



# Cultural Due Diligence

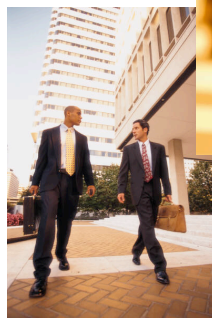
“Of course the merger was a success. Neither company could have lost that much money on its own”

*Steve Case, Former Chairman of the Board,  
AOL / Time Warner*

## Why should we be interested in Cultural Due Diligence?

Between 55 and 77 percent of all mergers fail to deliver on the financial promise announced when the merger was initiated, and they fail for the same two basic reasons:

- Failure to assess the potential impact of attempting to merge and integrate the cultures of the companies involved.
- Failure to plan for systemic, systematic and efficient integration of those cultures.



Culture clashes result in internal confusion and in-fighting often

characterised by unfamiliar ways of doing and talking about things. These in turn result in huge inefficiencies, loss of momentum and increased internal focus at the same time that the new company needs absolute ringing clarity on purpose, plan and action with strong external focus.



**The cultural due diligence process is proactive problem solving in advance**

**Be prepared**

A cultural due diligence from Gugin will give to a clear indication of the cultural challenges you are going to face. One of the deliverables will be a proposed process for dealing with these challenges in the post-merger integration process. We address both the organisational and national cultures in our due diligence

using a systematic and comprehensive framework .

Integrating organisations is probably not your core competence - it is ours. By working with Gugin you can keep your eyes on your business, your customers and your competitors

## What do you get?

- ✓ Detailed cultural profiles of the organisations involved.
- ✓ Specification of cultural similarities and differences in our cultural dimensions.
- ✓ Prediction, specification and prioritisation of cultural friction points and their impact on the merger process.
- ✓ Estimation of the degree of difficulty in integration the organisations.
- ✓ Specific recommendations on ways to avoid and/or minimise cultural friction during the integration.
- ✓ Recommendations on organisational adjustments in order to minimise cultural friction.
- ✓ Integration road map for implementation of recommendations.

We go through the following steps during the process:

- ✓ Cultural self-assessment.
- ✓ Organisational effectiveness assessment.
- ✓ Assessment of potential target companies.
- ✓ Detailed cultural assessment of target company.
- ✓ Assessment of strategic objectives in relation to the cultural friction.
- ✓ Identify cultural integration success measures
- ✓ Alignment- and integration planning.



Please visit [www.gugin.com](http://www.gugin.com) for more information or feel free to contact us any time for a discussion on how we can help you succeed integrating two or more organisations.

## Gugin

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## The process

Not two mergers are alike, so we customise each process in order to maximise effectiveness. Our qualitative methodology involves interviews, focus groups, workplace observations and documentation reviews. The quantitative methods utilise web-based surveys and benchmarks

