Rehumanising HR: Why Culture and Values Deserve a Seat at the M&A Table

Most M&A due diligence is built to interrogate numbers: balance sheets, contracts, IP, market position and as a chartered accountant I get that. But as an HR Executive, I'm disappointed that people and culture are so far down the checklist. They tend to be treated as a compliance box rather than a determinant of whether the deal actually works.

That's a mistake. Culture doesn't sabotage a deal on day one — it undermines it eighteen months later, when the earn-out has paid out, the leaders who were meant to hold it together have moved on, and nobody can quite explain why the "synergies" never materialised.

Getting this right isn't one conversation. It's three distinct stages, each with its own purpose, and each easy to skip when a deal is moving fast.

Stage One: Assess the Risk, Don't Just Note It

The first stage is a proper risk assessment of the people and culture exposure sitting inside the target organisation — legislative risk, compliance risk, live litigation, historic grievances, pay equity issues, anything that could become a liability once it's yours. This is due diligence in the traditional sense, and it needs the same rigour as financial and legal diligence, not a side note in an HR appendix.

Here's the important caveat: this stage is unlikely to change the go/no-go decision on the deal itself. Acquirers rarely walk away from a strategically sound acquisition because of a people risk, however serious. What this stage actually does is tell leadership what they're inheriting and force a decision about how they intend to manage it — before completion, not after.

Sodexo is the case study I come back to again and again. When the company that became Sodexo Marriott Services was formed through acquisition in 1998, it inherited a class action alleging systemic race discrimination — Black managers routinely denied promotion and segregated within the business. The case was certified in 2001, and in 2005 the company settled for $80 million, one of the largest race-discrimination settlements of its era. On paper, that's exactly the kind of exposure that should have stalled a deal.

It didn't stall the deal. But it did force a reckoning. Rather than treat the settlement as the end of the story, Sodexo appointed Rohini Anand as its first Chief Diversity Officer and rebuilt its approach to diversity and inclusion from the ground up — not as a defensive PR exercise, but as a genuine operating priority. Within a decade, the same company that had settled one of the largest discrimination cases in US corporate history was being held up as a global benchmark for D&I practice. The risk didn't disappear. It became the foundation of one of their strongest people propositions.

That's the lesson for stage one. You're not looking for reasons to kill the deal. You're building an honest picture of what you're taking on, so that leadership walks in with eyes open and a plan, rather than discovering the exposure in a headline six months post-completion.

Stage Two: Understand How Culture Is Actually Experienced

Stage two is where most of the value in cultural integration is either built or lost, and it's the stage that people overlook or misunderstand the true value of. This is about genuinely understanding how values and culture are experienced on both sides — not the values printed on the website, but how decisions actually get made, how conflict gets handled, how people talk about leadership when leadership isn't in the room.

Done well, this stage means both organisations come out stronger than either was alone. That doesn't happen by accident, and it doesn't happen through a slide deck comparing "our values" to "their values" side by side. It happens through deliberate, structured work to help leaders on both sides genuinely connect and understand each other — a leadership retreat designed specifically to build connectivity across the two organisations is one of the most effective interventions I've seen, precisely because it gets leaders talking to each other as people before they're forced to make joint decisions as colleagues.

Alongside that, you need the quieter, more honest channel: confidential surveys and one-to-one interviews that surface what a retreat never will. People will say things anonymously that they will never say in a room with their new counterparts present, and that data is often where the real integration risks and opportunities live. The combination matters — the relational work of a retreat and the honest signal from confidential input give leadership a much fuller, more accurate picture than either would alone.

This is planning, not paperwork. Skip it, and you don't get neutral ground — you get two cultures quietly competing for dominance, usually without anyone naming that it's happening.

Stage Three: Articulate the Promise, With Intention and Speed

The final stage happens post-acquisition, and it's about something deceptively simple: clearly articulating what values and culture will look like in the new, joint entity, and what promise is being made to employees as a result.

Speed matters here as much as clarity. Without an early, joint articulation of what the combined culture stands for, old habits take hold fast. People default to "how we've always done it" — on both sides — and those defaults calcify quickly into competing camps rather than one organisation. This is one of the most common ways deals get quietly undermined: not through a single dramatic failure, but through drift, as the absence of a clear cultural narrative lets legacy behaviours win by default.

The cost of getting this wrong shows up later than people expect, and it shows up in your best people. Once vesting periods expire — typically twelve to twenty-four months post-completion — organisations that never articulated a clear, credible cultural promise start to see exactly the leadership and talent losses they were trying to avoid by doing the deal in the first place. The people with the most options leave first.

The Business Case

None of this is a soft add-on to the "real" deal. A well-run approach to cultural integration in M&A saves money by avoiding costly churn and talent loss, makes the deal itself more effective by getting both organisations pulling in the same direction faster, and supports long-term performance and retention well beyond the point where anyone's still talking about the transaction. Culture and values aren't a workstream to manage around the deal. Done properly, across all three stages, they're one of the clearest levers leadership has for making the deal actually pay off.

About the Author

I have a particular passion for working as a fractional Chief People Officer for start-ups, alongside founders as they build. My vision is to offer something close to couples therapy for founders as they join their ventures together — the same care, honesty and structure I'd bring to any cultural integration, applied to the relationships at the very centre of a growing business.

I'm Roianne Nedd, a leadership advisor, organisational culture consultant, keynote speaker, author and fractional Chief People Officer. I help leaders and organisations build healthier cultures, navigate change with confidence and create workplaces where people and performance can thrive together. If you'd like to follow my work, I'd love to stay connected: Join my community here