PRACTICAL LESSIONS OF THE MERGER HORIZONTAL SUCCESS CREATING COMMON POSITIVE VALUE FROM CULTURE OF CORPORATE

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ABSTRACT: *The development history of Mergers and Acquisitions (M & A) a worldwide since 1895 has recorded many success stories. The perfect of M & A strategy helps companies achieve their business/development goals. However, besides the success, there are still M & A deals failing. According to a study by J.P. Morgan failure rates in the deal up to 40%. P. Gibbs,"European mergers of equals have ideal fundamentals to create value, yet Some disappoint", Internal Analysis J.P. Morgan, 10. July 1998. Mergers and acquisitions (M & A) are transactions in which the ownership of companies, other business organizations or their operating units are transferred or combined. As an aspect of strategic management, M & A can allow enterprises to grow, shrink, and change the nature of their business or competitive position.*

KEYWORDS: Culture, Enterprise, Restructure, Mergers And Acquisitions.

INTRODUCTION

There have been many studies and data analysis of famous M & A deals around the globe. Most of study analyzes are usually for successful deals. Information on the media focused more information on the pre-M & A stage than later. This makes many businesses believe that M & A is merely a "acquisition" and "institutional merger" to fulfill a business need or calculation. They usually only care about technical parameters, cost and financial gains, market share... With less emphasis on the underlying factor for success throughout the merger process is corporate culture in Merger Horizontal. Corporate culture may not be a glittering "star" that attracts everyone's attention, but it is a "clean" and "good" atmosphere in which human resources "live" and contribute. Best of all for your business. With the characteristics of the Merger Horizontal form, the cultural, psychological and behavioral conflicts of human resources in two different organizational systems are inevitable if managers fail to notice and see. This is an important issue, especially in post-unification. This conflict will lead to the failure of the deal.

Therefore, this study analyzes Merger Horizontal with a focus on corporate culture - chosen as the core value to create a positive value for synergy or another perspective on thinking. The study does not go into technical analysis but focuses on building an intangible asset management system in Merger Horizontal. Because, after all, whether it is merger or acquisition/takeovers, setting up a culture for effective corporate governance remains an important strategy. All businesses need to have human resources synchronized on the basis of perfect corporate culture, the new activities to achieve the highest efficiency. That is the goal of all M & A deals for any purpose. The above mentioned things, the researcher had chosen topic "***Practical lessions of the merger horizontal success creating common positive value from culture of corporate***" as a paper for finding out key things from corporate culture.

LITERATURE REVIEW

Corporate culture is an intangible asset of the business. In a different way, corporate culture can be considered Internally Generated Goodwill (IGG). Although not calculated by numbers, formulas or figures expressed in the accounting or financial reporting system, corporate culture has a strong influence on the "health" of the business. Therefore, this study is strategic and qualitative in the application of merger horizontal route to bring positive value to enterprises.

Corporate culture refers to the beliefs and behaviors that determine how a company's employees and management interact and handle outside business transactions. Often, corporate culture is implied, not expressly defined, and develops organically over time from the cumulative traits of the people the company hires. A company's culture will be reflected in its dress code, business hours, office setup, employee benefits, turnover, hiring decisions, treatment of clients, client satisfaction and every other aspect of operations.

METHODS OF RESEARCH

Methods of research of the article focuses on the following two focus:

- Build the system of thinking and management of corporate culture in Merger Horizontal.

- Create positive value from the corporate culture.

The two above mentioned focus is also the problem that the author set out in this article. To provide a method for problem solving, the author uses a case study in his or her M & A field to demonstrate and prioritize the strategy and tactics of the application. Positive resonance value for enterprises in M & A.

The article includes the following: merger horizontal summary, two-dimensional analysis through real-world cases & strategic hints create positive resonant values in merger horizontal.

Methods for expert evaluation

Expert evaluation methods utilize the knowledge of user experience professionals in evaluating UX of the system. Compared to user studies, expert evaluation is often easier to arrange. Experts can also evaluate "difficult" material such as product specifications or early prototypes with many technical problems. Basic problems can be avoided by conducting an expert evaluation before a more expensive user study.

Experiential contextual inquiry

Observing the user in real context, researcher taking a role of an apprentice. The method was originally developed for understanding work practices*. When focus is on UX, the researcher pays attention to the emotional aspects of product use: not only the behavior but also the affective aspects of product use.

Contextual Inquiry: Field interviews with customers, enterprises in their work places while they work, observing and inquiring into the structure of their own work practice.

RESEARCH RESULTS

Merger Horizontal and concepts:

Aiello and Watkins define the five stages of M & A. Accordingly, the first phase is the phases of screening of potential M & A opportunities. The next phases include the initial phase agreement, the third phase phase implementation, and achieving closure (fifth phase). In it, the third stage is considered as a very important and time-consuming process. (Due diligence process is the most important and time consuming part of the transaction.)

In fact, due delligence is a very important stage, directly affecting the success or failure of M & A deals. Due Delligence focuses on looking at information on: financial status (present & future, net worth of target enterprise), human resources (determine the value & impact of the source Human resources to the success of the business), customer (customer value, customer relationship status, customer retention capacity after M & A...), facilities status, level of response to development needs), risk analysis.

Human resource & Corporate Culture in Merger Horizontal (MH):

Focus 1: Build the corporate culture & management thinking system in Merger Horizontal

Corporate culture is formed and guaranteed by at least 9 concurrent elements: 1. core value, 2. establishing, maintaining and promoting consistency, 3. Caring & caring staff, 4. Communication in the business, 5. Community communication, 6. Accomplishments & Rewards, 7. Build teamwork, 8. Connect Staff - leadership, 9. commitment to professional training & development direction for human resources.

The nine elements above will answer the questions below to establish and demonstrate the rationale for this study:

"How will these 9 elements in MH apply?"; How will the acquisition business deal with the target enterprise if the two cultures are different?"

From the living point of view, the business philosophy, the experience of the highest executive/founder of the business combined with the cultural - social sciences of the region. The above 9 elements is set up with full details so that all resources in the business follow. In other words, corporate culture must be built, united by the highest level of leadership and implemented by all employees of the business.

Corporate culture is an asset, a basic source of energy to drive a business, but it can not be bought or copied or carried from one place to another.

An author's hands-on experience in joining a M & A business in Vietnam, albeit on a small scale - as a strategic advisor. A Vietnamese enterprise - temporarily called "A" - acquires a foreign business - is called "B" in the field of Laundry (Washing & Dyeing). Of course, the corporate culture fundamentals of "A" and "B" are completely different. Process of restructuring has encountered a problem: the key staff of "B" concurrently requested leave because of the new salary proposed by "A" 50% reduction from the salary that "B" is paying for them, though, They are still fairly well off the market. Without this key manpower, the "A" side will be passive in the production plan due to the particularity of the profession (related to formulas, experience, know-how to meet the requirements of the client). System of "B"). To solve this problem, the author has combined the 3, 4, 5, 6, 7, 8, 9 elements in the following

order: 8. Connect employee – leader > 3. Care & care staffing > 4. Communication in the Enterprise > 7. Building Teamwork > 9. Commitment to Professional Training & Development for Human Resources > 5. Community Communication > 6. Strike timely achievement & reward.

Why choose this sequence, with the first 8 starting?

Through the due diligence process, the author has approached the practice at the enterprise and found that the key personnel of "B" have the manifestation of personal work, lack of connection, work and responsibility to each other, each set. It establishes a "territory" and focuses on its own interests. Typically, the Merchandise department always uses the advantage of direct contact with customers (due to the nature of the industry) to put pressure on the management and other departments. On the other hand, the production department take the whole formula, the know-how of handling defects in production such as discolouration, color variation in comparison with the sample... so often also have requirements on rights. These components are not linked together and always create resistance to each other, even more not actively connected with the company leaders. Human resources, although well-qualified, experienced but lack of synchronism and organization in operation.

Researcher uses element 8 first to reestablish the governance system, creating the initial interaction between the old and the new leadership. Define the views, management and business philosophy for dissemination to all employees. The first response was good when the majority of personnel agreed with the new management philosophy. However, they are not satisfied with the new salary - only half of current income and concurrently resign.

Researcher has been understanding the difficulties of "A" in the post-merger phase, as well as the shortage of key personnel when the sharp decline in income - with his role, the author has used element 3 to solve the problems. The common phrase of the company's members is, "I just accept to stay with the salary as before." In the context of the specialty of the washing & dyeing industry, this is not a normal request or desire, but rather a "strong" pressure. To "break" requirements, old work habits and direct human resources to a new "mindset and viewpoint" work - element 3 is an effective tool in urgent circumstances. "Care and care for employees" is carried out through the following steps: 1. Natural contact; Exploiting natural information; Natural sharing Note: "natural" means honesty, respect and frankness; 4. Find the "empathy"; Proof of goodwill; 6. Comparative analysis of governance between "A" and "B" (Note: comparative but not lighter); 7. Analysis of the actual correlation between the general wage level in the market; 8. Analyzing the profit margin of the company; 9. Persuasive about the company's ability to succeed and the invisible intangible benefits of employees; 10. Create a new spirit of dedication to employees 11. High approval and approval of key personnel with new operating mechanism and income. In it, steps 3, 4, 7 & 9 are the "key" to solve the problem of element 3.

Of course, within the scope of the article, the author does not elaborate on the details of element 3 in this case as it is a process with many "evolutions and compelling circumstances" - mentioned in one article. Write to avoid "stray".

After "relieving" the pressure of "resignation" of key personnel, element 4 was implemented by these personnel. This creates a "credible flow of information" for the rest of the company on management attitudes and philosophy and worker rights. Workers who have been directly

managed by the post-merger management information are no longer anxious and anxious as the initial time.

The author and the board of directors "A" directly implement component 7 "build team spirit" to solidify and improve the efficiency of the steps taken. In order to build up the team spirit, initially, the "A" leadership assigned the heads of departments to implement the SOP with the orientation: to build the process of linking individuals in each department and the process of linking the whole Department within the company. Difficulties emerge when most of the core human resources are confused with working methods that require discussion, judgment, and allocation of joint responsibility for each section of the plant. As in the previous "B" mechanism, the merchandise department operates independently and only in conjunction with the production unit, with component 7, which must be coordinated with the customer service department, QC room and HR room. Responsibilities and interests in close co-ordination between divisions are clearly indicated, more specific guidance in the company's SOP system is established based on analysis and direct discussion with the chief room. Initially, the managers were afraid to lose the "monopoly" in the company that they have built in a long process with the psychological "sharing" powers (in fact, building Building teamwork not to reduce authority) and to exchange information seamlessly between departments. However, the author and management board "A" together with the executives of the SOP executed the first order of "A & B" (actually the "A" order was processed at "B") and Even so, "A & B" has not yet completed its Compliance Evaluation, including technical compliance, social compliance...

Element 9 is the next step applied by the author. In the early stages of mergers & acquisitions, "B"'s core human resources often turned out to be "noncooperative" because they possessed a proven track record of work, experience and know-how in the wash & dye industry. (Remember, in this area, Hong Kong, China dominates absolute compared to Vietnamese). What is "professional training & development orientation"? This is also the direct question that the "B" experts posed directly to the author. And this question is also the problem that the author assessed the management efficiency of "B" is not high during due diligence. It also causes stagnation and can not develop the competitiveness of "B". By asking the following questions:

- Tell us why you work for company "B".

- Give your views and methods of running your business.

- Do you realize that your management has achieved the desired effect?

- When you are the owner, do you appreciate the views and the way of running the current business?

These questions were posed by the author to key personnel to answer their own "training and development" question. The results were unexpected, six of the seven key employees answered "no" to the last question. That is, they are not happy with their own views and ways of working. And they "wake up" that professional skills are not enough to succeed. The problem they are lacking and needs to be trained and improved is work thinking, management thinking and an environment as a basis for corporate culture to promote their professional competence.

Element 5: community communication – It is the step to complete the post-merger business culture roadmap. This factor has a strong impact on the psychology of workers. By the way, they were almost uninterested in community activities, despite the company's unions.

Typically, the "Community Welfare Fund" starts with a portion of the Management Board's after-tax wages (5%) and from operating profit (0.5%). The members of the company make good heart, not obligatory. The community welfare fund is defined as follows: "Fund for visiting activities, support for company employees (not including members of BOD and BOM) in case of emergency and local volunteer activities - Trung An commune, Tien Giang province - such as environmental protection, contributing to increase social security consistent and practical purpose: "For workers, for the environment". On this basis, the Fund has positively impacted the psychology of all employees, especially the key personnel. When the Fund was set up, it immediately became effective, as the quality control manager who has more than 15 years of experience in the industry has had a problem with the health of his or her operation. This fund has been supported by the Foundation in a timely manner without the need for too many procedures. In addition, the Fund has contributed 30 green trees on the internal road to create more shade for workers in the industrial zone. This has created a stirring mood of excitement and reinforced employee trust in the management philosophy of the company's management. As a result, in the first month after the merger, 93% of the consensus employees were attached to the company (7% did not fit the new culture).

Achievement & reward evaluation (element 6) is applied in the roadmap as a testament to the cultural foundation: fairness is always exercised in the enterprise. The author does not elaborate on technical measures, as is well-known (as in KPIs), but rather highlights a new feature of element 6 in the problem solving roadmap: element 6 is not just The final step in the roadmap, which is also the first step in the process of building corporate culture to create resonance at "AB" will be presented later. focus 2: Extreme from corporate culture.

Based on the above concrete evidence, we realize that they are the same people, but with different thinking, strategies, tools and methods - it is possible to build an effective corporate culture. It brings a lot of practical benefits to the company and is a testament to the importance of focus 1: building corporate intelligence in the merger horizontal and management approach.

Resonant value

Focus 2: Create positive value from the corporate culture

Considering a goal often referred to in M & A in general: "Mergers and acquisitions are made with the goal of improving the company's financial performance for shareholders"

Considering a recurring role of resonance in M & A: "Savings from reduction of people"

We recognize that savings from reduction of people are used to represent the financial performance of the shareholders.

In addition, when talking about resonance, both forms: Revenue synergies - which pertain to enhanced performance, as evidenced by increased revenue and cost synergies (greater cost efficiency) - more specifically, reduced costs. After the two companies have joined their strengths, they show the importance of reducing costs and revenue.

This is understandable, however, is it necessary to cut down on people in an organization to reduce personnel costs and increase business efficiency?

As noted above, the corporate culture is Internally Generated Goodwill (IGG). This intangible value must be made up of the human resources of the business. Although MH will have a lot

of duplicate positions, it's not necessarily redundant. Even, there are MH deals, can not cut personnel. Typical cases of "A" and "B" mentioned above are proof. Therefore, in order to achieve the goal of M & A in general as "improving the company's financial performance for shareholders," we should perhaps revise our view of the role of "Savings from reduction of people" in resonance. Adjusting to a broader, multi-dimensional view rather than simply reducing the number of personnel.

So how to create a positive resonance value for MH from corporate culture? Return to the typical "A" and "B" deals with the main problem-solving roadmap: 8. Connect Employees – Leadership > 3. Caring & Caring for Employees > 4. Communicating Information In business > 7. building teamwork > 9. commitment to professional training & development for human resources > 5. community communication > 6. timely evaluation & reward.

From the good results of this roadmap, the author has developed a cycle to create positive resonance value for the business. The cycle is as follows:

8. Connecting Employees: Leadership > 3. Caring & Caring for Employees > 4. Communicating in the Enterprise > 7. Building Teamwork > 9. Commitment to Professional Training & Direction Develop human resources > 5. Communicate community > 6. Accomplish achievements & reward > 1. Core value > 2. Establish, maintain and promote the tradition > 8. Connect employees – leaders.

This cycle starts with the "Connecting Employees - Leadership" element and ends with this element as well. This is also the IGG that the author wants to build for the post-merger "A & B" because it involves an IGG concept; Customers lose confidence because "B" owns an expert source of expertise but often causes manufacturing errors that lead to poor quality products. Re-introducing "A & B" to customers and to persuade them on the basis of old human resources, is not a simple task). Leaders and staff always have the sharing and companionship to solve the problems of the business, forming a solid block in thinking, business management philosophy. This results in a noticeable increase in productivity and efficiency.

As productivity and productivity increase, this positive effect will, of course, spread to customers. The effect is not only reflected in attitudes, behaviors or financial figures, but also in the "rigorous" Customer Compliance Evaluation of "A & B" prior to placing an order. Through these reviews, customers are particularly pleased with the SOP production and management system of "A & B". The combination of "new" and "old" - the perfect combination of "technical" and "corporate governance" on the corporate culture has created "A & B" resonance. Positive: optimizing human resources thereby optimizing production and creating a competitive edge for "A & B" in the marketplace ie successful implementation of the company's "financial performance for shareholders".

Upward is a way to apply elements in corporate culture to create a cycle to create positive resonance value for the "A & B" business alone. But for any MH business, how does this argument and method succeed? And have formed a common strategy to create positive resonance value in the MH?

Let's not forget the due diligence in the process of conducting the deal. This is a period to learn the "differences" between the two enterprises and most importantly to review the main purpose and real needs of the enterprise as well as the shareholders. Because of the fact that there are many MH deals that have hidden purposes behind real names (eg some MH deals in the banking

sector in Vietnam in the past). At this point, we have to look at the problem (the author) as the basis: corporate culture. It comes from the mindset, philosophy & business culture as well as the "real caliber" of shareholders that each deal will have really different goals.

CONCLUSIONS

The results of the study showed that any enterprises, we still use the system of corporate culture to create positive value. Or, in more detail, the nine elements of the corporate culture will be "processed" by the remodeling expert, rearranged in different order to create different "prescriptions" for each brand, breast. Depending on the nature of each deal, the use of prescription drugs will vary. Sometimes, it is prescription tonic and increase the resistance; There is also a prescription for treatment...

Since then, the strategy of building corporate culture is also a common strategy to create positive reward in Merger Horizontal. The order of the various elements depending on the status of each deal is considered a specific tactic to apply. The important issue is the experience and understanding of the strategy builder.

The next study should survey more than 30 customers, 30 experts and 30 trainers of the other provinces in Vietnam. Besides, the next research should survey more than 9 items affecting the strategy of building corporate culture to create positive reward in Merger Horizontal.

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