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Risk Reduction, Post-Deal Integration Success And Long-Term Value Recognition for Acquisitive Clients

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It is clearly is in the interest of M&A attorneys to help their clients make the mergers they undertake as successful as possible. Successful mergers pave the way for future deals while those that fall short of their strategic or operational goals become impediments for future ones. Success breeds success and it strengthens the client-counselor relationship in many ways.

This paper focuses on how M&A attorneys can help their clients increase the likelihood of the success of the mergers they undertake by knowledgably guiding them toward an emerging form of timely due diligence and pre-closing planning work that heretofore has not existed… work that increases the likelihood of successfully integrating one acquired entity into another. The paper specifically focuses on “mergers” involving “the acquisition of one company by another, and their combination into a single legal entity,”[1] a definition that purposefully encompasses "consolidations" in which “both companies join together to create a new corporation.”[2] The article is intended to provide in-house or outside M&A attorneys sufficient insight and information to be able to recommend to their clients a new methodology to mitigate the root causes of failed mergers: the lack of cultural compatibility.

I. THE OUTLOOK FOR MERGERS

More so than at any previous time, today’s mergers are, by-and-large, based on valid and well-conceived strategic principles and are undertaken with the support of the most rigorous legal, financial, and business due diligence processes that have ever existed. Furthermore, the means of properly valuing a target company have also become highly sophisticated. In addition, the long-term outlook for the economic and financial conditions for doing mergers and acquisitions is improving, although more so in some segments than others. Given these factors, one would expect the climate for doing mergers would be quite positive as we move into the second decade of the 21st Century.

Yet, in spite of these positive factors, there are four others factors at play that will make merger transactions more difficult to undertake unless they are purposely addressed. The four factors impeding merger activity are:

A. The shoddy track record of success of past mergers.

B. The biggest risk factor affecting merger success has, historically, not been purposefully assessed

[1] Webster's New World Law Dictionary Copyright © 2010 by Wiley Publishing, Inc., Hoboken, New Jersey.

[2] http://legal-dictionary.thefreedictionary.com/Mergers+and+Acquisitions.com Copyright © 1981-2005 by Gerald N. Hill and Kathleen T. Hill.

C. Increased Accountability of Boards.

D. Hard data that is current, fact-based and relevant that can be used for proper integration planning simply has not existed.

Unless these factors are satisfactorily addressed and overcome, deals that otherwise have every reason to proceed – solid strategic purpose; rigorous legal, financial and business due diligence; risk-reduced valuations; and positive economic conditions – run the risk of not getting done. Or worse: if undertaken, they run a high risk of failing. These four "deal derailers" warrant a closer scrutiny.

A. <u>Factor One: Shoddy Track Record of Success.</u>

According to the research undertake by KPMG, 83% of all mergers fail to achieve the expectations held for them at the time of the transaction.[3] Furthermore, it appears that the magnitude of these failures is not small. According to research by A.T. Kearney done over a decade ago of 115 global acquisitions in the range of $1B to $10B, 58% *reduced* shareholder value, rather than increased it.[4] Subsequent A.T. Kearney research has affirmed these research findings.[5]

Applying these historical failure rates to more recent merger activity, the implications of the legacy failure rates is quite staggering. Merger transactions tracked by Capital IQ indicate that 8,700 mergers with an average value of $82 million each occurred per year during the five year period of 2006 to 2010.[6] Applying the KPMG and A.T. Kearney to today's mergers, then, it would appear that an average of 7,400 mergers undertaken in 2011 will fail to deliver the expectations held for them at the time of closing, and nearly 5,000 of them (56%) will produce lower shareholder returns in 2013 than this year. With over $715 billion dollars of investment at risk in any given year these days, it is clear that the stakes are high and the odds of doing a successful merger are not very good.[7]

B. <u>Factor Two: The biggest risk factor affecting merger success has, historically, not been purposefully assessed</u>

The reason why the success rate of mergers is so poor is because the single biggest causal factor has not been examined in any rigorous manner during the due diligence and pre-closing planning stages. This single biggest risk factor is known as "cultural compatibility," the extent to which the cultures of the two organizations ultimately fit with one another.[8] According to Professor Thomas Zweifel at Columbia University, 75% of failed mergers can be attributed to "cultural risk factors" (also called "people risks.")[9] Cultural risk is the fundamental incompatibility of the culture of the merged organizations to fit with one another in whole or in part.

As indicated above, the chances of a merger being successful are roughly 17% with failures representing the other 83%. Of those that fail to measure up to the expectations held of them at the time the deal was put together, cultural factors account for 64%, while other causes amount to 21%. Cultural factors (a.k.a. "people risks") are, then, the largest single cause of merger failures by a wide margin. This stands to reason, given that, to date, there have been no rigorous cultural assessment processes incorporated into due diligence investigations and/or pre-closing planning disciplines – no measured, data-based attempts have existed to assess the single biggest cause of merger failures: cultural incompatibility.

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3 KPMG. (1999). *Mergers and Acquisitions: Global Research Report 1999*. London

4 A.T. Kearney (1999) *Corporate Marriages: Blight or Bliss?* (pp. 1, 17)

5 A.T. Kearney (2001) *Merger Endgames: Industry Consolidation and Long Term Strategy* (p. i)

6 http://www.capitaliq.com/

7 http://www.capitaliq.com/

8 The notion of "cultural fit" has been explored in-depth in previous works by the author, most notably in *The Right Leader: Selecting Executives Who Fit* (Wiley, NJ., 2009), pp. 111-136.

9 Zweifel, Thomas D. *Culture Clash: Managing the Global High Performance Team* (Select Books, NY., 2003), p.51

C. Factor Three: Increased Accountability of Boards.

According to the NACD (National Association of Corporate Directors), the top three issues facing corporate boards in 2011 are:

1. Strategic planning.

2. Corporate performance.

3. Risk management. [10]

The Conference Board views the top three issues facing boards today as being:

1. Executive compensation.

2. Risk management.

3. Governance compliance.[11]

Without question, boards are increasingly being held responsible for managing the risk profiles of their corporation which will, over time, broaden the definition of the Duty of Care for which directors are individually held accountable. Several factors have contributed to the increase in that board's responsibility for risk management over the past decade, beginning first with the issues that led to the creation of the Sarbanes-Oxley Act of 2002 and more recently by the 2008 financial crisis in which highly respected corporations like Lehmann Brothers and AIG went under as a result of the high level of unperceived risk implicit in their business models.

Regardless of the reasons for the increased emphasis on board-level accountability for risk management, the fact that boards must now scrutinize *all* aspects of corporate risk portfolios will invariably generate much closer examination of the risks implicit in undertaking a merger. Given the historical failure rates of past mergers cited above, it is going to be increasingly difficult for boards to meet the expectations of shareholders in the area of risk management if they cannot specifically address the single largest causal factor associated with doing a merger.

No matter how robust and professional their legal, financial, and accounting due diligence and post-closing processes may be, boards today need additional analytics in order to have the confidence, the understanding and the hard facts to know that *all* risk factors – especially the largest risk factor heretofore not purposefully addressed – are fully understood and fully mitigated, Lacking a factual assessment of the cultural compatibility of the two entities, boards of the acquirer can be expected to increasingly withhold their endorsement of proposed mergers rather than be perceived as having failed to exercise their more broadly defined Duty of Care.

D. Factor Four: Lacking hard data for integration.

Until recently, no fact-based M&A tool has existed to assist acquirers in accurately accessing the degree of cultural compatibility (i.e., people risk) in a given transaction. There has been no methodology to pinpoint the areas *where* the lack of compatibility is the greatest, let alone to identify the nature of those risks and the actions that can be taken to reduce them. More notably, in spite of all the reams of "data room" data that are gathered and reviewed during the course of doing a deal, the historic approach to doing mergers fails to collect and analyze any truly meaningful data that can be used by senior executives and line managers of how to effectively manage the conflict areas that will arise when trying to bring the cultures of two entities together.

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[10] NACD *(2011) 2011 Public Company Corporate Governance Survey*

[11] http://tcbblogs.org/governance/2010/12/21/top-2011-issues-for-directors-and-ceos/

Meaningful integration planning, sufficient to improve the odds of merger success, requires the capture of highly granular, current and relevant data to be effective. Such data would need to take into consideration not only the *overall culture* of the organizations, but it would also need to take into consideration a variety of sub-cultures found at different geographic locations and within different functional areas. Other factors such as the organizational levels of the people involved in the integration; the gender of key employee groups, as well as their years of service must also be considered when developing integration plans to bolster success.

II. INTRODUCING "COMPATIBILITY MAPPING"

Compatibility Mapping is a technique pioneered by Crenshaw Associates to identify and pinpoint the cultural compatibility of an acquirer's cultures with those of its target company. It is specific to each individual situation. The process has been designed to positively address the four factors that will otherwise serve as barriers to undertaking mergers. More importantly, Compatibility Mapping improves the likelihood of deal success by assessing the single largest cause of deal failures ("cultural risk" or "people risks") heretofore not measured nor purposefully scrutinized. Compatibility Mapping provides boards of directors with solid, fact-based reasons to proceed with a specific transaction with confidence, knowing that they have performed their Duty of Care in *fully* assessing all the potential risks associated with folding the two companies together. Most importantly, senior executives and operating leaders benefit from having advance knowledge of where problem areas will occur and their relative magnitudes… advance knowledge that can be used for integration planning based on hard, highly granular data sufficient to improve the likelihood of the deal's success.

A. USES OF COMPATIBILITY MAPPING

From a cost-benefit perspective, the greatest value of compatibility mapping is as an integration planning tool. The tool produces a host of comparative "culture maps" – well over 10,000 different iterations can be assessed depending on how the data is collected and sorted. Culture Maps can be used to pinpoint where significant differences in each company's culture exist and their magnitude. The process provides much needed pre-closing data for planning and control purposes, enabling senior executives who are responsible for overall deal success to have adequate and focused oversight of the key success-factors in the integration process. Line managers responsible for specific departmental assimilation success can be coached and provided with tools to help ease the shock of cultural integration and increase the likelihood that the people who must deliver the expected synergies are, in fact, working together toward the same end.

Compatibility Mapping can also provide an important database for due diligence purposes depending on the structure of the deal process and timing factors. If initiated on a timely basis, the research can provide specific information to acquirers regarding the risks associated with this particular transaction that have not been previously identified and to give leaders the assurance that mitigation plans are underway. Although desirable, the use of Compatibility Mapping as a due diligence tool is not always possible due to other compelling realities of the deal structure or timetable due to the nature of the transaction.

B. DESCRIPTION OF COMPATIBILITY MAPPING

1. <u>Process Evolution.</u>

Even though "Culture Mapping" has only recently emerged as a means of evaluating and understanding the culture of an organization, the notion of "Corporate Culture" has been around for a while. Most business executives understand that the corporate culture is unique and serves a core competitive advantage, many believe that it is something that is "implicitly understood" by everyone who is a part of the culture, equally and similarly. Many feel that they, therefore, fully understand the nature and salient aspects of their Corporate Culture. Unfortunately, given the true nature of cultural factors, this is rarely the case. Like others in their company, executives can only know the portion of their Corporate Culture that they experience which is a limited aspect of the organization's cultural totality. Furthermore, one's ability to understand the effect of culture on people is best appreciated by those who are not a part of it because of the highly subjective nature of the cultural experience. Unless a Corporate Culture is purposefully studied, and comprehensibly measured cannot be understood, harnessed or managed effectively.

The notion of culture mapping is the central topic of a book written by Nat Stoddard and published by Wiley in 2009 entitled, *The Right Leader: Selecting Executives Who Fit*. The process was originally developed over the course of seven years as a means of determining the cultural fit of an individual with a given organization (the intent was to increase the likelihood of success of a newly appointed CEO, the failure rates of whom are only slightly better than those of merger transactions). The process that began as a selection tool has since morphed into a multipurpose decision-making tool for leaders. Whereas it was originally begun as a qualitative assessment, it is, today, a quantitative measurement of a culture. The process has evolved from being paper-driven to electronically-based and from assessing subjective insights of individuals into being based primarily on empirical data regarding derived from measurement the company's culture.

2. Research Methodology.

Today, the Compatibility Mapping tool for assessing organizational cultures is a web-based survey consisting of between 30 and 100 situation-dictated questions, designed to identify the relevant cultures and sub-culture elements in both the acquirer's organizations and those of the target. Initial experiences with Culture Mapping have involved companies in the automotive, personal care, financial services, and construction industries with firms ranging in size from $100 million to $20 billion. The ownership of these organizations has been public, private equity owned, privately owned, and family owned.

The Compatibility Mapping process is based upon a set of specific research questions that are modified to reflect the specific "jargon" of both the acquirer and the target to the extent possible. In addition, culture-related concerns of the acquirer's leadership team are incorporated into the survey. The final survey questions are then loaded onto discrete websites created for both the acquirer company and the target company. Demographic data for the selected participants who are chosen based on sampling techniques: generally a sample of between 100 to 250 people at each firm. The results of the surveys and the demographic data are processed by a third party processor to ensure anonymity of the responses. (Protocols are established so that responses of groups of less than three persons cannot not be reported.) The data is processed, reviewed, and analyzed by Crenshaw Associates, and special reports as requested by the acquirer's leadership team are provided. In addition, Crenshaw provides resources to help the integration planning team as it focuses on the cultural compatibility issues. Most importantly, the database and software are provided to the acquirer for their use and analysis as they see fit.

3. Executional Timetable.

In a typical engagement, the length of time between the approval of the use of the compatibility mapping tool and the delivery of the first report is five weeks end to end. The workflow entails the development normative statements, which are finalized, and a hierarchy is set for their analysis. Website design and demographic data is loaded while the normative statements are being finalized. Advanced e-mails to participants go out during this timeframe as well. The websites are open and operative for approximately two weeks to provide sufficient time to gather broad-based data from all participants in the sample. Reminder e-mails (generally four) are sent out to the non-respondents of the sample during this timeframe to increase the likelihood of participation. It takes only seven to ten days to cleanse, combine, and analyze the data before it is available to the acquirer for analysis and use in integration planning. This work is undertaken for both the acquirer and the target organizations in parallel so that comparative data is available when needed.

4. Confidentiality.

   a. Individual Anonymity. The data that is gathered is protected by multiple areas of users. The processors do not provide any connectivity between individual responses and the names of those who provided them. Protocols do not allow the data to be aggregated in smaller than three groups for sake of analysis. Verbatims are cleansed to exclude all proper nouns and reviewed to ensure that comments that might reveal an individual's identity are removed.

   b. Process Confidentiality. Due to the confidential and sensitive nature of merger negotiations and the related disclosure and insider trading rules of the Securities Exchange Committee and other regulatory entities, legal advisors have well-placed concerns about keeping the circle of people privy to knowledge of a pending acquisition as small as possible. There is an obvious concern that participants in a Compatibility Mapping survey not link the research with the potential of a possible merger transaction. Fortunately, Compatibility Mapping is a tool that can be, and often is, used for purposes other than those just in conjunction with a merger. It is easily introduced to the participants at both the acquirer's company and at the target's company as an "employee survey pertaining to our company culture, the results of which are of great interest to the leadership tea" – which is indeed a truthful statement. Due to its structure and its nature, the Compatibility Mapping tool does not raise any more "flags" to its participants regarding its possible use in conjunction with the sale or purchase of a their company than does any other on-going or one-off employee survey administered for a completely unrelated purpose.

III. CULTURE DEFINED

In spite of the fact that most executives will agree that "culture is extremely important" and that the culture of their organization is a "key asset to their business success," very few can actually define what it means and why it is so important. A simple, yet comprehensive, definition of culture has been provided by sociologist, Clyde Kluckhohn:

> *"Historically created designs for living; explicit and implicit; rational, irrational, and non-rational; that serve as guides for behavior of their members."*[12]

Another definition, more applicable to the business context, is provided by Melvin Goodes the former CEO of Warner-Lambert from 1991 to 1999 when the company grew from $9 billion to $60 billion who described culture as:

"… the coding of values and deeply held beliefs that mold an organization's decision patterns guide its action and drive individual behavior."[13]

Culture, then, provides guides for people regarding how they should behave in a particular situation. The historically created "guideposts" examined in the Compatibility Mapping process are climate, followership, alignment, values, and engagement. These guides for behavior are examined for the members of each relevant organization and subgroup. These terms can be defined as follows:

A. Climate: "Shared perceptions of the workplace experience."

B. Followership: "Shared feelings of trust and respect and the acceptance of the authority of those that lead."

C. Alignment: "Shared understanding of direction purpose of the organization."

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[12] Donald Valdes, Ph.D., Sociology 101 class notes, Denison University (February 14, 1963).

[13] Goodes, "Transforming the Culture of a Global Enterprise… One Employee at a Time" Dauphinas and Price, *Straight from the CEO: The World's Top Business Leaders Reveal Ideas That Every Manager Can Use*, (Simon Schuster, NY)., 1998.

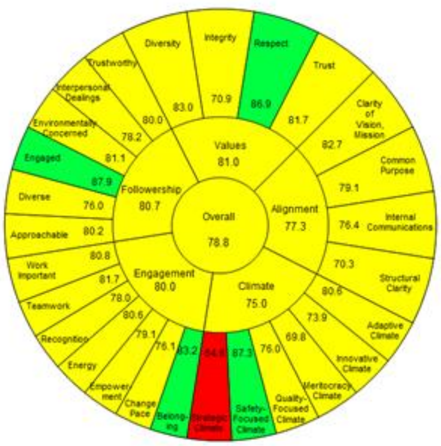
D. Values: “Shared beliefs about proper conduct and treatment of others.”

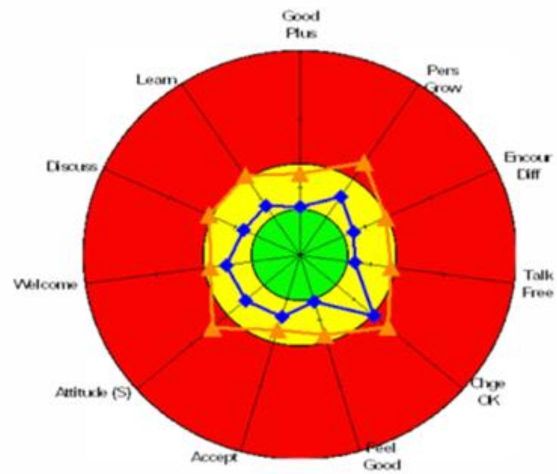
E. Engagement: “Shared commitment and zeal for the work.”

It is important to note that cultures not be judged as “good or bad.” Instead, they must be seen as being “strong or weak.” A strong cultural attribute is one that is broadly shared among the organization’s members, whereas a weak one is one that is inconsistently shared among the members.

IV. MEASURING CULTURES USING COMPATIBILITY MAPPING TECHNIQUES

Culture Maps are generated from the data and presented in color-coded “Wheel Charts” or in comparative “Spider Graphs” which are sometimes also called “Radar Charts.”





WHEELCHART

SPIDER OR RADAR CHART

In these charts, green is used to indicate cultural attributes that are “strong” while yellow indicates attributes that are of medium strength and red indicates weaker cultural attributes.

Given the great number of detailed comparisons created in determining the compatibility of two organizations on a very granular basis, such visual images as these are greatly preferred over verbal descriptions and written reports as they convey considerable information quickly. By representing the data pertaining to each company’s key cultural elements in this fashion, Compatibility Mapping allows analyses to be performed quickly, the findings to be more easily understood and their significance more readily grasped.

V. EXAMPLES OF COMPATIBILITY MAPPING BENEFITS

Compatibility Mapping provides heretofore unavailable insights into where cultural differences exist that will potentially become problem areas when trying to merge one company into another. The following are examples of real-life situations in which Compatibility Mapping helped an acquirer to better understand the risks they would face in the post-integration assimilation process and what they could do to mitigate those risks.

A. Example One:

The European-based parent of a US subsidiary questioned whether the culture of a $500 million family-owned business (the target) would be compatible with that of its $20 billion US subsidiary (the acquirer.)

The Compatibility Mapping research clearly disclosed that, at the operating levels in the field, the cultures of both the acquirer and the target were extremely compatible. In fact, the cultural “guides” at both companies were so similar that people who worked at the target company would, with only a few “rough points” quickly feel readily “at home” once absorbed into a comparable work group within the acquiring company.

Armed with this knowledge, the executives at the European parent gave their approval to go ahead with the deal and the executives at the acquiring U.S. subsidiary elected to move ahead with their integration plans at the field operating units more quickly; thereby realizing anticipated synergies associated with the consolidation sooner.

B. Example Two:

As in virtually all transactions, the sole point of contact for knowledge about the target company came from its executives, all of whom in this particular situation were members of the same family. The picture they painted for the buyer was that “the family is the glue that holds the company together” and, for this reason, the family members should, by and large, be kept on after the deal closed for the sake of leadership continuity essential to the future success of the operation.

The results of Compatibility Mapping, however, showed a very different picture. The data indicated that while the family-members were respected, they were not trusted and that employees felt disengaged and unaligned with the interests of the company’s leaders. Retaining the family members to run the business would make the integration process more difficult than if new leaders from the acquiring company were put in place because, consistently, people at the target company wanted to work in a professionally managed culture with values and corporate practices similar to those of the acquirer. Contrary to what the sellers tried to convince the acquirer to be the case, the employees at all levels within the corporate headquarters were tired of the nepotism and inconsistencies they had experienced under the family.

Consequently, the deal structure was changed to give the acquirer quicker and more full control right from the start and family members were not given long term contracts as they had hoped in order to get the acquirer’s leaders in place quickly.

C. Example Three:

An acquirer wanted to know before closing whether there were any significant differences between the values, alignment, engagement, climate, and followership guidelines of the three key target divisions that they were acquiring, and the extent to which these cultural attributes differed from those of their own operating divisions.

The results clearly showed that the cultural elements of two of the three target’s divisions were very similar not only to each other but to the acquirer’s field operating divisions as well. The culture of one division, however, was significantly different from the other two even though its performance figures were not significantly different.

Rather than wait for a problem to crop up as a result of differences in leadership values and philosophies, the acquirer elected to replace the division president of the third division with one of their own immediately upon closing to bring the outlier division closer to the desired cultural value-set of the new parent and the other two acquired divisions.

D. Example Four:

Prior to undertaking Compatibility Mapping, there was no particular concern on the part of either the acquirer’s or the target’s leadership teams regarding the level of engagement (a key to higher retention, lower turnover, and higher productivity rates) of any particular group of employees.

Using the data from Compatibility Mapping, Crenshaw researchers found that, at both the acquirer *and* the target companies the demographic of the least engaged group of employees was that of *"females, with three to five years of tenure, at mid- or lower-levels of management."*

With this new insight, leaders at the acquiring company included in their post-acquisition transition plans the creation of a task force headed by senior-level female executives from both companies to investigate this phenomenon and identify root causes and cures to improve retention and reduce the costly turnover potential. This initiative had additional benefits in that it brought executives from the two companies together who might otherwise not have had a basis for connection and it demonstrated the value to both companies of working together.

Unanticipated cost savings and increased engagement and higher morale ensued as a result.

E. Example Five:

Post-merger communications within the acquiring company generally occurred in a tops down fashion, religiously following the organization's chain of command. Furthermore, having done a number of successful acquisitions in the past, the acquirer was predisposed to integrate on a slower timetable than many companies.

Upon realizing the inordinately high lack of trust felt by the employees of the target company toward their leaders, (see Example Two above) the acquirer made some key decisions regarding its communications plans and its timetable for integration. Rather than have the Senior Leader of each operating group communicate the acquiring company's story to the acquired organizations alone as was the usual way they did things, the Compatibility Mapping research lead each Senior Leader to be joined by several working level people to help tell the acquiring company's story to the new employees. This approach helped to reduce the potential skepticism that the target's employees could be expected to project onto the acquirer's Senior Leader based on the distrust they held for their prior owners. Further, by bring people from the acquiring company into the presentation who not only looked and sounded like them but who, in fact, held similar values and beliefs as they did, it allowed the target's employees to positively relate to the acquiring company's culture in a positive way.

Most significantly, the acquirer elected to pull up the timetable for introducing changes from how they normally did things because they realized that the longer they let things continue the way they had been under the target's leadership, the greater the likelihood that they, too, would be perceived as being "just like the previous owners" and therefore not trustworthy. Accelerating the assimilation timetable, not only had a positive effect on morale, and accelerated the building of trust essential to long-term leadership success, but it also allowed the acquirer to obtain planned efficiencies and synergies faster: all benefits derived from understanding culture in a factual manner.

VI. COMPATIBILITY MAPPING RECAP

Compatibility Mapping is a new tool that can be used by acquirers to assess the compatibility of the cultures of their company with those of a target company and to understand where problem areas will exist once a deal is closed and integration begins. Compatibility Mapping increases the likelihood of deal success by locating and measuring the magnitude of cultural conflicts ahead of time and while there's time to formulate plans to mitigate their potentially devastating effects. Furthermore, it affords executives at all levels visibility into the potential problems that will be encountered and the opportunity to track progress of their resolution on a prioritized basis.

Compatibility Mapping tracks, measures, and assesses the single biggest cause of deal failures: "cultural risks" (also called "people risks") that have heretofore not been measured or fully understood. It is, therefore, a cutting edge tool that will find its place in post-integration planning and due diligence processes of success-minded acquirers.

Compatibility Mapping provides reasons for boards to proceed with mergers with greater confidence knowing that their fiduciary responsibilities have been met through a rigorous approach to merger-related risk management.

Contributing directly toward increasing the success of the deal, however, is the quality of the broad-based hard data that is generated by Compatibility Mapping for use in integration planning. With Compatibility Mapping, integration plans can be developed based on facts and not just on perceptions, intuition and prior experiences that rarely have any bearing on the situation at hand. Granular, fact-based transition plans providing relevant insights into the overall company culture and the powerful sub-cultures at various locations around the company can be developed to examine differences between the two companies on a geographic, functional, organization level, gender, and basis.

For M&A attorneys, introducing their acquisitive clients to Compatibility Mapping is a way to strengthen important business relationships by providing clients access to a cutting-edge approach to reduce the risks of failure and increase the likelihood of deal success. By helping increase the likelihood of deal success, the way is paved for more, and bigger, transactions.

Most importantly for everyone, Compatibility Mapping works. The value that Compatibility Mapping added to one client's merger process is clearly evidenced in the following quote from the EVP and Chief of Strategy for a Compatibility Mapping client:

> *At a presentation to the board last week, discussing the lessons learned from the "Intrepid" deal, Crenshaw's culture mapping and assessment were universally acknowledged as being extremely valuable, not only during due diligence, but also in our transition planning for "Intrepid" post financial close. The cultural landscape painted by Crenshaw gave us invaluable insight into "Intrepid," and I am comfortable in telling you that your work proved pivotal in our evaluation process. Without question, cultural mapping and assessment will be a permanent part of our M&A process going forward. Not only in the US but around the world, Crenshaw has changed the way we do M&A!*