A framework to assess acquisition: an example in the Pharmaceutical industry

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1. Organizational Description

1.1 - Introduction

Change is constant in a business environment. Organizations can either plan for it or react to it. Well known business theorists such as Rosabeth Kanter (known for her work with corporate change), Henry Mintzberg (organizational theory), Edgar Schein (culture), Herbert Simon (decision making) and others have discussed the factors behind such change often providing recommendations to help encourage the change environment. Through an analysis of Pfizer and using the concepts set forth by these theorists, this paper will answer the question: "Can mergers and acquisitions be effectively managed as planned change or are the realities closer to 'permanent whitewater'?"

To analyze the question of effectively managing change when dealing with mergers and acquisitions, we have decided to look at the Pfizer Corporation. We chose Pfizer for two reasons: the fact that it is part of the dynamic pharmaceutical industry and it has recently completed several large mergers/acquisitions. We will examine four factors which affect change during the acquisition process:

- the environment of the pharmaceutical industry,
- the effect of organizational culture,
- the role of leadership and strategic management,
- the decision making process.

These four factors and the relationship of these factors upon each other during the acquisition process will be analyzed to draw conclusions based on the theoretical concepts and framework provided by leading authors and theorists.

1.2 - Background

Pfizer Inc, founded in 1849, is focused on providing better health and greater access to healthcare. The company's goals are to discover and develop breakthrough medicines; to provide information on prevention, wellness, and treatment; and to manufacture consistent high-quality medicines and consumer products. Pfizer employs more than 100,000 employees, of which 12,000 are medical researchers. (Pfizer, 2006a, p. n/a)[1].

With yearly revenue of over fifty billion dollars, Pfizer is the largest pharmaceutical in the world (Pfizer, 2006a, p. n/a). In the last twenty years, Pfizer proceeded to complete multiple acquisitions, however, Pfizer's recent growth is related to two major acquisitions: Warner-Lambert in 2000 and Pharmacia in 2002 (Pfizer, 2006b, p. n/a). When the Warner-Lambert merger was complete, it was the biggest transaction in the history of the industry with a value of more than a hundred billion dollars (Heffes & Livingston, 2001, p. 25).

On April 16, 2003, Pfizer Inc completed its acquisition of Pharmacia Corporation for sixty billion dollars. The new company was 50% larger than its nearest competitor and had 11% of the worldwide drug market. Pfizer became the largest drug company in Europe and Japan where its rank was, before the merger, fourth and third respectively (Irving Levin Associates Inc, 2002).

(1) Note: Sources which have no page number associated with it (for example non PDF formated documents or web pages) have been denoted with a page number of n/a. Citations without a page number signify reference to an entire work.

2. Analysis

2.1 - Environment and Change

In *The Challenge of Organizational Change* (1992), Kanter, Stein and Jick propose that "emergent change derives from how an organization relates to its environment" (p. 25). They introduce the concept *of environmental shifting* (due to changes in technology, regulation or political events) to describe the situation where an environment changes so drastically that businesses must react to the change or fail. In times of such environment shifting, corporate survival requires one of the following:

- Survival of the Adapted - *a natural selection* process in which organizations gradually evolve using "random mutation" and "environmental selection" to survive (p. 27). Organizations create new forms by focusing on those portions of the organization which can grow and thrive.
- Survival of the Lucky - "luck or chance has a role in the success of an unplanned *trial-and-error* process".
- Survival of the Similar - organizations adopt new structures and practices because they are socially sanctioned as the "right ones". This causes organizations to adopt changes that they see others making - regardless of the right choice for their own organization,
- Survival of the Savvy - appreciation of the organization environment is an integral ingredient in understanding the organization's shape and form.

(Kanter et al., 1992, pp. 26-32)

The pharmaceutical industry has "[s]tructurally transformed since the 1940's from a producer of selected chemicals to a research-oriented sector that makes a contribution to the technology of health care" (Caves, Whinston, Hurwitz, Pakes, & Temin, 1991, p. 1). Along with this transformation, two trends have affected the cost of new drugs:

- The use of drugs for long term chronic conditions requiring increased understanding of how these drugs affect the human body during long term usage and therefore additional drug testing.
- The molecular designing of drug compounds instead of the former practice of using compounds found in nature.

(Agnew, 2000, p. 1953; Demain, 2002, p. 331).

These two trends have increased the cost of drugs substantially with regulators focusing on the long term impact of the drugs and drug makers focus on research into new drug compounds. These trends are expected to continue and accelerate following the completion of the mapping of the human genome (Agnew, 2000, p. 1952).

Pharmaceutical companies developing new drugs currently enjoy a long multiyear patent protection period which they can use to recoup the cost of the drug development. The cost of drugs during this period are quite high and trends show that until the generic drugs are released, branded drugs slowly climb higher as companies focus on return on investment (Caves et al., 1991, p. 44).

A study of the industry (Caves et al., 1991, pp. 4-8) demonstrates a unique market structure by focusing on both *demand* and *supply* side issues. Unique demand side issues include:

- Usages of drugs depend on a combination of consumer's tastes and the behavior of physicians and pharmacists. (This is different than other industry markets which are driven by consumer's tastes and availability).
- Prescribing physicians may be unaware of cost differences between branded and non-branded drugs
- Since 1984, pharmacists may dispense generic substitutes without a doctor's approval.

Unique supply side issues to the industry include:

- Generic drugs eventually cut into profits of the firms that developed the branded drugs once patent protection is complete.
- High costs associated with development and approval of new drugs affect the marketing of such drugs.

In what would be explained by Kanter et al. (1992, p. 31) as a strategy of the savvy, large pharmaceutical companies are merging to increase their R&D development, expand their markets in Europe and Japan and compensate for the high cost of drug development (Agnew, 2000, pp. 1952-1953). This merger process appears to be driven by something other than the usual factors of strategic business fits where focus is on either financial gain (worth of firms are high when merged together) or operational gain (economies of scale, operational advantage, complementary expertise in relation to new products, etc.) (Lewellen, 1971, p. 521). Instead, the reasons for merger appear to be related to the need to increase research and development efforts with the goal of replacing income expected to be lost when a patent protected drug becomes available in the generic market. The ongoing industry focus on such mergers creates an environment of change which forces individual companies to adapt or to fail. It is in this environment that Pfizer currently finds itself.

2.2 - Culture

The role of culture is one of the more critical variables determining the success or failure of a merger and acquisition. As a result, it is essential that decision makers addressing the prospects of a merger and acquisition fully understand and consider organizational differences in their decision making process and, if ultimately a decision to proceed with the acquisition is made, appropriate steps are taken to develop and implement strategies and plans to mitigate cultural differences and enable corporate goals and objectives to be met.

Although it is not easy to understand and describe an organizations culture without being directly involved in or having access to artifacts which characterize the culture, a macro-view of the Pfizer culture can be established based on a survey of literature and a close look at Pfizer's history. In reviewing the Pfizer corporation (outlined in the background section above), a few clear indicators of the Pfizer culture materialize:

- Pfizer has over 150 years experience in the pharmaceutical industry with a primary focus on producing and marketing medicines for human healthcare.
- Pfizer encourages and values knowledge creation, pursuit and exploitation of disruptive technologies, and new products as demonstrated by the significant investment in research and development.
- Pfizer recognizes the need to act as a small company, being "agile and entrepreneurial" (Pfizer, 2006c, p. n/a), if they are to capitalize on market opportunities and new technologies in a highly competitive and dynamic industry.
- Pfizer believes that change is essential to developing and sustaining the competencies and capabilities necessary to meet current and future market needs.
- Pfizer recognizes that technical competence at all levels is required and valued in order to address the technical and business complexities of their industry.

These attributes form the basis for identifying and understanding culture based conflicts that may arise between Pfizer and potential acquisitions and assist in determining the cultural compatibilities between the two firms.

The focus of this paper is “Can mergers and acquisitions be effectively managed as planned change or are the realities closer to ‘permanent whitewater’?” From a cultural perspective, mergers and acquisitions can and must be managed as planned change if the goals and objectives of the merger are to be successful. A careful understanding of one’s own culture, an ability to decipher the other culture, an ability to identify and articulate potential synergies and incompatibilities, and the drive to take cultural issues seriously are pre-requisites for a successful merger (Schein, 2004, pp. 412-413). Continued attention to these matters by senior leadership prior to, during, and after a merger and acquisition is necessary in order to understand, plan for, and address the complexities and challenges confronting both organizations. Although in general specific strategies and objectives for acculturation can be developed, predetermining specific outcomes may not be achievable and may in fact be counterproductive if both sides intend to work collaboratively and constructively to develop and implement effective and efficient structures and processes.

As part of their acquisition strategies, Pfizer recognized the importance of culture in influencing an organization’s effectiveness and workforce commitment. In most mergers and acquisitions, the more likely acculturation scenario is that “one culture will gradually either convert or excommunicate the members of the other culture” (Schein, 2004, p. 316). Although this approach could in fact result in a successful merger, it could also result in an extremely dysfunctional alliance particularly if there is no agreement or understanding of the acculturation approach to be pursued (Nahavandi & Malekzadeh, 1988, p. 84).

In *Acculturations and Acquisitions*, A. Nahavandi and A Meelkzadeh (1988, pp. 82-93) discuss four modes of acculturation and conflict resolution in mergers and acquisitions. These modes are:

1) integration (both retain core elements of their own culture and work toward a unified blend)
2) assimilation (the acquired adopts the acquirer’s culture)
3) separation (the acquired retains its own culture)
4) de-culturation (the acquired rejects both old and new cultures).

They present a model that emphasizes congruence between the acquired and acquiring firms to avoid (or at least reduce) acculturation stress and facilitate successful implementation of the merger. The approaches outlined in the model are not unlike those employed by Pfizer in their 2000 acquisition of Warner-Lambert. Early on in the merger, Pfizer observed significant differences in structure and processes between the two companies. Recognizing these differences and the range of conflicts that could potentially be encountered, Pfizer and Warner-Lambert agreed to pursue an “integrated” acculturation process. In doing this, the companies were able to develop new processes and procedures for corporate interactions, allowing both companies to protect core elements of their culture ("Growth at Haier Group, Pfizer and Electronic Arts: Strategies for expansion," 2006, p. 13). By minimizing accumulation stress, Pfizer and Warner-Lambert were able to focus on objectives of the merger and build for the future. Bijlsma-Frankema (2001, pp. 199-203) recognizes the competencies demonstrated by Pfizer as being critical to designing an effective organizational integration strategy and the related importance of trust, shared norms, dialogue, shared goals and overcoming feelings of insecurity.

In *Organizational Culture and Leadership* (2004, pp. 11-17), Schein indicates that a unique talent of leadership is the ability to understand and work with culture. What occurs during a merger and acquisition is not an immediate formation of a new culture, but rather a process of re-evaluation of old cultures and influence of others. It is critical during this period that an alignment of beliefs, assumptions and experiences occur whenever possible to accelerate the creation of a new culture which will ultimately determine the views, beliefs and assumptions of the new organizations. In Pfizer’s case, careful selection of potential acquisitions based on complimentary beliefs, views and assumptions helps to mitigate many of the conflicts and complexities inherent in the merger process and provide the foundation for accelerated integration of the two firms.

2.3 - Strategic Management and Leadership

Leadership and strategic management played a significant role during the Warner-Lambert and Pharmacia acquisitions. This section will examine how leaders in Pfizer build and apply their strategy in the early phases of the acquisition process and this process must be conducted in order to address change in the organization.

Strategy defines the goals and objectives of a company in order to provide a sustainable competitive advantage and adapt to changes in its environment. Mintzberg (1994) defines the strategic making process as “capturing what the managers learn from all sources [...] and then synthesizing that learning into a vision of the direction that the business should pursue” (p. 107). According to Westley and Mintzberg, “more recently, the concepts of strategy and leadership have been combined into that of strategic vision” (1989, p. 17). Kanter in a recent interview (Powell, 2004, p. 8) explains how world-class companies successfully address the challenge of the need for change by sharing the vision and discussing with employees the direction of the company, industry changes and corporate goals. Henry McKinnell, Pfizer’s CEO, agrees with the theorists when he states that “Mergers are about the most stressful courses of action that corporate leadership can take. They swamp organizations with change. To get people to sign on for this magnitude of change, you have to show that the merger makes compelling strategic sense” (Ketchum, 2003, p. n/a).

Both Schein (1992) and Senge (1994) described leadership as a role and not a function related to a person. In conducting change, Roberts, Ross and Smith (1994) stress the impact and influence of leaders stating that “a learning organization cannot exist without its senior managers’ commitment and leadership” (p. 66). For Kanter, managing acquisitions requires the use of new structures to manage the change process, such as new boards or committees including a “nearly equal mix of executives from the acquiring and the acquired company” (Kanter & Seggerman, 1986, p. 17). It appears that Pfizer’s CEO accounted for this when he stated that “[p]eople inside and outside the company look to leadership to see if they really believe in what they have proposed, and if they're willing to go the extra mile to make it work. The two companies' top leadership must step up and get quickly involved” (Ketchum, 2003, p. n/a).

One of the main factors related to success is the alignment between the communication process and the acquisition process. “As the visioning process is implemented, leaders need to be present and available for talking with, listening to, and mentoring employees.” (Roberts, 1994, p. 305). In the context of acquisition, “strengthening communication both up and down” is necessary as changes increase uncertainty (Kanter & Seggerman, 1986, p. 17). This communication process requires different skills from the leaders. Pfizer’s leadership claims communication is one of their uppermost considerations stating that “communication is absolutely essential to the success of the new company” and they strive to make sure people understand the purpose, vision, values, and approach for a new acquisition (Ketchum, 2003, p. n/a). An important component of this is developing, implementing and sustaining an effective communication plan.

Schein (2004, p. 407) explains that “leaders may not have the answer, but he or she must provide temporary stability and emotional reassurance”. This idea is also defended by Kanter, Ingols and Myers in the context of acquisitions regarding the steps to dealing with employee anxiety, ”allow employees to grieve over their losses” and “to reassure the workforce”(1987, p. 16). When dealing with the Pharmacia acquisition, Pfizer’s CEO addresses anxiety (supporting the theorists’ analysis) by being visible, understanding the range of emotions and communicating the “mechanisms through which the merger will be managed and conflicts resolved” (Ketchum, 2003).

Beyond the strategic purpose of acquisitions, Vermeulen (2005) highlights Pfizer’s approach to implementing the Warner-Lambert acquisition. Rather than imposing Pfizer’s way of doing things, Vermeulen states that Pfizer allows managers to develop new processes. An integrated task force with representatives of both companies was set-up in order to identify which process was better or if a new one has to be created, thus allowing cross-fertilization and organizational learning. Vermeulen informs us that Pfizer demonstrates that “an acquisition can remind management that there are different ways of doing things and that it may be time for them to consider change”(p. 46).

Pfizer’s ability to address Pharmacia’s acquisition is reinforced by the capabilities the organization acquired over time. Based on lessons learned, leaders have improved the way to conduct acquisitions, confirming the theorists’ views outlined in this paper. However, the industry context currently encounters more disruptive changes due to advancing technologies. Pfizer faces challenges due to the rapid changes in the pharmaceutical industry and has recently (July 2006) appointed a new CEO, Jeffrey Kindler, as they acknowledge that "it is time to transition to new leadership to accelerate the company’s transformation” (Pfizer, 2006c, p. n/a).

2.4 - Decision Making

As a company maneuvers through an acquisition, making effective decisions is critical all along the way. Applying Simon’s concept of “purposiveness involves a notion of a hierarchy of decisions” (Simon, 1997, p. 4), the analysis focuses on the steps of the decision process in each of three levels:

1) Whether to acquire another company and which one (whether to change)?

2) How to best manage the acquisition (how to change)?

3) How to stabilize/structure the new corporation (achieving the change goals)? This analysis focuses on Pfizer’s approach to the three key acquisition decision levels and the underlying decision processes required for effective results.

The pharmaceutical industry has unique challenges with respect to research and development (R&D) costs, government approvals, and patents as explained in the environment and changes section above. Acquisitions provide an alternative to lengthy in-house R&D for balancing a company’s product portfolio. Given the large scope of acquisition alternatives, executives bound the solution set of the first level acquisition decision (whether to acquire another company and which one?) to a reasonable scope based on their specific goals and objectives (personal and organizational) (Simon, 1997, p. 88). Pfizer’s goal, providing the catalyst for acquisition decisions, was to “align to the current market so they could quickly act on opportunities”. This goal led to several objectives including acquiring new products/services from outside which “set the agenda”(Simon, 1997, p. 127). Based on the long lead time for drug research and Pfizer’s expiring patents in 2005, acquisition was determined as the best way to bring in new products to balance the portfolio and maintain profits (Pfizer, 2004, p. 2).

Once the decision to acquire was made, the process of finding and evaluating the alternatives was initiated. For a major acquisition, this step requires extensive information collection, yet in practice, the alternatives are bounded by the CEO’s perspective (what Simon refers to as “find alternatives” (1997, p. 127) or Mintzberg, et al.’s diagnosis, search and design routines (1976, pp. 254-255)). Linstone (1999, pp. 34-45) highlights the multiple perspectives of executive decision making that include technical, organizational and personal perspectives similar to Simon’s perspective of “facts and values” (1997, p. 55). It is this broader set of perspectives by which executives bound the solution set so it can be reasonably analyzed. Pfizer’s approach included examination of the market, the competitor products, company financials, property/patent rights, synergy with current Pfizer products, etc. to eventually select companies for acquisition (Warner-Lambert and Pharmacia). Schneiderjans and Fowler (1989) provide insight into the complexity regarding the evaluation and selection phases of the acquisition decision process.

The second level of acquisition decision involves planning for the acquisition transition (how to best manage the acquisition). Nutt (1984, p. 415) refers to a decision process as being "made up of a set of activities that begin with the identification of an issue and end with an action". As a composite of smaller decisions (each made up of a subset of Simon and Mintzberg's steps and routines), the planning to handle the transition in a merger was addressed by Pfizer with less rigor and structure than the acquisition decision itself. This is consistent with Simon's view (1997) which contrasts the planning process with a single choice for which all alternatives are examined, referring to the "planning procedure as a compromise, whereby only the most plausible alternatives are worked out in detail" (p. 109). Pfizer approached the planning decisions for the acquisition change by assigning a joint merger team, providing the charge to "focus on making it work....don't worry about making it perfect" (Ketchum, 2003, p. n/a). Because of the extent of change and the disruption and anxiety to the corporation from major change, the focus was on moving through the change quickly. Using lessons learned from the Warner-Lambert acquisition, Pfizer's transition planning for the Pharmacia acquisition was more decentralized with more responsibility delegated to line managers. This approach impacts consistency of decisions, due to the impact of individual differences on decision making (Langley, Mintzberg, Pitcher, Posada, & Saint-Macary, 1995, p. 261) increasing the need to stabilize the resulting unified corporate decision making processes.

The first two decision making levels deal with deciding and planning for the acquisition change. As seen in Pfizer's case, the many related factors and variables result in unexpected and ongoing changes beyond those that were planned. The acquisition process itself contributes a level of uncertainty and "recognizing the acquisition process itself as a key determinant to the outcome" (Jemison & Sitkin, 1986, p. 148) helps managers lead change more effectively. The third level of acquisition decision involves stabilizing the company by determining the end state, the choice between integration and autonomy of the new company (Trautwein, 1990, p. 283). Similar to selecting the company to acquire, integration decisions are complex and critical to acquisition outcomes (Pablo, 1994, p. 804). Pfizer's goal appears to be to move to a one company model to eliminate unnecessary layers and help speed decision-making. Their first step was to re-organize by joining comparable "levels of specialization" (Simon, 1997, p. 265) across formerly independent companies. This new leadership structure addressed Mintzberg et al's (1976) "authorization" stage as the final step of the decision process (p. 259). Once restructured as a unified organization, new decision processes needed to be put in place and solidified using organizational mechanisms (Simon, 1997, p. 112). Langley, et al. (1995) apply a concept of "issue streams" to help move organizations beyond artificial boundaries to establish streamlined and effective linkages between decisions (p. 270). Pfizer's approach was to implement a costly "adapting-to-scale" productivity initiative (Pfizer, 2005, p. 2) to improve the efficiency and effectiveness of decision making processes in the new corporation.

2.5 - Relationships Between Factors

While the sections above highlight the importance of each of four key factors (environment, culture, strategic management and leadership, decision making,) to a successful acquisition, an organization is a system and the interrelationships between factors also impact the outcome of change. Kanter (1992) addresses this point in her statement "attempts to carry out programmatic continuing change through isolated single efforts are likely to fail because of the effects of system context" (p. 7). The relationships between variables can often lead to unexpected change and results. Considering the organization as a system and using an open systems perspective (addressing the environment) helps managers more effectively plan for change and lead an organization through the unexpected changes that are an inevitable consequence of the acquisition process. The following provides an analysis of the relationships between the four factors previously discussed.

Environment has a major impact on the success of an acquisition. If it is considered early in the process as a key part of the decision making process, then environmental factors would be incorporated into the strategic plan and impact leadership style. This is especially true in the Pharmaceutical industry when the environment affects reasons for mergers and acquisitions for reasons different than other industries. If environment is not an integral part of the acquisition decision, then environmental factors will impact the acquisition through unexpected changes and results. Pfizer acknowledges the role of the environment in its Financial Forecast Highlights by identifying a long list of the "factors that could cause actual results to differ" including government legislation, health care trends, interest rates, success of R&D, competitors, market factors, legal defense costs, etc (Pfizer, 2004, p. 27). This provides evidence that their leadership understands the importance of environmental factors as an integral component of decision making and strategic management.

By nature, organizational culture is typically slow to change. Shifts in the environment, specifically the increasingly competitive nature of the pharmaceutical industry, provide a catalyst for cultural change. Public opinion, consumer inputs, competition, trends in health care, laws and regulations all play a part in influencing corporate culture. As corporate culture changes, it directly influences leadership decisions, especially major acquisition decisions. Understanding and managing culture conflicts between the acquiring and acquired firms must be addressed in order to accelerate effective acculturation. Schein (2004) discusses at length the relationships between leadership and culture, both in terms of the leader creating and transmitting culture and as a manager of culture.

3. Conclusions

Mergers and acquisitions by definition result in significant changes and challenges for all parties involved and require exceptional leadership and direction in order to be successful. As indicated earlier, this is particularly true of the pharmaceutical industry given the market drivers and the tremendous pressures to develop new and innovative products while sustaining existing product lines.

The question originally postulated for this paper was: *Could mergers and acquisitions be effectively managed as planned change or are the realities closer to "permanent whitewater"?* Using the Pfizer company's recent acquisitions as a case study and the concepts and theories of Schein, Simon, Mintzberg, Kanter and others as a basis for analysis, it is clear that in spite of the "whitewaters" that accompany mergers and acquisitions, these disruptive events can in fact be managed as planned change. As unexpected changes are encountered, leaders need to adapt and adjust plans as necessary to "navigate" successfully through an acquisition. Four factors (environment, culture, leadership and strategic management, and decision making) key to managing an acquisition were selected as a framework for analyzing Pfizer's acquisition approach. The results highlight various change management perspectives, actions and considerations which lead to successful corporate acquisitions.

The concept of environmental shifting (i.e., rapid environment changes) describes the environment in which pharmaceutical companies must compete. The ability to understand the environment (survival of the savvy) (Kanter et al., 1992, pp. 31-32) and then direct this understanding to effective strategic planning and actions provides the foundation for pharmaceutical companies to remain competitive and viable in today's market. Another aspect of environment that is critical to successful mergers and acquisitions is culture. A conflict of culture can easily become the most challenging and damaging aspect of a merger. However, as discussed by Schein (2004, pp. 412-413) and demonstrated by Pfizer, by simply understanding both cultures and recognizing potential synergies and differences, competent decisions can be made at all stages of mergers and acquisitions. What is clear in the research is that failure to understand the cultural differences between the acquiring and the acquired organizations could lead to significant complications in the acquisition and derail the merger process.

Strong, visible leadership combined with effective decision making provide the foundations for successful mergers and acquisitions and for managing the change process from beginning to end. Leadership is required to understand the environment, to provide clear vision and direction, to follow through with commitments and to make timely adjustments as appropriate to ensure success. Leadership also sets the tone for the organization by establishing goals and objectives, committing to and supporting culture changes, strengthening communication across the organization, and establishing the framework and expectations for decision making processes. Without instituting an effective decision making process which considers and integrates key technical, organizational and personnel perspectives, poor decisions could make what otherwise could have been a successful acquisition less than stellar and potentially harmful. Effective leadership and decision making through acquisition change also requires a robust corporate infrastructure to support the acquisition change along with the ability to transition the infrastructure from the old environment to the new and the necessity for a streamlined modernized infrastructure for the newly integrated corporation. This includes appropriately adapting the information technology, business processes, and management of corporate intellectual capital (knowledge management) during the merger process. Needless to say, support from managers of each of these corporate divisions would go along way to make the merger a success.

It is evident from the case study and the supporting analysis that certain key factors are essential to achieve successful mergers and acquisitions. These factors include:

- recognizing the environment in which change opportunities are present,
- understanding the significant role culture plays in integrating the organizations,
- ensuring competent leadership exist and is visible during the merger process,
- ensuring timely and effective decision making processes are in place throughout the entire merger and acquisition continuum (i.e., concept to completion).

The case study not only validated the theories and concepts discussed in this paper, it also demonstrated that managing change in a "whitewater" environment is possible and highly probable given good leadership, sound decision making practices, and an understanding and recognition of the roles culture and environment play in effective change management.

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