

Magus Networker - Mergers and Acquisitions

“By the time the problems show on the bottom line, on the inside, the organisation’s already gone to Hell in a hand basket.”

James Renier, Vice Chairman, Honeywell Information Systems

- 1 According to one recent report, 83% of the 700 largest deals between 1996 and 1998 failed to produce shareholder value, and over half destroyed company value.¹ Something over 70% of acquisitions result in either complete or partial divestitures within 3 years.
- 2 One key to successful mergers and acquisitions is less about what happens before the deal is struck and more about what happens afterwards. The key is change and integration management.
- 3 In a recent paper published by Deloitte & Touche², eight common reasons for the failure of mergers and acquisitions were listed. These were:
 - **Poor or slow post-merger integration**
 - Poor technological fit
 - Acquirer with a weak core business
 - Target too large or too small
 - Overly optimistic appraisal of synergies
 - Overestimation of market potential
 - Inadequate due diligence
 - **Incompatible corporate cultures**
- 5 Of these, the first and last are prime applications for Magus Networker. Moreover, a Magus Networker application will add value to any due diligence stage in the proposed merger or acquisition process.
- 6 If the underlying tactic of the acquirer is to ‘reorganise’ the business, or ‘restructure’ the organisation, the problems will multiply almost immediately. ‘Restructuring’ has limitless pitfalls when applied within the organisation, because of the unknowns, at the top, about how the organisation actually functions.

¹ Best Practices LLC ~ www.best-in-class.com/research/postma/

² Deloitte & Touche ~ Guidebook series ~ Mergers & Acquisitions ~ www.dttus.com/growth/guidebooks/ma.htm

- 7 When the same approach is applied to a merged business, where one 'half' is even more unknown than the bit belonging to the acquirer, the number of bear traps for the unwary is higher by an order of magnitude.
- 8 Family trees, with their simple job titles, seldom tell anything like 10% of the story – add in job descriptions and maybe another 10% is added to the story. Try the conventional interview approach, to find out what people actually do, and more problems occur. Under normal conditions, such interviews provide little in the way of key insights. Under 'takeover' conditions, when insecurity is built in, the probability of getting valid information is very small.
- 9 Even if such interviews do have some success, there remains the problem of complexity and the time required to collect, analyse and implement changes arising from manual data collection processes. These issues are compounded by problems of subjectivity, distorted perceptions and the impossibility, with manual methods, of checking statements for validity.
- 10 Before discussing how Magus Networker helps to handle these problems, a brief review of what is meant by the term corporate culture follows. The underlying model adopted is that of the TPC Framework of Tichy and Devanna, plus extensions through the application of research concepts relating to symbolism in organisations. (For a detailed discussion of the TPC framework, see *The Transformational Leader*³).
- 11 First, a quotation: *"In arguing that culture must deal with the problem of external survival and internal integration, I am explicitly accepting the notion that the human system cannot tolerate too much overload or too much sensing stimulation; neither can it cope with constantly changing signals. We require a fairly high level of predictability and certainty in order to relax enough to feel comfortable and seek novelty and creativity. From this point of view, culture can be seen as a giant cocoon which we have invented for ourselves to be able to survive at all in a hostile environment and a potential human jungle"* Edgar H Schein⁴.
- 12 The implication of this view of organisational culture is that it has a prime purpose and that is the preservation of the status quo, and hence is itself a source of resistance to change. In the context of mergers and acquisitions, the further implication is that two different organisational cultures are likely to be in conflict with each other. Given that the culture of an organisation is not always overt and is equally often not a matter of design, the question that is then raised is how to identify both what is the current organisation culture and the sources from which it derives its inspiration and strength. The identification process is actually much more complicated than the "two different organisational cultures" implies. In practice, all organisations have many cultures and sub-cultures, often differing across functions and departments, with 'micro-cultures' appearing within departments and locations.
- 13 Tichy and Devanna argued that there are three types of organisational system, the technical, political and cultural (TPC) systems and that each is, in its own way a source of resistance to change. Briefly, the systems are:

³ Tichy, Noel M and Devanna, Mary Anne (1990) *The transformational leader*, New York, John Wiley & Sons

⁴ Edgar H Schein, (1992) *Organizational culture and leadership*, New York, John Wiley & Sons

- **Technical systems** are used to design the application of resources, including people, money and technology to minimise environmental threats and maximise environmental opportunities. Strategic planning, goal setting, organisational design, feedback and control systems, process design and control systems are all tools used to solve technical problems in organisations. The aim is to achieve efficiency, effectiveness and hence profitability.
 - **Political systems** are used for allocating power and resources, involvement in decision making processes and how rewards and benefits are to be allocated. Unlike technical systems, political systems are often characterised by a lack of formalised, systematic analysis. This is unfortunate since many challenges for leaders lie in the strategic political arena, including dealing with the tensions between organisational goals and objectives, on the one hand, and individual aspirations on the other.
 - **Cultural and value systems** are the normative glue that holds the organisation together. These systems fill the gaps inevitably left over after the organisation has prescribed as far as reasonably it can how people should behave as they do their jobs. When all the process and procedure descriptions have been written there is still the question of the basis on which decisions are made when the rule book does not cover the position. Successful organisations articulate the values that should drive these decisions; when these values are not articulated, they normally derive from history, custom and practice and, above all, from the symbolic content of process design and senior manager behaviour.
- 14 Technical systems are (emotionally) owned by the people who designed them and who have become successful applying them. Political systems control the distribution of power, and resources, which are themselves about power. Cultural systems provide the security of knowing and following 'the ways we do things around here'. All contain the seeds of resistance to change and all centre on middle managers.
 - 15 The TPC model is one way of understanding the nature of the organisational culture and how it has a major focus on preserving the status quo. It is also a good way of framing the issues that will arise when two disparate organisation cultures are forcibly joined through a shotgun marriage of convenience – convenience for the Boards of directors maybe, but not necessarily for the 'families and friends' of the newly weds.
 - 16 This leaves the acquiring company with two broad implementation options, when faced with the potential clash of two, change resistant, often multiple cultures. The first is to leave the two organisations, and implicitly their TPC systems, to go their own sweet way and accept that in each organisation the status quo will be preserved. The second is the integration of the two organisations and accept that there will be change resistance problems to be overcome, probably in both. There is a third, which probably comes in the category of wishful thinking, and that is the 'do nothing' approach, in the belief that the multiple cultures will all spontaneously merge into one new, happy family.
 - 17 As an even broader generalisation, there are three prime reasons why one business wishes to acquire another, or why two businesses wish to merge. The

first concerns either the acquisition or aggregation of strategic assets. (These can include physical or financial assets, but also non-substantive assets such as brand equity, reputation, market position and know how). The second concerns the acquisition or aggregation of strategic core competencies. The third concerns the possibilities of rationalisation of resources and hence costs, leading to improved profitability.

- 18 There is a fourth possibility, which is actually a sub-set of the first three. The motivation to acquire any aspect of a business may be to eliminate a competitor. This will, in effect, be to acquire an asset or core competency so that it can be removed from the market. In either case, a cost rationalisation programme is often combined with the elimination. It could be argued that the ethics of such a move are questionable, but that does not mean that it does not happen.
- 19 If the first implementation option is chosen, while (physical) asset acquisition may not be impacted, the objectives of the merger or acquisition in respect of core competencies and cost rationalisation are unlikely to be fully achieved. In the longer term it is to be doubted whether the objectives in respect of non-substantive assets will be achieved either.
- 20 If the second implementation option is chosen, as part of trying to ensure that ALL merger or acquisition objectives are achieved, then the issue of the two organisations' cultures and TPC systems, with their potential for resistance to change has to be faced. An example might serve to illustrate how failure to do so will damage achievement of objectives. (The example is simplistic, but has to be given the nature of this paper).
- 21 Suppose Company A plans to acquire Company B, and that the prime drive is to acquire a physical asset, such as ore reserves in a mining industry. Let us assume that Company A has a deficiency of reserves and Company B has substantial reserves, which are appropriate and have a good fit with Company A's strategic development programme.
- 22 If this were the one and only driver of the planned acquisition, a question is immediately raised about the validity of the planning process that has been applied to the early stages of the acquisition. The question that is begged is about how Company B managed to acquire such substantial and highly valued reserves in the first place. Was it perhaps in the geological nature of the geographical region in which they operate? If it was, could this imply that their capability in exploration, location and qualification of potential reserves might not be very high? (It is assumed that such a capability in a mining company would be considered to be a core organisational competency).
- 23 If, however, the acquisition of the reserves in question has arisen less through the nature of the territory, but more through excellence in the requisite core competency, developed over time, then, strategically, the acquisition of the core competency might be more important than the acquisition of the physical asset.
- 24 In the first instance, assuming that Company A has a superior capability in exploration, then part of the integration stage of the acquisition must be the transfer of Company A's exploration processes and knowledge and skills to

Company B. In the second instance, the same process applies but in the reverse direction. For the sake of the illustration, and because it is the more interesting case, it is assumed that Company B's excellent reserves have been developed through the application of an excellent core competency. It is further assumed that Company A's capability in the same core competency of exploration is relatively inferior to that in Company B.

- 25 Inevitably, after an acquisition, in the acquired company there is always a level of insecurity and angst about the future. Equally, in the acquiring company, there is likely to be an expectation of rationalisation of processes, since few corporate soldiers actively wish to manage higher levels of diversity than can be avoided.
- 26 The first challenge is the assessment of the competing process designs. Expectancy theory suggests that few decisions are made with the intent of producing a mediocre outcome. The implication is that the designers of Company A's exploration processes intended it to be excellent and that they and the practitioners who operate it, often the same people, will believe that it is a good process, operated by good people. The people in the middle of the Company B exploration process will be operating in an exactly similar mental model, albeit with more justification.
- 27 If Company A leaves Company B's process where it is, and does not touch its own process, then a large part of the strategic value has been lost. Turkeys still not being in the habit of voting for Christmas, expecting the people in Company A involved in the exploration process gladly to adopt the Company B process is not likely to produce a satisfying experience. Trying to impose the Company B process on Company A will trigger all the TPC system characteristics that produce resistance to change. In ignorance, trying to impose the Company A process on Company B, for the sake of bureaucratic tidiness, is likely to be produce an even more extreme response. In both 'imposition' cases, malicious obedience will strike – in the latter case, the departure of most or all of the best people is likely to follow.
- 28 Before these considerations can be factored in to the integration plan, there is first, however, the little matter of assessment. How will Company A know which of the two processes is superior – and to be adopted? If the assessment is done on the basis of results, then all the arguments about the environment will come into play. If the assessment is to be a technical review, the questions are HOW? and BY WHOM? If an internal expert from Company A is used, probably from the exploration function, since that is where the experts are, then mind set becomes a serious problem. Ditto if the source is Company B.
- 29 So set up a working party, and endless meetings and wrangles are likely to follow. Solve the problem by using an external expert, and the problem of HOW rears its ugly head. Given the nature of the angst operating in Company B, any expectation that people will tell the truth, the whole truth and nothing but the truth is wishful thinking. Given the nature of power and how it operates in hierarchical organisations, much the same will be true for Company A.
- 30 Finally, given the subterranean nature of cultural systems in organisations, and the way that informal systems develop to overcome the limitations of formal

processes, who actually knows how the exploration process operates, in either camp? Probably no one. Certainly no one in a senior position.

- 31 Therein lies the challenge for companies acquiring others, or merging with them. The research very clearly indicates that post merger integration issues and clashes of corporate culture are common causes of failures. The question remains – how best to plan for and manage the integration process to raise the probability that the hoped for increase in shareholder values is actually achieved?
- 32 Before discussing how Magus Networker helps with all the issues discussed above, one other illustration of the way downstream change processes actually work will provide additional insights into the nature of the problem. In this context, it is to be noted that the first cause of failure was poor or **SLOW** post merger integration. This introduces the issue of what has become known as the boiled frog syndrome.
- 33 Experimenters discovered that putting a frog into a pan of cold water, and gently heating the water so that the temperature of the water increased only gradually resulted in the death of the frog. In spite of the fact that the frog is free to jump out of the pan at any time, it does not notice the increasing temperature and stays put. Alternatively, drop a frog into a pan of boiling water, and it immediately jumps out and survives.
- 34 The reality of gradual changes processes, tempered with the resistance to change derived from the TPC system characteristics, is that real change seldom happens. The resulting stasis often results in the subsequent death of the company – or in this case, the loss of the hoped for increase in shareholder value.
- 35 If gradual change generally adds up to no change, under the surface, then what are the issues arising from the need for step function change processes? The answer lies in the recognition that the change is as much if not more about people than it is about mechanistic changes in process design. Four paradoxes or tensions emerge.
 - **A struggle between the forces of stability and forces of change.** The Edgar Schein quotation sums it up neatly. Tradition, custom and practice and ‘the ways we do things around here’ are comfortable and, in reality, have enabled the company to be successful. (Not too many planned acquisitions actively target visibly failing businesses). The fear is that, even when the need for change is recognised and accepted, there remains the worry about the loss of stability and possible eventual total loss, if the change process gets out of control or otherwise fails. People know, instinctively or intellectually, that any substantial change is, to a degree, a leap into the unknown.
 - **The tension between denial and the acceptance of reality.** “Not me”, “Not here”, “This is nothing to do with me – I’m OK” are common enough human responses to impending changes representing a dislocation from past perceived stability. Yet good counsellors know that getting people past denial and through the stage of acceptance that the future will not be the same as the past, and moving them on as quickly as possible to action – taking charge over

their own future – is an excellent way of minimising the effect of the step function change process.

- **The struggle between fear and hope.** Most people know, in their heart of hearts, when the systems they are operating within are defective, even if it is only when they wake up at three in the morning. All change has the potential for a better future than today's frustrations, but the question is if it will actually work out in practice. It may be that current perceived security and stability is to be preferred to tomorrow's end of the rainbow, as the crock of gold might just turn out to be a crock of a very different kind.
- **The struggle between manager and leader.** There is a view that managers are more concerned with the maintenance of the existing organisational machine than with changing it, whereas leaders are more concerned with taking the organisation to a better, more successful future, with whatever changes that implies for how things are done. (There is another view that the most successful Managers actually perform well in both roles). There remains, however, a difference in philosophy between doing things right and doing the right things, when the pressure for change is high.

36 Finally, as a footnote to the ideas discussed above, it may be noted that, again as a generalisation, it is not people who resist change, it is the combination of organisational systems and the people operating within them that contain the highest degree of resistance. People, as individuals resist change that either they do not understand or which they find threatening. Both are minimised by involvement in the change process, its design and implementation. They raises again, however, the whole issue of complexity and different perceptions developed through different experiences.

37 The first comment to make about Magus Networker is that it is the only methodology capable of handling large numbers of people, generally middle and junior managers, and getting all their inputs to the decision process in a digestible and actionable form. Add to this the characteristic of being able to do this very quickly, and the stage is set to tackle the first of the two common causes of failure of mergers and acquisitions.

38 In this sense, Magus Networker is a good methodology for setting up and enabling change processes.⁵ It does, however, have very specific applications in respect of mergers and acquisitions. These relate to the issue of assessing core organisational competencies, (corporate capabilities), identifying and defining the TPC framework that makes up the organisational culture, managing cost reduction programmes and assessing knowledge management systems. These last two have been described in the MTL document 'Magus Networker Applications'. It is assumed that no additional material is needed here.

Core Organisational Competencies.

39 Paragraph 17 above suggests three broad reasons for a merger or acquisition to be desirable. One concerns the acquisition or aggregation of core

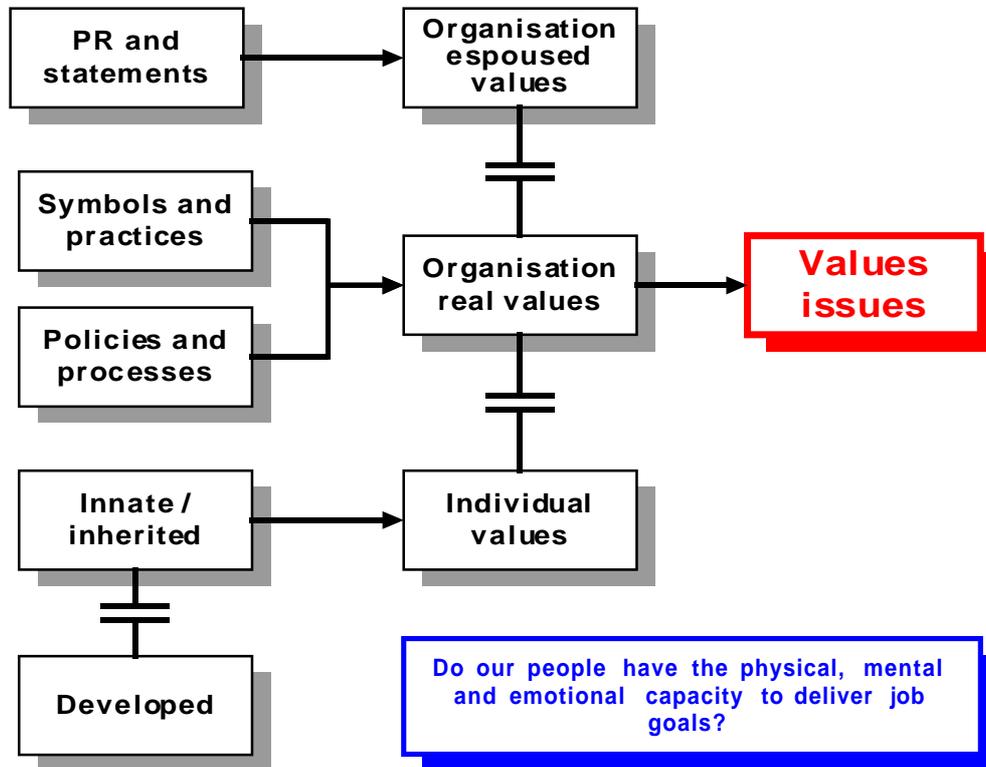
⁵ See the KBSL document Magus Networker Applications and other materials for general descriptions of how Magus Networker works

organisational competencies. To illustrate, the recent marriage between Ericsson and Sony arose through the recognition that Ericsson had technology that Sony wanted and did not have, to the same degree, and that Sony had marketing expertise that was in relatively short supply in Ericsson. The implication is that businesses involved in mergers and acquisitions need to have good methods for assessing what it is they are buying and how to integrate it into the new, expanded business.

- 40 Given the nature of the internal environment in which people will be thinking and acting at the time of merger or acquisition, it is suggested that any conventional approach to assessing core competencies is fraught with risk and likely to produce an amalgam of distorted perceptions and defensive 'snow'. Magus Networker uses, by definition, a self checking system of collecting data through the use of double ended queries. Normal systems collect information based on what a person states about a process or activity, but does not ask the process or activity to confirm that the statement made is valid – because it is impossible to do so.
- 41 Magus Networker's double ended queries ask people, at both ends of a working relationship to provide information about various aspects of that working relationship, relating to various processes. Agreed statements, disagreed statements and denied statements can all be analysed. Apply this logic with 'current reality', 'should be' and 'should not be' questions and the power of Magus Networker starts to become apparent.
- 42 An effective process, operated by skilled people within an excellent core organisational competency⁶ will have two over-ridingly important characteristics. One is that it will work; that is, it will keep producing excellent outputs. The second one is that it will need very little operational 'fitting and mending'. The first is subject to a normal evaluation of results. The second can be assessed with Magus Networker. The assessment will cover all four dimensions of core organisational competencies, and will assess the degree to which the process is 'broken'.
- 43 What Magus Networker provides, in this context, (as in many others), is the ability to provide objective information as a critical input into the decision making process about integration, post the merger or acquisition. What learning needs to happen? Which parts of which core organisational competency need to be transferred from one business to the other, in either direction, or more probably both? Who are the key people who have the knowledge, skills AND desire to facilitate the transfer? Where are the blockages to the transfer likely to be? The Magus Networker process itself enables fast analysis and implementation processes.
- 44 This approach, since it will include the dimensions of resources and process design, links with the existing Magus Networker application relating to cost reduction. Any attempt to rationalise and consolidate resource consumption, post a merger, will be based in valid insights generated through a process of polling practitioners in the existing system.

⁶ Hamel & Prahalad, 1994, *Competing for the Future*, Harvard, HBSP defined four dimensions of organisational competencies, namely resources, knowledge and skills, processes and ethics and values

45 Similarly, knowledge and its application, is a key part of any core organisational competency. Hence this approach will also link with the existing Magus Networker application in knowledge management. (Current insights into the nature of knowledge and the role it plays in organisational success indicate that knowledge management is a core organisational competency in its own right, as well as a key dimension of any other organisational competency. The application of Magus Networker is covered in the existing document 'Magus



Networker Applications'.

Organisational culture

46 The key here is that Magus Networker can be used to analyse the technical, political and cultural systems that make up the organisational culture. It can also be used to analyse the value system that is operating, under the surface, as driven by the symbols that emanate from process design and senior management. The model is illustrated below.

47 Magus Networker can be configured to operate in several different ways. One is to analyse flows through relationships up and down the hierarchy as well as laterally and diagonally. The breaks in the diagram above represent breaks or conflicts. For example, the organisation may espouse a certain principle, but the design of a key process may contain a symbolic message that contradicts the espoused value. The fact is that occasional statements made by senior management, complete with 'posters on the wall' have only marginal importance when compared with the effect of the daily symbolic messages contained in process design.

- 46 These breaks or conflicts can be located and qualified using Magus Networker. In this way, senior manager descriptions of the organisational culture, including its espoused value systems, can be qualified in the light of operational realities.
- 47 The two models – the TPC system framework and the values system – represent a complete statement of organisational culture which can be factored into any subsequent change process involving the integration of two disparate cultures.
- 48 For a fuller description of the values system model, see the detailed model on the last page of these notes.
- 49 The notes above describe an indirect approach to assessing organisational culture. In many ways, there are considerable advantages to this approach. It has a lower probability of the responses being ‘contaminated’ by peoples’ conscious or unconscious desire to ‘present a picture’. A reality of all organisations of any substance at all is the presence of political behaviour. While this is not necessarily a ‘bad thing’, such thinking and behaviour does have the potential for distorting the results of any data collection exercise.
- 50 For cases, where this is not a major issue, a more direct approach can be adopted, using Magus Networker, and this is outlined below. The approach is based on the observation that ‘culture’ can be represented as norms of organisational behaviour and overtly shared values, which are themselves drivers of norms of organisational behaviour.

Norms of organisational behaviour

- 46 These can be linked with topics that are important to the business.
- 47 The metric is how easy or difficult it is to do specified types of work with the other person. In this context, the activity topic is less about content (target) and more about the transaction itself. It is assumed that only positive statements will be used. If negative statements are used, it is to be doubted that much honesty will operate in the responses offered.
- 48 To illustrate, if the activity topic is ‘open post implementation reviews’, there are likely to be useful responses generated. If the activity topic offered is ‘post implementation passing the buck’, it is to be doubted if much useful information will be developed.
- 49 The absence of positive responses will be taken to mean that they are missing and that some other pattern of behaviour will persist. Because of the ‘one to one’ nature of all Magus Networker maps, this will enable the identification of sub-cultures within an overall organisation culture.
- 50 As an example, a useful topic might not be budget setting. It might be about making decisions to move budgeted resources between budget heads to enable the organisation to respond to an external change.
- 51 As another example, a useful topic would not be developing new products. It might be making NPD decisions balancing benefit and risk.

- 52 Other examples could include implementing change programmes involving risk, open post implementation evaluation reviews, challenging the design of existing processes, confronting conflict, formulating and communicating feedback on corporate policies.

Overt shared values

- 46 These can also be linked with topics that are important to the business.
- 47 The metric is about the selection and use of decision criteria in making a variety of strategy or implementation decisions. This might be an 'on / off' type question. For example, an appropriate header question might be 'Which of the following would commonly be used as decision criteria when working with this person on process design, policy development, strategy development or implementation decisions?' – with only YES / No type responses offered as options. (The list of actions contained in the question, as outlined, are labelled here as 'applications').
- 48 The list of options might include external customer service, internal customer service, employee involvement, ethics, environmental issues and so on. The same rule about using positive values and avoiding negative values is applied as in the case of norms of organisational behaviour above.
- 49 The list could either be offered for the collective set of 'applications', or the 'applications' could be separated into discrete questions. The former is simpler but coarse grained. The latter is fine grained but the number of possible combinations increases dramatically. Moreover, there is the challenge of multiple decision criteria for each application.
- 50 Getting into ranking priorities either by importance or frequency, or some other criterion, is an additional layer of complexity. Mapping the subsequent relationships would be very difficult and even more difficult to interpret.
- 51 It is suggested that the way to deal with these issues is based in the observation that shared values are or should be common across 'applications', and not specific to the 'application'. In other words, if 'customer' service' is a genuinely shared value, it will pop up as a decision criterion in whatever 'application' is current at the time.
- 52 In this case, based on the outputs of front end research, a 'standard list' of decision criteria, using the language of the organisation in question, can be developed for all 'shared values' questions.
- 53 The granularity of the header question(s) can be increased to a limited degree if an appropriate set of sub-divisions is created, again specific to the organisation. The set might include, for example, long term strategic (direction / design) decisions, medium term (proactive) implementation decisions (including process design) and short term problem solving (reactive) decisions.
- 54 Assuming a relatively short list of decision criteria, the multiplication effect of increased fine grain in the header question will not be as large as would prohibit the use of some form of ranking criteria in the response options offered.

Instead of 'on / off' type responses, it would be possible to use a header question such as 'How normal is it for any of the following to be referenced as decision criteria when working on ...'. The options offered could then be 'Always', 'Sometimes', 'Never'.

- 55 Assuming 3 header questions and 5 decision criteria, these would generate 15 questions to be answered, which is not excessive. Given up to another 5 to 10 question on other topics, this would enable a culture mapping exercise to be part of an overall Magus Networker analysis, and not just specific to the cultural issue.
- 48 Depending on the client's objectives, and the specific issues identified through the front end research, it may be that SHOULD BE questions will be appropriate for both norms of behaviour and for shared values – decision criteria. SHOULD BE questions would be very helpful if it is considered that organisational sub-cultures exist, and if the judgement is that at least some of them are in some degree harmful to the best interests of the business and all its stakeholders.

Last thoughts – other MTL products

- 49 The MTL product Magus Indexer is used for assessing organisational resilience – the capability of the organisation constantly to adapt to a changing environment - and hence has a significant contribution to make in M & A applications. Indexer uses a very fast process for reviewing the level of resilience in an organisation. This produces three outputs.
- 50 The first concerns many issues involving managing practices and style, which are prime inputs into the culture of the organisation, covering both process design and management behaviour. The second concerns a set of 'permissions'. These are the implicit messages contained in structure and process design decisions, as well as the behaviour of individual managers, that signal what is and what is not permitted behaviour. In other words, they are drivers of organisational culture.
- 51 The third output is that Magus Indexer provides a very fast, top level analysis enabling a more detailed analysis using Magus Networker to be precisely targeted. The design of Indexer makes it appropriate for use with most employees in most types of business and public sector organisations.
- 52 Magus Indexer has its own diagnostic tool, to help people work through symptoms through causes to actions, to drive change processes. In an M & A application, this is likely to operate for both parties to the marriage, as neither is likely to have the 'perfect' organisation.
- 53 The MTL product Magus Scanner works on a model of organisational coherence, as distinct from resilience. Coherence is desirable both in terms of the pursuit of strategic direction, along with the distribution of resources in support of that direction, and in terms of organisational and business issues that need management attention.
- 54 Apart from the strategic outputs covered by the coherence model, Magus Scanner also has its own set of permissions that are more drivers of behaviour.

The final output of Scanner is the identification of potential change agents within both organisations, in the case of M & A applications. This is crucial information, in the sense that people who are 'already there' in their perception of the need to make changes, can be recruited to support the integration change process.

- 55 Magus Scanner uses a question design that makes it appropriate for use with managers at all levels within the organisation.

Values System Model

