTTOM LINE:

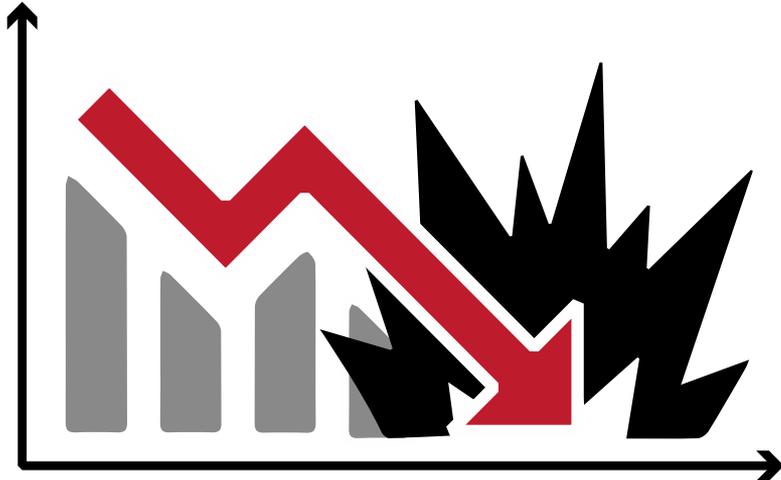
How They Impact Transitions
And Financial Success

LORNA JOHNSTON MBA, TSTA

TEC Canada Chair: CEO group 309 | Founder: The Change Institute
ljohnston@tec-canada.com | lorna@thechangeinstitute.com

CORPORATE FAILURES

“Acquisitions can result in serious damage to your corporate health, up to and including death.” LEWIS AND KCKONE



1968 NEW YORK CITY AND PENNSYLVANIA RAILROAD
from 6th largest in USA to bankrupt in 2 years

1998 DAIMLERCHRYSLER

*\$31B loss in 9 years. “how do you pronounce that?”
Daimler, the Chrysler is silent”.*

2000 TIME WARNER

\$71/share to \$15/share in 8 years

2013 SOBEYS/SAFEWAY

... half the value disappeared in 3 years

2013 VIVENDI/SEAGRAM

JEAN-MARIE MESSIER, (Read Snakes in Suits perhaps) gutted Seagram’s and destroyed a large chunk of the Bronfman fortune. Messier still collected his \$20M severance package.

“...most deals don’t fail because of the financial part ... They fail because of the culture part”

ELLIS JACOB, Cineplex

“...deals go bad because people can’t or won’t adapt ... ”

BARRY ZEKELMAN, Zekelman Industries

WHO CREATES CULTURE?

Everyone all the time.

HOW IS CULTURE CREATED?

Second by second as people interact with each other

Other aspects influence culture, and are created by people!

Vision, mission, values are central to everything that follows. KPIs, KROs, policies, procedures, financial structures, accountabilities, office layout, organizational structure, management structure, communication strategies, compensation... ..

60-90% of M & A's fail to realize value

WHY

1. Overestimate the benefits
2. Underestimate the costs
3. Misaligned cultures
4. Toxic cultures

CULTURE IS BEHAVIOUR

The CORE OF A FAILED M&A is a people issue.
The stories we tell ourselves and each other influence our feelings and determine whether our behavior solves problems or not.



Attitude is the precursor to behavior

Overly concerned with acceptance

(Takes a one down position with others)

- Low EQ
- *Get away from.....*

Mutual Value And Respect

(Equal as human being)

- High EQ
- *Gets on with.. solving the problem*

Withdraws, struggles, resists

(We are both losers!)

- Low EQ
- *Get nowhere with....*

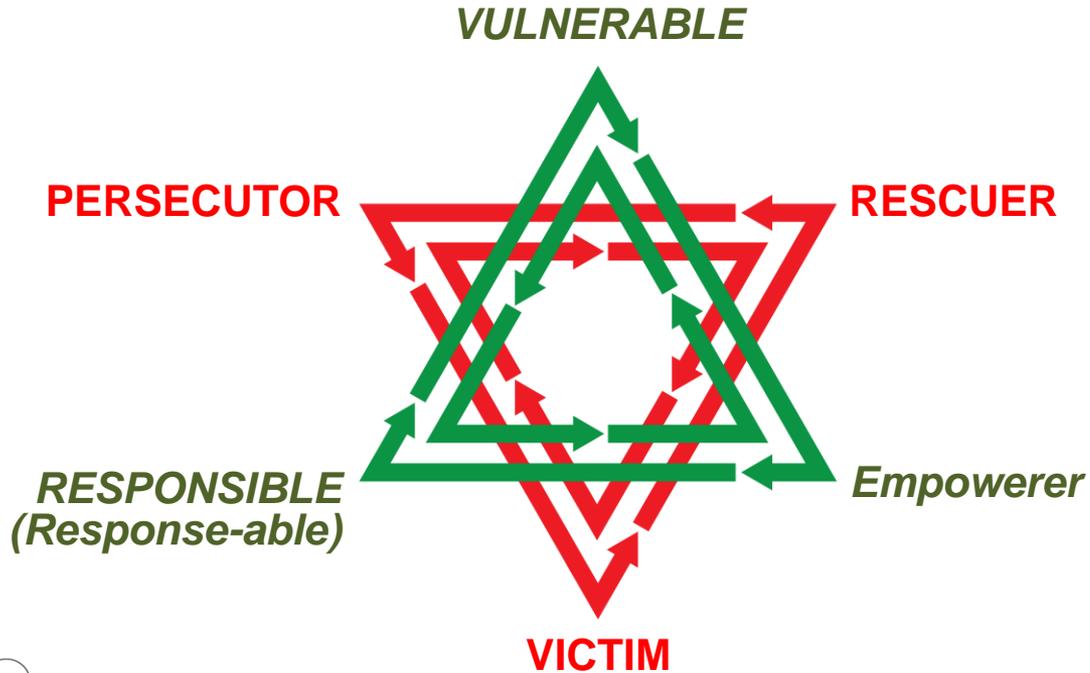
Aggressive, manipulative, suspicious, arrogant, controlling, rigid

(Takes a 'one up' position with others)

- Low EQ
- *Get rid of*

Exercise

Roles for Failure and Roles for Success



The Bystander Role

Fully Engaged

Be a leader others want to follow

1. Communicate and problem solve based on mutual value and respect of each others ideas?
2. Invest in listening as much as talking? People think communicating is talking!
3. Demonstrate emotional intelligence that ultimately determines execution capabilities? People have to follow for you to be a leader.
4. Communicate what decision has been made, how the decision is beneficial, and clearly communicate expectations followed by copious amounts of acknowledgement and validation for what people are doing well?
4. Align what you say with what you do?
5. Ask for feedback and value it as gold. We are often blind to our impact when we think our intentions are positive.
6. Is what you do aligned with what you say you are about (values)?
7. Is what you say you value, aligned with the decisions you make?

Successful M & A need people to align *within themselves and to each other*, and *to the vision and the goals*. People need positive strokes and recognition from leaders. Alignment of business synergies is definitely not enough.

Options for Cultural Change – leaders go first

Emotional Intelligence: know what you feel and know how your behavior invites others to feel. Avoid taking up roles of Persecutor, Rescuer or Victim.

Positive strokes and recognition. Options for change.

Take responsibility for your own thoughts, feelings and behaviors. (that's EQ).

“if I accept that *I create my own reality*, then I have to wonder for some parts what the hell I was thinking' it is so much easier to look elsewhere than inside me”

Actively generate options. This avoids Psychological Games from the roles of Persecutor, Rescuer, Victim and Bystander

Embrace your vulnerability, don't be a bystander. It is the only way to be fully engaged– merger or not.

TECCANADA

WHERE RESULTS MATCH AMBITION

Lorna Johnston MBA TSTA
ljohnston@tec-Canada.com
lorna@thechangeinstitute.com