

Case Study Example: *This case is a real life example, although the identity of the client has been removed to protect client confidentiality.*

A case for market entry in the Middle East?

ABC is a fast growing, cash rich IT services organisation based in the South of the United Kingdom. From inception 10 years ago, the founders have achieved triple digit growth almost every year mainly through the acquisition of competitors and other IT related enterprises.

Although well established in North America, an opportunity to acquire a small IT services company based in Damascus came onto ABC's radar as a means to enter the Middle East via the Syrian market. Further to some meetings and basic due diligence, the financial justification for the acquisition became apparent.

However, of those acquisitions that had not gone well for ABC in the past, failures were always due to non-financial reasons. As such, being as ABC lacked commercial experience in Syria, they decided to contact Near East Services with a view to making a cultural assessment of this new strategic direction.

In concert with the strategy department at Henley Management College, Near East Services provided uniquely developed tools for mapping company culture. These unique and proven tools used easily gathered quantitative data from both the parent and target organisation to provide a reliable assessment of compatibility. ABC was able to hire a consultant from Near East on an 'embedded' basis to work within their organisation collecting data for the mapping process. While doing so, the culture consultant was also able to record crucial observations about ABC's work ethic, and make comparisons to known similar factors in the Syrian organisation.

Once the information had been completed, a workshop was arranged in which the data was mapped and presented to ABC's board as a non-financial rationale for acquisition based on hard quantitative data.

Contrary to the conventional economic analysis that ABC had undertaken, the cultural test demonstrated that the Syrian organisation was culturally and ethically extremely different to ABC. In fact, when mapped together, the incompatibility indications that arose from the data were so stark as to identify a number of ways in which the acquisition would create issues and destroy value.

As such, ABC decided that the acquisition would not go ahead. Far from feeling disappointed that an opportunity had not come to fruition, the board at ABC were immensely relieved to have avoided so many potential difficulties and eventually were able to divert the capital into a more productive proposal.