

Open Communication Results in Successful Integration of Cultures

Company Overview: Clifton Gunderson LLP is the 12th largest CPA and consulting firm in the nation. Since 1960, Clifton Gunderson (CG) has been committed to its mission statement of "Growth of our People and Growth of our Clients. All else follows." Their core values of integrity, trust, caring, competence, and a commitment to continual learning are what drive the firm's culture. It is this foundation that has allowed them to grow to a total staff of over 1500 people in 14 states and Washington DC.

Clifton Gunderson believes that the key to their success is matching their accounting and consulting services to their clients' specific needs. They take the time to learn their clients' goals and objectives, as well as apply their industry knowledge to help their clients achieve success.

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Lauren Malensek
Chief Human Resource Officer

Challenges: In 1999, Clifton Gunderson's turnover rate was one of the highest in their profession, with staff turnover close to 30%. At the same time, their client base was expanding into new industries and geographic markets. Simultaneous attrition and expansion put great growth pressure on the organization. It was at this time that Partner and Firmwide Director of Assurance Services, Krista Kaland, wrote a strategic white paper on firm challenges and recommended that the firm initiate a branded human resource (HR) strategy called "Priority One". Priority One was all about career development of people - the CG Way. It focused on recruiting, refining and retaining the firm's most valuable asset - their people. Krista hired Lauren Malensek, an HR professional who had proven expertise in addressing situations like this, to implement Priority One. While one strategy was to strengthen the programs to recruit new and retain existing people, Malensek also needed to focus on the firm's growth strategy through mergers of 50% internal growth by acquisitions. Malensek stated, "this strategy allowed us to respond to our client's needs more quickly by offering services requiring significant experience and depth of talent on a just-in-time basis."

The mission of Priority One was to develop a human resource asset management system that would support the core values of CG, help CG recruit, refine and retain their people, while ensuring the integrity of the corporate culture in the future growth of the organization, including mergers and acquisitions.

Employee Development and Retention: Two practice partners at CG had become Predictive Index (PI) certified prior to joining CG and had contributed to Kris' recommendations in the white paper - to consider using the tool as part of the firm's recruiting and retention processes. They had experienced the PI tool's positive impact in the selection and mentoring process and were very impressed with its ability to uncover employees' motivating drives and ultimately predict workplace behavior.

The results of Priority One have been impressive. Programs centered on recruiting and accelerated staff development gave Clifton Gunderson partners the tools they needed to identify and address the needs of employees. Turnover was cut in half to 15% over a three year period; Clifton Gunderson now is very proud to have one of the lowest turnover rates in the profession. Malensek states, "The Predictive Index has had a real impact at CG in all of our Priority One programs and initiatives. So whether it's recruiting, teambuilding, effective communications, interacting more effectively with others, or anything related to productivity and time management, Predictive Index is a part of it."

Blending Cultures – Mergers and Acquisitions (M&A): The changes in the workplace at Clifton Gunderson as a result of the Priority One program have been an especially positive move as it relates to merger activity. At Clifton Gunderson, all M&As must:

- Advance the overall vision of the client's needs
- Demonstrate core values compatible with CG's
- Recover investment within a reasonable period of time

The most challenging of these steps in the M&A process for Clifton Gunderson has always been to accurately evaluate the culture of the organization being acquired. Malensek states, "You are never going to find the same, exact core values, but core values must be similar and they must blend. If not, the deal does not progress beyond the initial exploratory conversations."

Yet unlike the financial investment recovery component, evaluating an intangible like culture is very challenging. Based on the success of PI in CG's recruiting programs, CG decided to take PI to the next logical step and use it in their due diligence process of assessing the leadership and culture of the potential acquisition or merging company.

In July of 2003, Clifton Gunderson was experiencing significant growth of its client base in Arizona and therefore was considering merging with a local firm. CG seized this opportunity to introduce the Predictive Index in the M&A process. Rick Goldenson, a long-time partner at CG, was the Managing Partner-in-Charge of the merger. Rick felt that having open lines of communication was going to be critical to the success of the merger opportunity and that the PI tool would be a proven tool to accomplish this. The partners and key managers in the merging firm took the Predictive Index and participated in interviews and discussions with the management and HR Leadership team at Clifton Gunderson. During these meetings, the PI's for the CG team were shared with the acquired team in an effort to develop a common language and greater depth of understanding for both executive teams.

As the merger progressed to the next step, each employee was also given the Predictive Index survey to complete. It provided Clifton Gunderson the insight needed to retain the necessary talent, make better decisions on key placements and motivate the new employee base.

M&A Results: Rick and his management team were amazed at how smoothly this merger was accomplished. "The Predictive Index allowed us to most proactively understand the work-related needs of our new employees. It really gave us the power and the knowledge to better communicate, motivate and lead everyone, including CG employees, through the change. Turnover from this merger was minimal, whereas other mergers in the past had resulted in large turnover. We attribute that to effective communication for which the PI tool opened the door."

In fact, only one year after the merger was complete, this Clifton Gunderson office in Arizona was bestowed several honors. It was voted number twelve in "The Best Places to Work" survey in the metro Phoenix area. Impressive by itself, the award holds even greater significance considering the criteria to win this award - EVERY employee was surveyed, not just a sample.

The Arizona office's second recognition came from within. Clifton Gunderson conducts, annually, a career development survey for all of its offices. The Arizona office had the highest ranking of all CG offices around the country. Truly a successful merger!

Malensek summarized PI's contributions. "The Predictive Index allowed Clifton Gunderson to integrate the two firms as quickly as possible, resulting in a culture of open communication, high trust and highest morale. This in turn results in a high performance team that we will retain. Anytime you are able to do that, you are looking at two to three times the potential profits and financial goals of the merger."

The Predictive Index® is a unique, in-house management tool used by executives throughout the world for 50 years to develop leaders and build successful businesses. PI Worldwide is an international association of management consultants who help companies use PI to manage their most important resource — their people.