Bridging cultural gaps in the workplace during M&As

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Mergers and acquisitions (M&As) can be transformative for businesses, often saving money while leading to greater efficiencies and market expansion. However, while M&As can create a more diverse organization, they also present challenges—one of the most significant being the integration of different company cultures.

Why it matters: Conflicting workplace cultures can hinder collaboration and overall business performance. By understanding and navigating these cultural differences, credit professionals can facilitate smoother M&A transactions and improve collaboration with their counterparts.

Integrating company cultures

One struggle for credit managers during M&As can be integrating different company cultures. For instance, one company might have a stricter work environment, or one may be partially remote while the other is entirely in office. Or maybe the acquiring company tries to overrule the acquired company's work culture. "Sometimes, the tendency for the acquirer is to take control of everything and underestimate the amount of work, the number of transactions and what the company brings in and realize later that it's best to leave things as they are and let them stand on their own," said Barry Hickman, senior director of credit at Dal-Tile Corporation (Dallas, TX).

It is important to navigate and respect these differences in office culture and ensure both companies adjust. "Having everyone come to the table with an open mind to understand and learn from each other has been key as we work to integrate the best practices from both companies," said Brett Hanft, CBA, credit manager at American International Forest Products (Portland, OR). "In our recent M&A, both teams have been conscientious and dedicated to accepting change, learning from new team members and working together to help grow our consolidated business."

Managing communication

Managing communication is another M&A transaction challenge for 17% of surveyed credit professionals, whether it's within teams, across departments or with customers, according to a recent *eNews* poll. Given the numerous changes and the merging of two organizations, ensuring that everyone is aligned and informed can be difficult.

"Communication is always a challenge in M&As, especially with key stakeholders and new roles," said Michelle Kelly, CCE, CCRA, CICP, senior credit manager at Mansfield Oil Company of Gainesville, Inc. (Gainesville, GA). "Which is why I established clear communication channels and used Teams to have personal conversations. Fostering a collaborative environment was important as everyone was comfortable sharing concerns. By addressing issues with empathy and reassurance, I built strong relationships and ensured smoother communication, leading to a successful transition."

Facilitating communication across departments is a challenge in itself but facilitating it across departments in another company adds another layer of difficulty. “In a recent M&A, because sales and credit don’t always share a harmonious relationship, I needed to make sure they all knew our team was dedicated to helping the sales team be successful,” Hanft said. “I would encourage all credit and finance professionals to be proactive with your communication—take the initiative to introduce yourself to others. Being professional, polite and friendly tremendously helps ease the uncertainty of change for all the new members of your integrated team.”

The bottom line: Mergers and acquisitions offer growth but demand careful navigation of policies, systems and cultures. Credit professionals must navigate conflicting work environments to ensure smooth M&A transactions and mitigate future risk.