



CASE STUDY

LENOVO NAVIGATING THE INTEGRATION OF NOT ONE, BUT TWO TECHNOLOGY ICONS



STRATEGIC ALIGNMENT



MERGER & ACQUISITION



TRANSFORMATION & TURNAROUND



TALENT MANAGEMENT

Organizational culture impacts many of the key drivers and success factors in mergers and acquisitions.

Lenovo, a leading global technology company, fundamentally understands that fact. Lenovo manufactures and distributes cutting-edge PC's, phones, tablets and servers, collectively generating nearly \$39 billion in revenue annually. With almost four devices sold every second to customers in over 160 countries, the company is keeping up with rapid demand by embracing change, and doing so with an optimistic attitude.

Given the ever-changing, ever-growing technology industry, Lenovo's top team wanted to ensure that the company would maintain a strategic leadership position in the longterm. To that end, Lenovo announced their intention to buy IBM's x86 server business for \$2.3 billion USD and, not even a week later, to purchase the Motorola Mobile business for \$2.9 billion USD.

The Problem

Based on their previous experience with the integration of the IBM PC Division, Lenovo's leadership understood that an integration of three major organizations was no small feat. In order for Lenovo, Motorola and x86 to "Win As One," they knew that it would be crucial to address the issue of culture early, and to deeply understand the similarities and differences across the organizations. Being a highly action-oriented, "do" culture that values data, the organization called on Denison Consulting to aid in their integration efforts.

The Solution

With the help of Denison Consulting, Lenovo took a 5-phase approach to the culture efforts:

1) Assess Cultures

Collect data on the individual cultures of Lenovo, x86, and Motorola through organization surveys and individual leadership interviews.

2) Analyze & Compare

Evaluate the data across the organizations to understand the specific cultural strengths, opportunities and potential clashes.

3) Define the Organization's Focus

Prioritize the areas of focus, including strengths to build upon and capabilities to develop.

4) Action Planning and Implementation

Drive enterprise-wide actions that are important for both the M&A and the company's overall culture transformation. Empower individual business units to drive actions to achieve their specific priorities and objectives.

5) Ongoing Reinforcement

Identify important levers to create change including: Leadership, Employee Communication, Engagement, and Measurement and Rewards.

Two Important Principles Guided Lenovo's Overall Culture Integration Efforts

The first was the creation of shared goals. Once the vision and goals were set, YY and the Leadership Executive Committee empowered the team to win by modeling trust and integrity, removing barriers, and rewarding strong performance –allowing the team to truly own the results.

The second guiding principle, communicated and demonstrated by the Leadership Executive Committee, was inclusion. Lenovo is an incredibly diverse company, and this diversity runs throughout the organization. At the time, 7 nationalities were represented in the Leadership Executive Committee, and over 20 nationalities represented in the top 100 executives. Inclusion was not a

“nice to have” concept, but a true business imperative. At Lenovo, inclusion does not mean that everyone agrees on everything. Rather, inclusion means being open and frank, demonstrating respect, and compromising to create the best solution for the business.

The Result

At the end of the successful mergers, Kathy Hope, Director, Organizational Development at Lenovo, pointed to three lessons for organizations undergoing an M&A.

1) Get comfortable with ambiguity and contingency planning.

Lenovo is a fast-paced, dynamic organization that is comfortable with dealing with change as it happens. Organizations should keep in mind that life happens, government regulations happen and things can change; it is important that individuals remain flexible and intentionally maintain a resilient approach and perspective.

2) Prioritize relationships and intentionally build trust.

Don't underestimate the human element in M&A integrations. During an M&A, members of the joining company can feel heightened levels of uncertainty and lack of control. Therefore, it is critical to intentionally build trust in every single interaction. Be open and transparent and proactively share information.

3) Slow down and take a step back.

During an M&A integration, it can be tempting to act as quickly as possible in an attempt to move the business forward. However, there is tremendous value in going back to the basics—listening, checking for understanding and reflecting back what you heard before driving to closure.

Accolades

During the integration effort, Yi Min, Lenovo's Director of Culture Integration reflected on Denison's role in the process. One of Denison's key contributions, she said, was to "facilitate and to enable us to have a very open and candid conversation about the business challenges we are having. I think that has been a tremendous help, because everything is data-based and we have a lot of baseline information that we can use. And also, from the Denison Survey and interview we realized our position when compared to other companies in a similar industry. That is very, very eye-opening for us."

Yi Min highlighted two other reasons she would recommend Denison to other business leaders and their organizations. "One is the proven methodology, which is very, very clearly tied to the business result," she said. "The second would be the quality of the consulting and coaching that we receive from Denison consultants—that's amazing!"

FOR MORE INFORMATION

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