The Challenges Associated With a Corporate Culture Integration Initiative: A Report on Transition Management

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Abstract

Managing transitions is one of the most challenging aspects of all leadership endeavors. In this paper, the author presents a hypothetical example of a major organizational change—the assimilation of members of a small, privately owned company into the corporate culture of a much larger company. Following this, a change agent consultant must create an action plan for implementation of mandatory initiatives that will occur both rapidly and incrementally. Using concepts from transition management expert William Bridges, author of the book *Managing Transitions* (along with support from supplementary authors), a diagnosis of the major problems discloses that the task at hand is far more complex when investigating further. Such a diagnosis reveals that the difference in cultures, integration, and transition shock will be considerable, and employees are likely to experience various forms of grief.

A proposal of solutions lays the foundation for a variety of initiatives that an independent change agent should pursue in implementing a successful organizational transition program. Examples include the establishment of a Transition Monitor Team and developing a way to encourage people to let go of the old (Bridges, 2003). Altogether, an experienced, detailed, and well-prepared change agent should prove to be an indispensable resource in the management of a major organizational transition.

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Introduction

The art of managing transitions is perhaps the most vital of all leadership endeavors. As Robbins (2005) states, “Today’s successful organizations must foster innovation and master the art of change or they’ll become candidates for extinction” (p. 12). To demonstrate an example that coincides with Robbins’ quote, this paper will present a hypothetical organizational transition by describing the change, diagnosing the major problems caused by the change, and proposing solutions.

Description of the Change

Company A, a hypothetical company, is one of the largest food and beverage companies in the world, with more than 190 manufacturing facilities, a workforce of more than 98,000 employees, and brands that are marketed in more than 150 countries. Among its principles of diversity and inclusion, the company lists structuring and upholding a collaborative work environment and culture by including diverse ideas and outlooks that will impel greater innovation and the best business solutions. Additionally, Company A believes in developing annual objectives so that it builds a worldwide workforce at all levels that resembles the greater society, creating and demonstrating shared responsibility at all levels that fosters a participatory work environment, employee development and support for organizational values and professional behaviors, and using open and honest communication to share diversity initiatives and results with employees and others.

Recently, Company A purchased Company B, a smaller privately held beverage manufacturer that posted net sales of more than $150 million the previous year. Company A is faced with the challenge of assimilating the remaining members of Company B under the broad umbrella of Company A’s corporate culture. After being hired to conduct a corporate culture assessment of Company B, an independent change agent consultant has concluded that there are some notable differences. For example, while Company A encourages diversity, creativity, innovation, and is open and responsive to change, Company B leans toward homogeneity, is resistant to change, and emphasizes adherence to rules. The change agent consultant has been hired to create an action plan for mandatory initiatives that will occur both rapidly and incrementally.

Diagnosis of Major Problems

The first major problem found in the transition is that there is an attempt to blend the corporate cultures of a large and small company. The uniqueness here is that Company A, the larger publicly traded corporation, holds less of an institutionalized culture than Company B, the small privately owned company. Nonetheless, the task at hand for the change agent is significant, as each entity holds a distinct culture and environment. Because of the difference in cultures, integration and transition shock will be considerable (Bridges, 2003). Thus, it is best for the change agent to institute slow incremental (versus rapid) change so that sufficient time is allowed for what Bridges refers to as The Neutral Zone or “Going through an in-between time when the old is gone but the new isn't fully operational" (p. 5).

Given that Company B is privately owned, it is not in what Bridges (2003) refers to as the Making It phase or, "the point at which it begins to reap the rewards of its successful early development in the form of financial success, workforce growth, an expanding product line, and an increasing reputation for whatever it does" (p. 80), but rather an institutional phase. However, decisions are likely made more quickly because the leadership is monolithic.

The employees of Company B are likely to experience several forms of grief. Such a grief shares similarities to that experienced by downsized employees whose work intensifies and morale lowers in lieu of heightened insecurities (Cappelli et al., 1997). Also, there's the fear of a power shift or need to learn new skills (Kegan & Lahey, 2002) Notably, they may experience grief of the loss of a smaller, privately run company, having decisions made quickly, understanding the operations and organization of the company, homogeneity (by working with those similar to each other), security of knowing the rules and how they are enforced, consistency and knowing what will happen day to day (versus being innovative and creative), job security (the new employees do not know if they will be acceptable to the new company), coworkers who might be reassigned our outpaced, old company culture (including traditions, stories, and history), and the security of having clear and concise rules that everyone follows (Bridges, 2003). Such problems may be classified as restraining forces to change, which are obstacles during the transition process (Egan, 1988). The change agent is faced with a challenging task; thus, a stringent outline of solutions must be proposed.

Proposal of Solutions

As Bridges (2003) states, "Change is situational" (p. 3) while "Transition, on the other hand, is psychological; it is a three-phase process that people go through as they internalize and come to terms with the details of the new situation that the change brings about" (p. 3). In proposing solutions for the major problems diagnosed, a multifaceted transitional process must be initiated. Immediately, it will be necessary to determine the behavior and attitudes that will need to change. The change agent must be specific in doing this. After this, it's imperative to analyze who will lose something after the acquisition of Company B. The change agent must be familiar with the idea of loss, as this pertains more to a process of letting go (versus change) (Bridges, 2003). The change agent must be experienced, detailed, and meticulous. For example, when addressing organization transition as corporate reengineering, Hammer and Champy (1993) state, "As with chess, so with reengineering: The key to success lies in knowledge and ability, not in luck. If you know the rules and avoid making mistakes, you're extremely likely to succeed" (p. 200).

Duck (1998) writes, "for change to occur in any organization, each individual must think, feel, or do something different" (p. 56). This begins with the first component of managing the grief of company employees, which involves assessing the transition readiness and reacting accordingly. Such an assessment includes looking at whether there's a widespread sense if the change is needed, determining if the proposed change has polarized the workforce, determining whether the level of trust within Company A's leadership is ample, deciding if the change has been talked about to those affected in as much detail as possible, and determining if the those involved understand that the transitions will take significantly longer than the changes involved (Bridges, 2003). Additionally, it's important to allow for sufficient time in The Neutral Zone, which Bridges says is, "the time when repatterning takes place: old and maladaptive habits are replaced with new ones that are better adapted to the world in which the organization now finds itself" (p. 9).

Having meetings to discuss the change and its impact individually and collectively is another key element to the process. Regular meetings, even daily, can prove effective and efficient in managing the change process. Simultaneously, the coordinators must be briefed and given the appropriate seminars on how to manage properly the change process (Bridges, 2003). Preparedness is key, as Giuliani (2002) adds, "Creating reasons for those who work for you to establish their own culture of preparedness is part of being a good leader" (p. 65). Those who are overseeing the change must be trustworthy and believable. Some necessary actions include doing what one says she or he is going to do, listening carefully, sharing oneself sincerely, and asking for and encouraging feedback. Another requirement is to clarify the purpose, or ensure that the reason for the acquisition is clear. People involved must embrace the purpose instead of identifying with objectives. The change agent would do well to point out the benefits of the change and the opportunities (Bridges). For example, a move to a larger corporate structure will likely mean increased benefits, stock purchase options, and multiple other opportunities.

Setting up a Transition Monitor Team (TMT) as an integral component of the grief management process is a fundamental proposed solution. When speaking of the TMT, Bridges (2003) states, "However the team is chosen, it has to be educated. Part of the education is about transition, because this is not a general feedback channel but a way to find out the effects that transition is having on people" (p. 148). Before the TMT executes its plan, its members should heed the writings of Greiner and Schein (1988), who state, "Increased knowledge of power in both the situation and oneself will greatly enhance one's ability to assist others in changing while also preserving integrity for all involved" (p. 179).

Another tactic is to coach the CEO of Company A on how to act as a manager of transition (Bridges, 2003). The contribution of the CEO could be perhaps the most essential component to ensure an effective organizational transition. Philosophizing on a leader's contribution, Sun Tzu (2003) states, "The consummate leader cultivates the moral law, and strictly adheres to method and discipline; thus it is in his power to control success" (p. 21). Bridges adds, "the leader's task is to determine (usually in collaboration with others) the outcome of the change project and to keep reminding people what the outcome is and why it is important to achieve it" (p. 154). The change agent should point out the benefits of the change and the opportunities.

In addressing the need to assimilate the members of Company B into Company

A’s culture, which places emphasis on high principles of diversity and inclusion, a rigorous evaluation of all aspects of Company B’s cultural diversity initiatives is needed. A potential apparatus is the benchmarking assessment provided by the periodical *DiversityInc*. The DiversityInc Benchmarking questionnaire is an online survey that measures four levels of one’s organization and compares the results against what the research division of the periodical deems to be the top 50 ranked companies in the implementation of diversity and inclusion programs. The evaluation measures the management commitment, human capital, corporate communications (internal and external), and supplier diversity (“DiversityInc Benchmarking,” n.d.). After administering the survey to the remaining members of Company B, the profile that results could be compared to that of Company A so the appropriate planning can take place.

Another instrument to assess a diverse culture is the Intercultural Development Inventory, which measures where one stands on a scale between a polarized ethnocentric worldview and what Bennett (2004) refers to as an *ethnorelative* worldview, or, “the experience of one’s own beliefs and behaviors as just one organization of reality among many viable possibilities” (p. 62). Ehnorelativism also refers to an increased level of cultural sensitivity in which one has the ability to look at the world through the eyes of multiple cultural perspectives. The term is derived from Bennett’s Developmental Model of Intercultural Sensitivity, which lists six stages in the development of intercultural competence. They are (in order) the ethnocentric stages of *denial*, *defense,* and *minimization*, and the ethnorelative stages of *acceptance*, *adaptation,* and *integration* (Bennett, 2004). Early and Mosakowski (2004), who refer to the ability to lead and manage from a multicultural viewpoint as *cultural intelligence* (CQ), state:

> [A] person with high CQ can somehow tease out of a person’s or group’s behavior those features that would be true of all people and all groups, those peculiar to this person or group, and those that are neither universal nor idiosyncratic. (p. 140)

By being able to do so, this means, “successful managers learn to cope with different national, corporate and vocational cultures” (Early & Mosakowski, 2004, p. 139). Thus, both an Intercultural Development Inventory and CQ Diagnosis would be effective in assessing Company B’s cultural diversity so that the change agent could create an action plan for assimilation into the cultural norms of Company A. Upon comparing Company B’s results with those of Company A, the change agent will be able to propose a more effective training program for the transition.

In letting go of the old, it’s necessary to identify who is losing what. This includes describing the change in detail, determining who it is that is going to have to let go of something, and determining if there is something that is over for everyone (Bridges, 2003). When referring to acknowledging the losses openly and sympathetically, Bridges states, “You need to bring losses out into the open—acknowledge them and express your concern for the affected people. Do it simply and directly” (p. 27). Additionally, it’s good to accept and assist those experiencing change through the process of grieving.

Other methods to assist in letting go of the old include compensating people for their loss, continually providing information about the transition, defining what's over and what's not, treating the past with respect, letting them take a piece of the old way with them, and showing how endings show the continuity of what really matters (Bridges, 2003). Burke (1987) adds, "As OD practitioners, we are concerned with providing people with choices so that their feelings of freedom will not be unduly curtailed and thus their resistance will be minimized" (p. 79). Taking this into consideration will help in streamlining the proposed solution process.

Conclusion

Throughout the course of this paper, a description of a major organizational change, a diagnosis of the major problems, and a proposal of solutions have all been outlined. As Sull (2002) writes, "One of the most common business phenomena is also one of the most perplexing: when successful companies face big change in their environment, they often fail to respond effectively" (p. 84). Though there are intense challenges that are involved with a corporate culture assimilation initiative, a well-prepared change agent who utilizes concepts outlined here should prove to be an indispensable resource in the management of an organizational transition.

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