



Client: Employee Health & Wellness company

Solution: MnAGenome: Sharpening negotiation strategy prior to an acquisition

Challenge

As part of its growth strategy for acquisition in the health sector, the client planned to acquire a privately-held, owner-run Employee Health & Wellness company with 170 clinics in 17 cities and 450 employees. Financial, legal and human resources due diligence had already been completed, but the client was apprehensive that the existing culture of the target company, shaped by inadequate management, would pose serious impediments to meeting ambitious business targets for the new organization.

Product solution: MnAGenome

Culturelytics deployed its analytics platform, MnAGenome™, to understand the cultural issues in the target company that traditional due diligence had overlooked. Detailed data discovery in the areas of culture, HR and finance revealed that nearly 50% of the seller's business was at risk from poor employee and customer engagement. Our proprietary PULSE culture assessment uncovered reasons for this, including misaligned values, leader competencies and influence networks. When all this data was fed into our analytics platform, it calculated a low Culture Coherence Quotient (CCQ) score (60 out of 100), and a Value Adjustment Factor of 6%, indicating that the company was worth 6% less than the original valuation by the buyer.

Outcomes

The cultural insights provided by MnAGenome in the pre-deal stage of this acquisition enabled the buyer to adopt a smarter negotiating strategy and ensure that the transaction would create value. The valuation price was adjusted downwards by 8% to reflect the significant risk that the seller's existing culture posed to future growth, and a post-acquisition integration strategy was put in place for building an aligned, high-performance culture to support rapid growth in the newly-created business.