

Long-Distance Cultural Integration

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Jessica Mason,* human resources manager for Digiwise Technologies, was not easily ruffled. Today, however, as she drove to work on a hazy Colorado morning, she had to tell herself continually to settle down. The virtual meeting wasn't for three hours, and her presentation was ready. Still, she picked up her cell phone and put in a call to Kathy Ramos, her administrative assistant.

"Good morning, Jessica."

"Kathy, how did you know it was me?"

"Who else would be calling me at 7:30 A.M.?"

"Well, as long as I've got you on the line, could we double-check a few things for the meeting? First, what the heck time will it be in England?"

Kathy pulled out her preparation notes. "The meeting begins at 10:30 A.M. our time, which makes it 9:30 A.M. for California and Washington, 11:30 A.M. for Chicago, 12:30 P.M. for Florida, 4:30 P.M. in England, and 5:30 P.M. in Norway. Those international folks will want to be wrapping up for the day. Still, this beats the last virtual meeting we had, when they had to come to work at 10:30 P.M. just to participate."

"That's for sure. We don't want to make that mistake again. I hope they understood, though. These travel restrictions have made virtual meetings a way of life. We really don't have much choice. Although I don't miss the airports, I did get a good sense of what was going on when I made the trips."

"Virtual meeting," Kathy interrupted. "What an odd term. We might as well call it 'practically a meeting,' or an 'implied meeting.' I'm not even sure that it's a meeting at all."

"I think somebody got up on the wrong side of the bed this morning," Jessica teased. "Whether we like them or not, we have to make them work. Unrestricted travel is no longer an option. In spite of that, people still need to be kept up to date. And that's what we'll accomplish at today's meeting."

"Today's quarterly update, virtual meeting, you mean," clarified Kathy. "This is no run-of-the-mill gabfest."

"Thanks for reminding me," replied Jessica. "I wasn't anxious enough already. When I get in, I'd like to run over the meeting slides. I've got only 30 minutes to update everyone on the status of the acquisition at the one-year mark. I don't have a great feeling about how this is going to go. I can already see a dark cloud or two on the horizon."

Hitting the Ground Running

On paper, the acquisition of AI Cobb by Digiwise Technologies looked straightforward enough. Though still a relatively new company itself, Digiwise was healthy and growing. In 1999, CompuOptions (CO) created a new test and measurement company called Digiwise Technologies. In June 2002, Digiwise became a fully independent company, and the year 2003 saw Digiwise grow to about \$13 billion in revenue and 51,000 employees, joining *Fortune* magazine's prestigious list of the 500 largest companies in the world. In July 2004, Digiwise completed its purchase of AI Cobb Technologies. AI Cobb was much smaller than Digiwise, employing 175 people, primarily in Chicago, Miami, and Oslo. AI Cobb joined Digiwise's Network Group Solutions Business Unit (NGS). The acquisition was made in an effort to increase the size of NGS's portfolio and market space in wireless services. AI Cobb offered Digiwise products and services that complemented its existing range. With the acquisition completed, AI Cobb no longer existed; it was part of Digiwise NGS.

After one year, the combined products and services were proving to be a good fit, and NGS had more growth potential than predicted. Jessica acknowledged this. However, as she had pointed out to the executive management team on more than one occasion, she also felt that Digiwise should have spent more time considering the cul-

tural differences between the two companies. While she had expected a small, entrepreneurial company like AI Cobb to operate differently than a large company like Digiwise, Jessica realized that she had underestimated the challenge of merging these groups of workers into a single, unified workforce. From the beginning differences had arisen over decision-making practices, communication styles, work environments, and work procedures.

These difficulties were exacerbated by the geographic isolation of the units. Former AI Cobb employees—now Digiwise employees—worked from their ex-AI Cobb sites with Digiwise employees around the world. But they rarely met together physically, which required most of their communication to be electronic. Many workers complained that they were expected to contribute to long-term projects with coworkers whose faces they'd never seen. Now, after a year, many of these problems continued to surface in conversations Jessica had with employees and managers alike. She knew cultural integration was critical if the business unit and company were going to grow. Today's virtual meeting, attended by all the senior managers within NGS, was her chance to explain the problems and potential.

Making Decisions

As she did most mornings when she arrived at work, Jessica managed to balance an apple and a cup of coffee in her left hand and a laptop bag over her shoulder, all the while using her right hand to hold her cell phone to her ear. She nodded hello to the security guard as he smiled familiarly at her balancing act. This was an apt metaphor for her work life generally. At 120 emails and dozens of phone calls per day, not to mention numerous meetings, Jessica spent most of her time busily communicating with managers and employees throughout Digiwise, and sorting through that information. The information she gathered regarding the integration of ex-AI Cobb people, with their unique operating styles, key values, and identity, into Digiwise, revealed important differences between the two companies—differences that were a cause for concern.

When Jessica had settled into her office, she and Kathy pulled up Slide One.

Decision-Making Style

Maximum input vs. necessary input

Taking the best from both companies

Two-way communication

As she proofread the slide, Jessica suddenly recalled a focus group meeting she had conducted shortly after the acquisition. It was there that she first became aware of interesting differences between the decision-making styles of AI Cobb and Digiwise. The exchange had occurred between herself and focus group participant Bruce Johnson, an ex-AI Cobb employee.

Jessica asked, "Are you satisfied with your level of awareness of the decisions others are making in the company?"

Bruce's response caught her by surprise. "That is such a classic Digiwise question. This company spends more time worrying about whether everybody knows what everybody else thinks than it does making actual decisions."

"Don't people want to know what others are thinking on important matters? Don't more opinions lead to better decisions?" Jessica responded.

"For the most part, it wastes time," Bruce answered. "I get more emails and voicemails and updates than I could possibly care about on issues that aren't remotely part of my work responsibilities. Those, on top of the meetings I have to attend, all add up to a waste of time."

"You didn't have updates and meetings at AI Cobb?"

"Of course we did, but within reason. Decisions were made quickly. The process was more streamlined and overall more centralized. Fewer opinions were sought, because most decisions don't need maximum input."

"Earth to Jessica," Kathy chimed in. "Where were you just now?"

"Sorry," Jessica replied. "I was just thinking how important this issue is, and how difficult it would have been to discover, no matter how hard we would have looked, prior to the acquisition."

Kathy nodded in agreement. "Do you think the points on the slide are self-evident? It's not like you're going to be standing in front of the group, able to read their reactions."

"I think so. I need to get three things across in this slide. First, Digiwise values participative decision making, collaboration, and maximum input, while acknowledging that such a process means more time to make decisions. But when decisions get made, theoretically they are better and have more initial buy-in. On the other hand, AI Cobb had managed very well with a less participative, more streamlined, faster decision-making style. So, what AI Cobb called efficient, Digiwise might have called inflexible, and what Digiwise called collaborative, AI Cobb might have called wasting time."

"The slide does introduce that idea. What's your second point?" Kathy prodded.

"That there isn't a right way and a wrong way. We need to take the best from both decision-making styles and combine them into something that works for us. We can learn from each other."

"Even when those styles make planning and implementation more difficult? Or even if they contradict a Digiwise core value, such as participation?"

"Well, that's point three," Jessica responded. "If there's one thing this acquisition has made clear, it's that communication needs to be two-way. I still need more input from the ex-AI Cobb folks about decision-making procedures that they want changed within Digiwise. Hopefully, we can talk out a good balance. I can't tell you how many times I've floated an idea or proposal around only to have someone who used to work for AI Cobb assume a final decision had been made. I'm worried that we haven't done a good enough job communicating how we make decisions here."

Speaking of Values

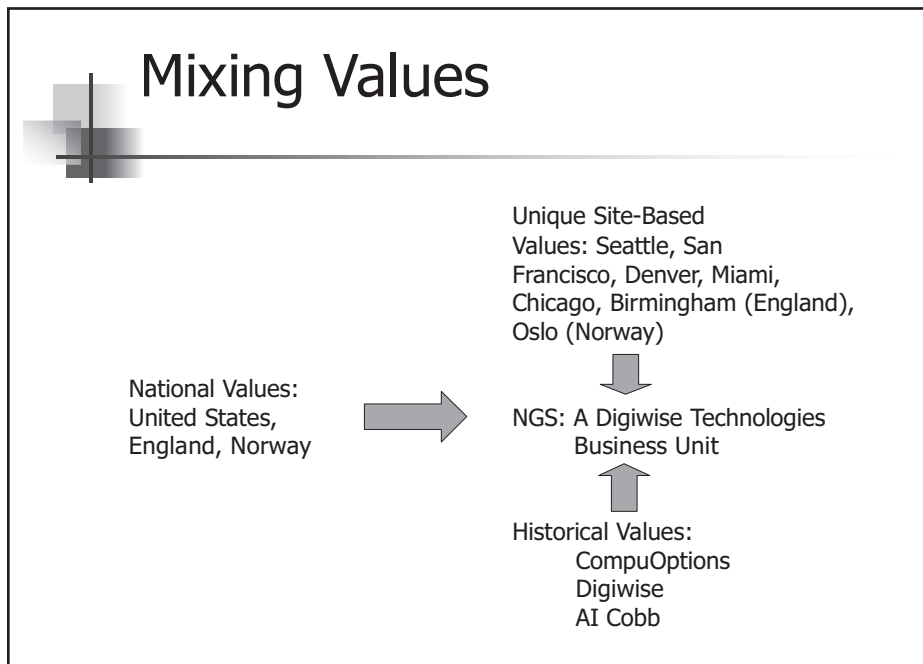
Jessica and Kathy pulled up Slides Two and Three. Slide Two summarized the range of potentially competing values vying for prominence in the NGS Business Unit, whereas Slide Three summarized the complexity of values integration.

"Kind of a mess," Kathy offered.

“Indeed,” Jessica agreed. “We’re a business unit composed of members from three different countries. We have historical values stemming from AI Cobb’s fast, successful, entrepreneurial growth, our own tremendous success as a spin-off from CO, and of course our long association as part of CompuOptions—only one of the most successful and beloved high-technology companies in history. Then, of course, we have ex-AI Cobb sites in Florida, Chicago, and Norway working daily with our sites in Washington, California, Colorado, and England. Each of these sites has its own track record, each is successful, each has its own operating style, each wants its own autonomy, and each knows that it has to conform somewhat to a unified set of operating values.”

“Whose values is the question. Right?”

“Right,” replied Jessica.



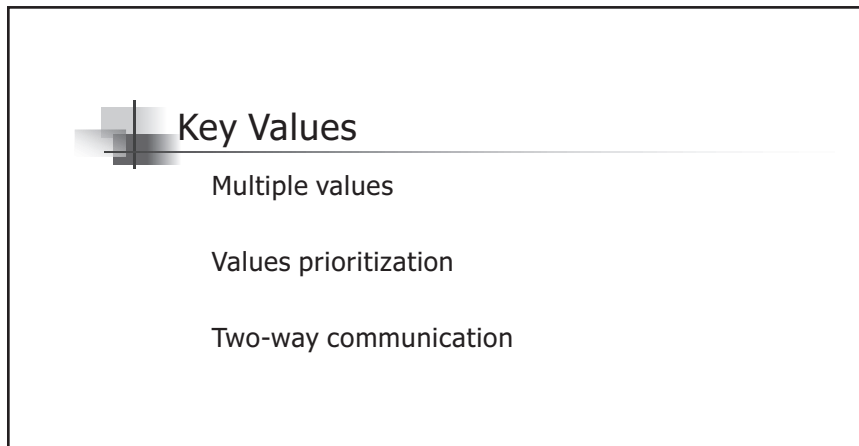
Jessica hoped that Slide Two would illustrate some of the complexity of values integration, if only in a general sense. She thought the slide might demonstrate to some employees who were getting impatient that the cultural integration was a large challenge that was not easily solved overnight.

"I do miss CO," Kathy reminisced as she looked at the slide.

"Not you too," Jessica cautioned. "I need you fully onboard with me."

Kathy had worked with CO for 15 years before moving over to Digiwise, and, like many employees, she had mixed feelings about the change. Digiwise had presented her with more opportunities for career growth, and she was very pleased with the quality of the managers who had come over from CO. Still, she had felt a sense of loss with the change. CO was legendary in the business world for both its products and quality of work life. Many of the CO values remained at Digiwise, but the company was also clearly trying to establish its own identity.

"What do you think of Slide Three?" Jessica asked, changing the subject.



Kathy offered the obvious question that they both knew would be asked during the teleconference: "What's standing in the way of values integration?"

"Two things," Jessica responded. "First, for AI Cobb, site integration had always been tied to business effectiveness. Sites were left alone and operated on the assumption that as long as they made money, they would retain their autonomy, style, and uniqueness. For us at Digiwise, site integration is both functional and symbolic. We view integration as better for both business effectiveness and community building. We view ourselves as a large, diverse community, held together by common values and assumptions, despite being a multinational company."

“And the second reason?”

“Second, an integrated value system depends on agreement over whose values matter more. As we see, there is no lack of candidates for most important values. What needs to be made most clear to everyone is that a core set of values needs to be identified, so that the various sites share a common frame of reference. Without a shared, agreed-on set of values, we don’t have heart as an organization.”

“And let me guess,” responded Kathy. “The means to constructing that shared set of values is via two-way communication.”

“Right. For example, remember the infamous computer quandary? The one everybody in the company seems to refer to when we discuss value differences?”

Kathy nodded agreement. “That story has taken on a life of its own. And it’s odd, because in that case, we really had no choice. Yet, as the story is told and retold, we seem to end up as a pushy, domineering bully of a company.”

“That’s the problem,” added Jessica. “Granted, when we mandated a change in Chicago’s and Miami’s computers, the timing was awkward. The ink on the acquisition contract was barely dry, and there we were telling AI Cobb workers who had only recently been assigned brand-new computers that our IT function did not support their machines. It was impossible not to look like a bully there, even when we tried to give those machines away to employees as gifts. But, honestly, what choice was there?”

“We were in a no-win situation,” Kathy agreed. “We’re not in the habit of throwing away good computers, and I certainly don’t think that we behaved unreasonably. All of our people have standard machines so that our IT function can plan replacement and service schedules with a reasonable amount of predictability and certainty. In the long run, we save a tremendous amount of money by having standard machines. Still, to them it smacked of a waste of money and, even worse, a power play early in the acquisition.”

“There are other examples, but I think that this one gets the point across,” Jessica added. “We need to do a better job of explaining the big picture, and this example is a place to start.”

Jessica continued to look through her slides as the meeting approached.

Rough Going

“Now joining the meeting is . . .” came the recorded operator’s voice.

“Amy Banks” completed the introduction by herself. Amy was the Miami manager, an ex-AI Cobb executive at an ex-AI Cobb site. She rounded out the meeting’s participants. Jessica welcomed Amy, though secretly she was slightly aggravated that Amy was 6 minutes late, again, to a 45-minute teleconference. Because no one could see her anyway, she wrote a note to herself about sending out a memo on virtual meeting etiquette.

Jessica brought the meeting to order, reminded everyone of the agenda, and asked if everyone had her slides up on their computers. Dave Hanson, from Seattle, did not have the slides. Kathy, Jessica’s assistant, was ready for this contingency and immediately emailed him a new copy. While waiting for the email to be received, Jessica decided to get a brief update from each of the sites. Phil Parks, from Birmingham, spoke first, commenting about production and asking a question about some recent benefits changes. While Jessica focused on Phil, she was positive she heard keyboard typing in the background by at least one of the other participants.

Amy Banks went next, but she didn’t want to talk about production. Instead she confronted Jessica directly. “What in the world prompted you to distribute this memo about business casual dress standards? Is this for real?”

Jessica and Kathy looked at each other and sighed. “Here we go again,” mouthed Kathy.

“What do you mean?” answered Jessica, stalling for time as she tried to find the memo in her laptop’s files. Then she remembered. The *memo* referring to dress standards was actually only a bullet point included in a pre-agenda efax that was regularly distributed to all managers before virtual town hall meetings. The next town hall was in three weeks, and the purpose of the pre-agenda was to make sure that all managers had input into what would be discussed.

“Well, I mean a few things. Like, since when does anyone in Colorado care about how we dress in Florida? And why should you care? And how does what we wear, or not wear, affect what we get done? And what about process? Isn’t this something that we all should have been consulted about? Florida is different from Chicago, or Colo-

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rado, or Norway. We may wear flowered shirts and some of us don't like shoes much, but we're good at what we do. . . ." ♦

* This case has been developed based on real organization(s) and real organizational experiences. Names, facts, and situations have been changed to protect the privacy of individuals and organizations.

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