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The soul of a company

by Gianni Anchois

Companies that grow and acquire others see their core values diluted and lost along the way. The soul of the company is gone.

Is there a way to avoid it? I think the phenomenon is well known. Pretty much all companies, at the very beginning, are a reflection of their founders' beliefs, values and objectives.

WHY DO WE DO WHAT WE DO?

The large majority of entrepreneurs do not set out to make an awful lot of money — believe it or not they start their enterprise for different reasons. Money is mostly just a (very nice) byproduct.

Special companies have special values, in which early stage employees also believe and buy into.

In turn, those "core" employees foster those values and pass them to the newcomers, who in time make them grow too. This is where employees really care about the company: not because they get paid to, but because they feel it's their company too. There is a very strong feeling of belonging and identification: we stand for the same things.

As those special enterprises grow, very often they go through acquisitions of other businesses, being competitors or simply side business to complete their portfolio. Inevitably, these acquisitions bring in different kinds of employees, who themselves maybe believed in an altogether different set of company values, which attracted them to their original firm.

A MATTER OF CHOICE

Through a few of these mergers or acquisitions, the company leadership and management usually changes, becoming — in the best of cases — a mix of the previous ones with the newcomers.

Result: original values and beliefs are diluted, often even destroyed after a few of these cycles. The soul of the company is gone.

At this stage, it's legitimate to ask oneself whether this effect is inevitable at all? After all, economies and markets change all the time, so shouldn't companies operating in those economies and markets change too?

Maybe so. However, I believe that the destruction of what I call the "founding fathers credo" is the main reason why great companies turn into mediocre ones. Throughout my working life, I have had the good fortune of being able to choose which company to work for and it's a special feeling to know that, likewise, the companies that hired me also chose me among many others.

When a company merges or acquires another one, where is this reciprocal choosing?

SOULLESS

In fact, it's actually almost always the case that the whole leadership team of the acquired company leaves after a short while, and I would argue that on top of the obvious advantageous economic terms, the real reason is that they were not chosen and did not choose the values and beliefs of the other company. They are not emotionally connected.

Companies merge and acquire others because of market competitiveness or economy of scale rules, not because of value fitting or soul-matching. Don't believe who tells you otherwise.

Companies however are not only made of processes and products, costs and revenues. They are made of people, and if people do not believe in the company, they will not care.

A company where employees do not care will always and utterly fail.

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Gianni Anchois *is a writer, blogger and technology enthusiast, with a background in electronics engineering, computer science and marketing. He has worked at Olivetti, Italia Online, Yahoo! and Hewlett-Packard, holding international responsibilities across IT services, business management, e-commerce, sales and marketing.*

http://twitter.com/giannianchois

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