the case of acquisitions

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... and avoid disrupting their own work force with terminations. Similarly, with respect to behavior, the Process would call for the “A” employees retained to “assimilate” — to behave like “B’s.”

Since management appears to place no special value on the capabilities of “B” personnel over their own, and since they apparently see no advantage in “B” technologies, The Giraffe/Elephant Process and its emphasis on requirements would prescribe that the IC opt to “include” “B” people only as necessary, and avoid disrupting their own work force with terminations. Similarly, with respect to behavior, the Process would call for the “B” employees retained to “assimilate” — to behave like “A’s.”

Stated differently, because of the acquisition’s governing requirement and the similarities between “A” and “B” employees, the Process would prescribe “inclusion” of “B” staff only as necessary, and also “assimilation” with respect to their behavior. “A” executives were not seeking to improve their human resources, but rather to expand their capital asset base.

Culture. The acquisition generates a mixture of the two corporate cultures. Should “A” or “B” culture be the dominant one for the acquisition? Or should a hybrid of both cultures be developed? Or should a culture different from either “A” or “B” be sought?

Given that no requirement or apparent interest exists around changing “B” culture, and given that the desired integration of the capital assets can occur within the context of “A’s” existing culture, the Process would prescribe that the IC “exclude” “B”’s culture. This reasoning also would dictate the avoidance of any departure from “A’s” culture.

Location. To the extent “B” does business in or from locations different from those of “A,” the acquisition results in location diversity. Which sites should be newly opened/closed, consolidated or reinstated?

Once again, the determining criterion would not be that of the governing requirement: the integration of the capital assets. Given the conclusions above that “A” people should not be disturbed unnecessarily and that “A” culture should prevail, the IC’s preference (inclination) might be to shut down all “B” sites and to consolidate all assets at “A”’s locations. This “exclusion” arrangement, however, might not be optimal for the integration of capital assets. Instead, here, the IC would have to thoroughly review sites in pursuit of an understanding that would facilitate decision-making. This “build relationships” approach might lead to some consolidations on the properties of “A,” or the closing of some “A”’s locations. While such actions might disrupt “A”’s workforce with those locations and probably some terminations, the governing requirement would be served.

Implications for Implementation

From the discussions above, several implications flow regarding implementation. For example, the section on applying the Process highlights the reality that a — if not, the — major benefit of Diversity Management is that it focuses decision-making on requirements, as opposed to personal preferences, traditions that are no longer relevant, or conveniences. This is the essence of effective management of diversity, whether one is addressing racial and gender diversity, or some other form.

With the exception of the location diversity mixture prescriptions, the Process guided the hypothetical IC in the direction of their initial inclinations; however, with a different governing requirement, the results could have been significantly different. For example, if the controlling requirement had been “to access the intellectual capacities of “B”’s people,” the Process would have advocated a much greater priority for retaining the acquired human resources — regardless of the preferences of “A”’s key people.

A second implication is that Diversity Management is not solely a human resource process, but also a general management tool. This enhances the potential of Diversity Management for an organization, and facilitates establishing a high priority rationale for institutionalizing Diversity Management. Finally, a critical implication is the importance of Application Sessions. Essentially, Company “A”’s Integration Committee held an Application Session wherein they applied The Giraffe/Elephant Diversity Process as a tool to facilitate decision-making around the merger. Such a session takes the process out of the training room and imbus within the culture of the company. These sessions serve as practice opportunities that hone individual and organizational diversity skills and capabilities. Without these sessions Diversity Management likely will remain an ideal — a theoretical construct that is unattainable, albeit inspirational.

Notes

1. The Giraffe/Elephant Fable, for which our process is named, can be found in Building a House for the Diversity. How a Fable about a Giraffe and an Elephant Offers New Strategies for Today’s Work Force

2. While the diversity dynamics of acquisitions, mergers and joint ventures are similar, space considerations will limit this specific discussion principally to acquisitions.


we worked with determined that the following were their key performance areas:

- Education
- Communications
- Staffing
- Strategic Inclusion
- Leadership and Employee Behaviors
- Career Development

This list may be quite different for another company. It depends on their culture and priorities. None of the companies we have worked with have exactly the same lists.

The key is to fit the company’s culture and objectives.

2. A measurement strategy is designed for the top 4-10 indicators, even if some of them are thought to be difficult (or impossible) to measure. The strategy for education in the sample company was to find the percentage of people across various pay levels and in different divisions who attended company-sponsored diversity training. A second measurement strategy example, one that illustrates the flexibility of the scorecard approach, is in the leadership and employee behaviors areas. Here, the company awarded points for such things as establishing action plans and benchmarks, diversity council participation, and evidence of grassroots diversity participation.

3. Key managers and other stakeholders are brought into the development process at the earliest stages to make sure they understand and agree with the strategy. Companies use a variety of approaches, depending on their unique cultures, to involve executives, managers, and other key stakeholders in the process. Top executives are often briefed in a meeting and asked for feedback. Lower level managers may be asked to participate in the “stubby pencil” design work as the measurement approach is being developed. Others may just receive memos on what is happening. The key is to allow all to “have their say” as the process goes forward.

4. Baselines, weights, and levels of achievement are purposefully designed to match the diversity challenges of each part of the company. In our sample company’s measure of strategic inclusion, a key component was to determine the amount of progress for diverse groups (e.g., women, minorities) in reaching higher-level positions in the company. A baseline percentage for these groups was established in 1999. In the total system, strategic inclusion was weighted to be worth 23% of the points. Within this area, the leaders determined that success along any diversity dimension would be equally rewarded, so the weights for each demographic group were equal. (They could have decided to put more weight on women’s representation, for example, but that was not their design after thoughtful discussion and analysis.) Levels of achievement were determined as follows: Minimum—no decline from 1999; Target—2% improvement; Superior—4% improvement. In order not to “compare incomparables,” these levels of achievement were not the same in every business unit and division. One part of the company had no possibility for improvement, so their scoring was based on maintaining the same levels as 1999. Again, this decision was made on the basis of rational business and diversity considerations.

5. An experienced expert oversees the development, plus, by its very nature a point system using baseline comparisons overcomes many traditional statistical traps. PRISM provides the expert external consultants to guide the company through the development process and help them avoid the pitfalls. Some companies may have already started along the journey, so our part is to make sure they can implement their strategy with a sound statistical approach, one that is practical and will work for them, and to build a computerized tracking system to make it easier to implement.

6. Feedback from all key stakeholders is sought (and used!) during the development process. The best way to do this is to have them involved in the planning and development meetings. But that is not possible for many busy executives. So, often they receive memos, e-mail, samples, computer (or VHS) videos, or mini-briefs on the project. Their feedback is important, no matter how they are brought into the process. In our sample company, a critical suggestion from a senior manager who was invited to a planning meeting resulted in the linking of the scorecard to the company’s pre-existing performance measurement system. This not only added credibility to diversity measurement, but also seamlessly integrated the scorecard with an accepted approach used in other areas of the company.

7. The whole measurement strategy is customized and integrated with the strategies and systems appropriate to each client, and the critical performance indicators are derived from the company’s vision and strategic plan. What this meant in our sample company was that the company’s business strategy, which included global expansion plans, was considered. The unique challenges and opportunities for each business unit, how diversity can contribute to success, the meaning and impact of diversity in each part of the company (U.S. and overseas)—all these and other factors were part of the design process. And, as mentioned earlier, the diversity measurement system was completely integrated with the other key reporting systems (e.g., financial, marketing, sales) in the company.

In conclusion, measurement is a difficult process, but with the right approach it can be key to your success in leveraging and managing diversity. It’s the right thing to do, but be sure you do it right!