

Points of view**Pierre de Bartha****Co-Founder and managing partner at JPB Consulting**

Pierre has over 30 years of experience as a management consultant, in the field of Franco-German post-merger integrations. He has assisted major Franco-German integration projects such as Air Liquide/Messer Griesheim, Siemens Transportation Systems/Matra Transport International, Faurecia/Leistritz, BMW/Auxilec, Thomson/AEG, Aesculap/Bbraun, EDF/EnBW, Euler/Hermes, BNP-Paribas/Dresdner Bank, Dachser/Gravelot, Otto Versand/3 Suisses, Valeo/ITT Automotive.

Pierre, what does M&A mean to you?

“An opportunity for cross-fertilization but the problem is that they often fail. Every M&A process is marked by one firm belief: ‘take the best of both worlds, and generate the optimized added value’. While this is indeed sometimes true, in most M&A processes it turns out to be wishful thinking. Business cultural differences and harsh realities are much more insidious than acquirers realize.”

Is that especially true in transactions between the French and the Germans?

“Far greater than one might think. In Franco-German M&A, the French typically hope to absorb some of the famous ‘German rigor’, while the Germans in turn wish to gain agility from the so called ‘French flexibility’. But in reality, most post-merger integrations are experienced as relations between ‘dominant versus dominated’ or ‘buyer versus bought’. This results in the proliferation of what we call ‘emotional viruses’: disruption of former reference points, uncertainty, fears, conflicts of interest, diverging motivations, change resistance, and so on.”

Is that not true for all cross-border integrations?

“Yes, emotional viruses are universal in nature, but their handling are culturally bound, resulting in managerial practices that are interpreted differently according to one’s business-cultural beliefs. In practical words, intuitive and reactive management, constant (emulation) pressure, centralized power, performance evaluation of managers according to French criteria such as synthesis ability, reactivity, creativity and ‘débrouillardise’ (exacerbated resourcefulness), are although state of the art practices in France, the ‘5 capital sins’ in German perceptions. Doing it ‘right’ in one business culture thus leads to misunderstandings, misinterpretations, judgement of intentions, false debates and the triggering of parasite reactions in the other culture.” As I often say, “Culture eats integration strategy for breakfast!”

So what is the way forward: the goal?

“The major issue in a post-merger integration is to minimize costs and time; to help concentrate on real management issues such as true conflicts of interest and disagreements. Moreover, as cross-border transactions have ramped up in recent years, it has become even more critical to expertly deal with these challenges head on. After a cultural and mindset assessment, our focus is for instance to identify and coach so called bridge-heads & tandems and institutionalize relational monitoring, to ensure optimized sustainability.”