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Culture in M&A: A four-part series on getting it right

Part 2: Culture fit in the pre-deal phase and beyond



Introduction

Mergers and acquisitions (M&A) are complex undertakings, traditionally dissected through the lenses of strategic alignment, financial valuation, and operational synergies. However, this conventional paradigm often overlooks one of the most profound – and frequently underestimated – determinants of deal efficacy: culture. The deeply ingrained cognitive frameworks, behavioural patterns, and interactional dynamics within an enterprise fundamentally dictate the success with which two distinct entities can coalesce into a singular, high-performing organisation.

In the second of our four-part series, we delve into the critical necessity of thoroughly assessing cultural compatibility from the nascent stages of the M&A lifecycle, commencing even before the deal's finalisation. Crucially, we posit that culture assessment is far from a perfunctory exercise; rather, it constitutes an enduring, iterative process that must continuously inform leadership directives, integration blueprints, and post-merger governance.



Why cultural congruence demands early scrutiny

Culture, often colloquially defined as ‘the way we do things around here’, exerts pervasive influence over daily operational behaviours, strategic decision-making paradigms, leadership archetypes, and ultimately, the symbiotic relationship between employees and their work. Despite its inherent intangibility, culture wields immense power, capable of either catalysing or catastrophically derailing M&A outcomes.



Invisible but impactful

Unlike readily quantifiable financial metrics or operational KPIs, culture’s influence is subtle yet ubiquitous, shaping everything from talent retention and knowledge transfer to innovation velocity and market responsiveness.



Post-facto discovery

A significant proportion of M&A endeavours falter because cultural disparities surface only after the deal’s closure, unleashing unforeseen disruptions, costly rework, and profound organisational disillusionment.



Empirical validation of cultural causality

Extensive academic research and consultancy analyses consistently reveal that a staggering 70-90% of M&A failures can be directly attributed to cultural friction, misaligned integration strategies, or a disregard for human capital dynamics.



Strategic foresight

Early cultural fit assessments give acquirers insight into risks like leadership conflicts, communication breakdowns, or workforce disengagement, enabling proactive mitigation.

What is a culture fit assessment?

A culture fit assessment is a structured, systematic evaluation that compares the core cultural dimensions of both organisations to identify similarities, differences, and potential friction points. It goes beyond surface-level declarative statements to explore the nuanced realities of organisational life:

- ☐ **Leadership styles**
Are leaders collaborative or directive? Risk-averse or entrepreneurial?
- ☐ **Decision-making processes**
Is decision-making centralised or decentralised? How quickly are decisions made?
- ☐ **Communication norms**
Are communications formal or informal? How transparent is information sharing?
- ☐ **Employee expectations and motivations**
What drives employees – autonomy, security, recognition, professional development or a sense of purpose?
- ☐ **Workplace norms**
How are conflict, innovation, and change handled day-to-day?

Answering these questions uncovers whether the combined entity's emergent culture will support or undermine the new strategic direction.



Tools and frameworks to assess culture fit

Culture assessments rely on a blend of quantitative and qualitative tools to create a holistic picture:



Hofstede's Culture in the Workplace™ survey

This evidence-based diagnostic tool measures cultural preferences along six key dimensions, including Power Distance (comfort with hierarchy), Individualism vs. Collectivism, Uncertainty Avoidance (tolerance for Ambiguity), and Term Orientation. The survey results provide a visual radar chart that helps both parties compare cultural profiles objectively.



Culture heatmaps

These heatmaps pinpoint operational areas at risk of cultural friction, such as how performance is managed, conflict is resolved, or innovation is encouraged. They guide targeted action planning.

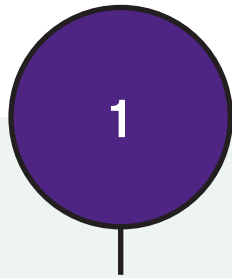


Leadership interviews & culture workshops

Engaging leaders and key employees in candid conversations reveals the nuanced, “unspoken” norms and assumptions that surveys cannot capture. These sessions often surface hidden tensions, aspirations, and unarticulated values.

When to start – and why it's not a one-time task

Treating culture as a static attribute to be checked only once is a common mistake. Instead, cultural assessment must be woven into every stage of the M&A lifecycle:

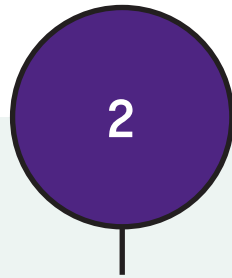


Pre-deal

Conduct initial culture fit assessment; compare leadership styles and values



Identify alignment risks and synergies early, influence deal terms and leadership decisions

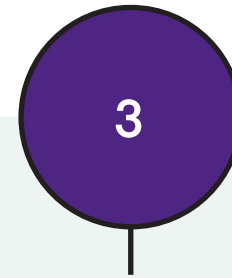


Deal structuring

Incorporate cultural insights into integration strategy and governance models



Design integration with realistic expectations and tailored communication plans

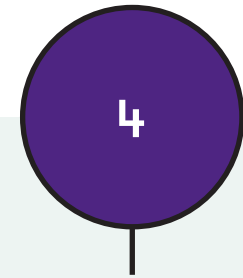


Day one planning

Align on shared values, clarify communication norms, prepare workforce for change



Build trust and readiness to embrace new organisational identity



Post-deal

Continuously monitor cultural integration, address drift or emerging misalignments



Sustain engagement, reduce attrition, and embed new cultural behaviors

Final takeaway

“Culture fit is not a soft issue—it’s a strategic differentiator that can make or break your deal.”

When M&A leaders elevate culture to the same level of importance as strategy and finance – and treat it as an ongoing priority – they unlock the potential to:



Culture represents the living, breathing essence of your combined organisation. Mastering its intricacies, from the initial exploratory discussions to the ongoing stewardship of the integrated entity, is the singular most critical determinant in realising the full, transformative value of your M&A endeavors.

Credits

About Grant Thornton / Roch Tay

Grant Thornton Singapore is a leading provider of audit, tax and advisory services. We are part of a global network of more than 76,000 people in 150 markets with a common goal — to help organisations realise their ambitions in any environment.

The global challenges facing businesses are unprecedented. That demands a different type of adviser. One willing to go beyond what's expected to deliver an experience that's more personal, agile and proactive. We apply strong technical guidance and breadth of experience to ensure that clients receive a truly unique experience. Whether you're growing in one market or many, looking to operate more effectively, managing risk and regulation, or realising stakeholder value, we have the assurance, tax and advisory services to meet your needs.

Roch Tay heads up the Deals Advisory practice in Grant Thornton Singapore. He has more than 25 years of experience in providing management, financial advisory and human resource consulting services to global and local corporations, as well as private equity houses. He is experienced in advising senior leaders on their organisation transformations, organisation culture re-alignments, people-related considerations in their acquisitions and divestitures, as well as their post-merger integrations strategy development, planning and execution.

About ODE Consulting® Pte Ltd / Dr. Kavita Sethi

Established in 1996, ODE Consulting® is a Singapore-based boutique consultancy that partners with organizations in Singapore and globally to drive transformation and change, and embed culture through learning, coaching, and consulting. With a strong foundation in organizational development, ODE delivers customised solutions that align people and business strategies, enabling lasting impact.

Through Culture In The Workplace™ (www.cultureinworkplace.com), a Line of Business of ODE Consulting®, solutions in Cross-Cultural and Organisational Culture are offered to help clients manage cross-cultural diversity, build inclusive workplaces, and develop global leadership capabilities. ODE is the sole global licensee representing and applying Professor Geert Hofstede's body of research to workplace challenges.

Dr. Kavita Sethi, co-author of this series, is the Principal Consultant of ODE Consulting® and Global Master Certifier for Culture In The Workplace™. With over 40 years experience, her areas of specialisation include strategy, leadership, cross culture and the design & implementation of competency frameworks. She has designed and facilitated learning, coaching and consulting solutions for large multinationals and local conglomerates.



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