

"a cultural mismatch"



**ASSIGN
BUSTER**

Chapter Nine (Organizational Design, Culture, and Change) Application Case:

" A Cultural Mismatch" 1)Based on the experiences of Chrysler and Daimler-Benz AG, what is the importance of culture in the change process? Culture affects performance! Each structural culture operates differently; in order for them to properly function they must combine their processes. These processes would include management styles, pay structures, capacity to communicate, compromise, understanding and accepting different cultures, conforming to meet planned goals, the ability to maintain and meet a new combined culture and working structures.

An organizational culture's effectiveness is determined by: coherence, persuasive and depth, and adaptability to the external environment. The degree of which is fit with the external environment is perhaps the most crucial. If these processes and structures are not aligned than the merger will be unsuccessful. 2)What specific cultural factors caused problems in the change process? Cite examples to support your answer. Failure in efforts to collaborate in a merger with different structures in opposite cultures seems to be the biggest problem with this situation. Diagnosing the problem" which was: Chrysler valued efficiency, empowerment, and fairly egalitarian relations among staff; whereas Daimler-Benz seemed to value respect for authority, bureaucratic precision, and centralized decision-making. Another key issue at DaimlerChrysler-Benz was: the differences in pay structures between the two pre-merger entities. Germans disliked huge pay disparities and were unlikely to accept any steep revision of top management salaries. But American CEOs were rewarded handsomely.

Germans and Americans also had different working styles. The Germans were used to lengthy reports and extended discussions. On the other hand, the Americans performed little paperwork and liked to keep their meetings short. Americans favored fast-paced trial-and-error experimentation, whereas Germans drew up painstakingly detailed plans and implemented them precisely. In general, the Germans perceived the Americans as "chaotic" while the Americans felt that the Germans were stubborn "militarists." Coming to terms with issues like which parts Mercedes-Benz would share with Chrysler was a part that was needed for "recognizing the need for change". The Germans prided themselves on analytical research that produced a plan, while the Americans reached for the impossible and kept coming up with new ideas to achieve these "impossible" goals. 3) What specific mistakes did Chrysler and Daimler-Benz AG make in the change process? Cite examples to support your answer. A cultural clash was the major hurdle to the realization of the synergies identified before the merger even took place.

The Germans and the Americans had been out of sync from the start. The two proud management teams resisted working together, were wary of change and weren't willing to compromise causing the company to agree on a "plan for development." Daimler-Chrysler combined nothing beyond some administrative departments, such as finance and public relations. Not selecting a "change agent" was the biggest mistake during the change process. The Company's American President James P.

Holden was replaced with a German Executive; Dieter Zetsche, who imposed DaimlerChrysler-Benz cultures making any possible "implementations for

planning" impossible due to lack of communication and ability to conform a new culture that worked in both organizations. 4) Using as your guide the nine steps for planned change discussed in this chapter, construct a change process to successfully merge Chrysler with Daimler-Benz AG. 1)"

Recognizing the Need For Change": In this situation Chrysler's decision to merge was their openness to possible growth and opportunity of the global automotive market.

In attempts that would allow to: rank the highest in the automotive industry.

2)" Developing Goals": To achieve top position in the automotive market while combining and compromising each organizational structure's operating methods to align the same methods to operate, produce, and achieve common goals. 3)" Selecting a Change Agent": To achieve effective culture change a change agent must be hired. External recruitment of a new leader that would be capable of driving a change in both organizations would be the best way to successfully merge these companies.)" Diagnosing the

Problem": The hired change agent should detect the issues and problems between the different cultures and how to construct and apply the best remedy for handling such problems such as: differences in values, differences in pay structures, working styles, and management methods. 5)"

Selecting the Intervention Method": To achieve the change of the merger the companies must align their methods together by becoming aware of each other's cultural differences by personally approaching and applying (swapping) methods while also seeking input throughout various levels.)" Developing a Plan": By " swapping" methods this should allow both companies to detect which methods work successfully to develop a plan that

allows ultimate success by combining methods. Keep the best of the old culture but implement structure and control. Gradually introduce formal processes and control systems. Communicate the benefits clearly and seek all levels of input during the implementation process.)“ Planning for Implementation”: Starting a new culture which consists of using the new plan would be planned for with training sessions, proper communication throughout, and making sure that all plans set to implemented could adequately be monitored and evaluated but also the ability to compare how the impact the new culture has made in reflection of the initial goal. 8)“ Implementing the Plan”: Train the employees to adapt to diverse cultures and languages. Reassign the employees who do not fit the new culture. Be optimistic and accept the new culture.

Management must recognize that the “ people issues” issues are just as important as projections of operating synergies. 9)“ Following Up and Evaluating”: Reflect and analyze the changes and the actual outcome. Rather the new culture that was formed was accepted and implemented correctly to achieve the original goal. Opposing cultures and management styles proved to be a hindrance to the realization of the synergies. Daimler-Benz attempted to run Chrysler USA operations in the same way as it would run its German operations. This approach was doomed from the beginning which caused this merger to be a complete failure.