

2026 M&A RESEARCH REPORT

The Human Value Gap in M&A.

Why the Next Era of Deal Value Will
Be Won Through Culture, Talent,
and Organizational Integration

Executive Summary

M&A deals rarely fail because leaders underestimate the importance of culture. They fail because the dealmaking process itself is structured to overlook it. Transactions are governed by financial models, legal diligence, regulatory approvals, and closing milestones—systems designed to move capital efficiently, not to navigate the complex human changes that follow. As a result, cultural integration—the factor most consistently linked to deal success or failure—often becomes an afterthought.

This study explores the structural blind spots in modern dealmaking and why a new M&A playbook is needed. RGP surveyed 120 CFOs across Technology, Consumer Products & Retail, Financial Services, Private Equity, and Healthcare. Most respondents are based in the United States (83%), with additional representation from Mexico (18%), and work at organizations with more than \$500M in annual revenue, with deal experience ranging from under \$100M to more than \$1B.

The findings reveal a generally positive view of M&A outcomes, but also a consistent message: value is most reliably protected and unlocked through disciplined integration, particularly around talent retention, cultural alignment, and the integration of digital, data, and innovation assets. At the same time, the most common failure points remain familiar, and preventable, including overestimated synergies, cultural misalignment, and inadequate diligence, often followed by integration fatigue and talent attrition. As companies increasingly acquire capabilities such as data platforms, technology, and intellectual property, the next frontier of deal success lies in strengthening the organizational muscle required to integrate them effectively.

To deepen these findings, RGP conducted follow-up interviews with 15 CHROs from some of the world's largest organizations. Their insights help illuminate what financial metrics alone often miss: that the long-term value of a deal is ultimately determined by how successfully organizations align people, culture, and operating models after the transaction closes.

Deal value is rarely lost in the spreadsheet.
It is lost in the organization.

The research points toward a new M&A reality: financial engineering may initiate deals, but human integration determines whether they succeed. **This is the next playbook for M&A.**



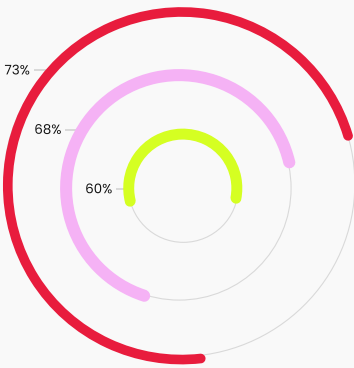
M&A as a Growth and Capability Strategy

M&A is increasingly being used not just to cut costs, but to accelerate growth and acquire strategic capabilities. Firms are incentivized to seek top-line growth and strategic differentiation in response to competitive pressures, digital transformation, and a slower-growth macroeconomic environment. Unlike traditional “like-for-like” mergers, today’s deals more often involve the integration of fundamentally different organizations, bringing together divergent cultures, technologies, and operating models. This significantly increases both the complexity and execution risk.



Every CFO can tell you why they rejected a deal because the numbers didn’t work or because of strategic fit. But how many times did a CFO look at a deal and say, “Hey, you know what, these cultures really don’t mesh, and we think that’s going to be a problem”?

- CHRO of a Multinational Bank



Survey Highlights

According to CFOs Their Top 3 M&A Objectives Are:

- **73%** Expand customer base and drive revenue growth
- **68%** Acquire new capabilities or technology
- **60%** Achieve efficiencies and cost synergies



The CHRO of a Global Asset Management Firm commented:

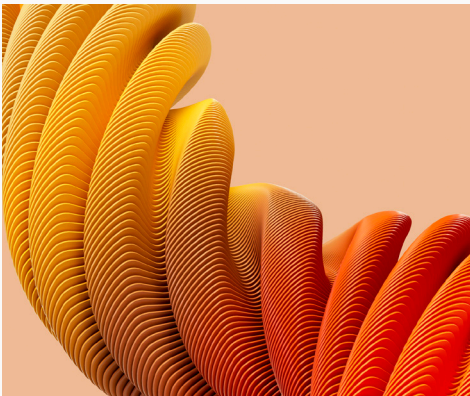
“Deal success means we’re working as one team, even if we come from different places. We measure this by looking at how teams collaborate across legacy lines, how fast decisions are made, and how engagement scores trend over time. We also listen for story-sharing. Are people describing themselves as part of the new organization? This takes a long time. It is complex and is only truly measured in the longer term of 5 years or more. There are deals that look great at the 2-year mark that are viewed as failures at the 5-year mark.”



OUR POV: M&A is being used as a growth and capability accelerator and the ability to create value in modern M&A no longer hinges solely on financial synergy or market overlap. Mergers that combine dissimilar entities, in talent, tech stack, or corporate DNA, tend to be the most challenging deals. To succeed, companies must adopt new ways of understanding cultural synergy upfront. They need to think deeply of talent and innovation assets and how they will come together to form new value during the due diligence process. In other words, integration planning and deep strategic thinking about culture need to begin at due diligence.

Financial Metrics Still Dominate How Deal Success Is Measured

Despite growing recognition that talent, culture, and innovation drive long-term deal value, most organizations still measure post-acquisition success primarily through traditional financial indicators. Revenue growth, cost synergies, and cash flow improvements remain the dominant metrics used to evaluate whether a transaction is performing as expected.



Survey Findings Reflect this Financial Orientation:

Top metrics used to measure post-acquisition value realization (respondents' top three):

- Revenue growth: **58%**
- Cost synergies: **46%**
- Cash flow improvement: **33%**

While these measures are important, they often capture the lagging financial outcomes of integration rather than the early signals of value erosion. Many of the factors that ultimately determine deal success—leadership alignment, retention of critical talent, collaboration across legacy teams, and cultural cohesion—are rarely captured in traditional deal scorecards.

Early warning signs monitored for value erosion:

- Synergy realization delays: **58%**
- Leadership and key talent turnover: **58%**
- Innovation lag and slowdown: **54%**
- Operational disruptions: **50%**
- Customer attrition and satisfaction decline: **47%**

As a result, organizations may believe an acquisition is performing well based on early financial performance, even while the deeper foundations of value are weakening. By the time financial indicators reflect these issues, key talent may have already departed, innovation momentum may have slowed, and cultural fractures may have hardened.

This imbalance suggests that many organizations are still evaluating modern capability-driven acquisitions with metrics designed for a previous era of asset-based deals, one where value was easier to quantify and less dependent on human systems.



We give teams space and voice. You don't integrate by erasing identity; you integrate by building a bridge between what was and what's next. That might mean preserving rituals, keeping brand elements, or co-creating new ways of working. Identity is part of the deal value; it needs to be honored. We track regretted attrition, pulse surveys, onboarding friction, and talent movement. If high performers leave or go quiet, that's a red flag. We remediate by re-engaging leaders, doing focused listening sessions, and empowering managers to lead differently. We also revisit integration pacing. Sometimes slowing down helps people catch up.

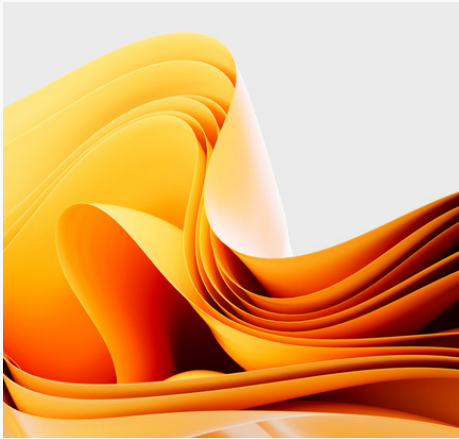
- CHRO of a Global Diversified Healthcare Giant



OUR POV: This broader lens of value realization reflects a growing awareness that intangibles drive sustained advantage, especially in knowledge-intensive or transformative acquisitions. Boards need to review cultural health and alignment metrics just like they review financials, retention of critical talent, engagement scores, cultural adoption milestones, and leadership team alignment. This requires deliberate design of roles, structures, and communication channels that maintain the creative energy of the acquired company rather than absorb it into rigid routines too quickly. Telltale signs that a deal isn't going well: people still refer to themselves as legacy Company A or legacy Company B. Anything that connotes "us and them" language, patterns in promotions, bias, differences in engagement scores, lack of movement between teams, and attrition. Those are warning signs. Leaders often chalk those up to normal churn, but typically, they're early indicators of deeper problems.

Deal Value Is Often Declared Too Early

Optimism around deal outcomes remains high. Nearly six in ten CFOs report that their most recent acquisition exceeded expectations, while only a small minority say deals fell short. At first glance, this suggests that organizations are generally successful in realizing deal value.



Survey Highlights:

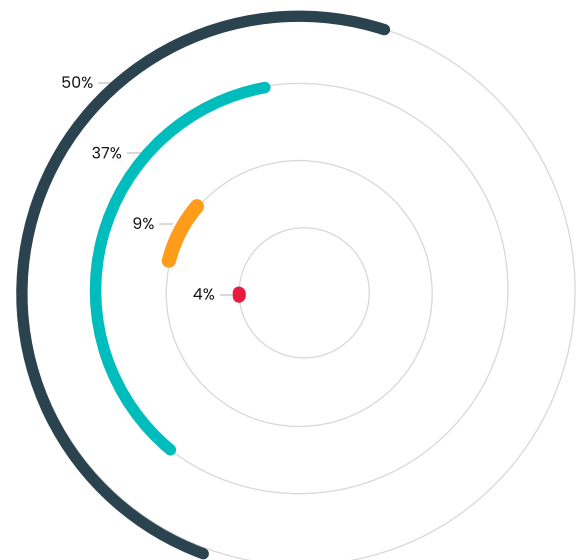
Realized value vs expectations within two years:

- Exceeded expectations: **59%**
 - Significantly exceeded: 28%
 - Somewhat exceeded: 32%
- Met expectations: **37%**
- Fell short: **4%**

However, the timeline for realizing financial returns tells a more nuanced story. Most organizations report that achieving the expected return on investment takes two to three years. This creates an important tension in how deal success is evaluated. Financial models often measure outcomes within a relatively short horizon, typically focused on early indicators such as revenue growth, cost synergies, and cash flow improvements. But many of the deeper forces that ultimately determine whether a deal succeeds or fails unfold over a much longer timeline.

Time to achieve expected ROI (most recent acquisition):

- **24-36 months: 50%**
- **12-24 months: 37%**
- **More than 3 years: 9%**
- **Less than 12 months: 4%**



Top post-deal integration priority:

- **40%** speed and stability are equally important
- **38%** stability-focused integration
- **23%** speed-focused integration

In other words, financial metrics may be declaring success long before the organization itself has fully integrated.

Many of the early signals of value erosion are not visible in the balance sheet. They appear first in the human systems of the organization: leadership departures, declining collaboration between legacy teams, loss of innovation momentum, and weakening cultural alignment.

As a result, deals that appear successful in their early years may later struggle as these deeper organizational fractures emerge. From this perspective, the two-to-three-year ROI window often reflects the timeline of financial integration, not organizational integration.

True deal value—particularly in acquisitions driven by capabilities, technology, or talent—depends on whether the combined organization can ultimately function as a coherent enterprise. That process frequently takes far longer than the financial models assume.



While financial and operational synergies (e.g., SG&A reductions, cross-sell revenue) are often captured within 18–36 months, true value realization, especially in people-centric deals, depends on cultural alignment, which may take 5–7 years to fully embed. Yet these longer-term, culture-led success factors are often under-measured. Indicators like employee engagement, leadership retention, internal mobility, and trust in new leadership can be leading signals of whether the integration will truly deliver sustained value, or quietly erode it over time.

- **CHRO of a Multinational Pharmaceutical Company**

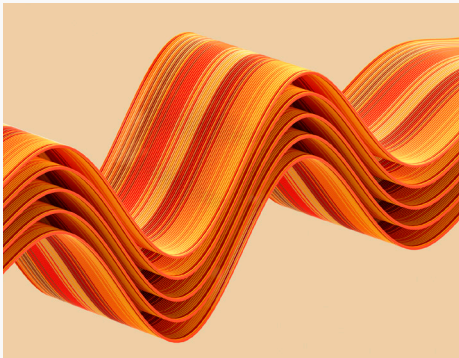


OUR POV: A truly successful M&A involves developing organizational capabilities that allow the acquiring firm to systematically generate performance gains. Performance gains accumulate over multiple phases of integration as routines are learned and refined. That means that realized value often emerges over multiple years. While initial financial synergies may start to emerge within the first 18–36 months, the deeper, sustainable value from learning, culture alignment, and operational integration unfolds over a far longer horizon as capabilities are embedded and refined.

The Intangible Value Paradox

Modern acquisitions are increasingly driven by assets that cannot be easily quantified. Brand, intellectual property, data, leadership capability, and talent ecosystems now represent the core strategic rationale for many deals. Yet despite this shift, organizations remain far more confident in their ability to evaluate financial assets than the human and knowledge-based systems that generate long-term advantage.

Our research reveals a striking contradiction. While more than 80% of CFOs say intangible assets such as talent, data, brand, and IP are highly important to deal value, very few believe their organizations are highly effective at assessing or protecting them during the deal process.



Survey Highlights:

CFOs perceived importance of intangible assets:



81% of CFOs ranked intangible assets as either extremely or very important



18% say their organization is very effective at protecting them

This gap reveals one of the central risks in modern M&A: the assets organizations increasingly seek to acquire are also the ones they are least equipped to protect.

Unlike physical assets or cost structures, intangible resources are embedded within the organization itself. They reside in leadership relationships, tacit knowledge, innovation routines, and cultural norms that evolve over time. When these systems are disrupted or poorly integrated, deal value can erode quickly—even when financial integration appears successful.



The key to value creation in acquisitions is the transfer and integration of intangible resources, such as human capital, knowledge-based capabilities, brand, and culture that are central to competitive advantage. If not integrated carefully, they will erode post-acquisition value enormously.

– **CHRO of a Multinational Manufacturing Company**

Protecting intangible value therefore requires expanding how deals are evaluated and managed. Organizations must elevate talent, culture, innovation capability, and brand continuity to the same level of scrutiny as financial diligence. This means embedding cultural analysis into due diligence, appointing dedicated leaders responsible for safeguarding key human and knowledge assets, and developing repeatable playbooks for integrating talent and innovation ecosystems.

Without this level of intentionality, early financial gains can mask the gradual erosion of the very capabilities the acquisition was meant to secure.



M&A is a journey. And with intangible assets we move from stabilization to alignment to optimization and then evolution. This needs to be extremely thoughtful and intentional. Momentum fades without intentional renewal. We sustain energy by refreshing the narrative, resetting goals, reinforcing leadership stability, and **adapting to changing employee expectations.** Without this, early gains slowly disappear.

- CHRO of a Multinational Bank

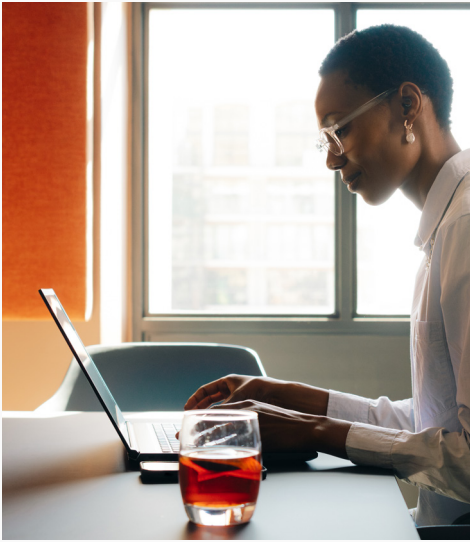


OUR POV: Modern acquisitions increasingly target capabilities—innovation, talent, data, and brand equity—yet most deal processes remain designed to evaluate what can be easily quantified. This creates a structural gap: while leaders recognize the importance of intangible assets, few organizations assess or protect them with the same rigor applied to financial diligence, risking the erosion of leadership systems, knowledge networks, and cultural dynamics that drive long-term value. Closing this gap requires embedding talent ecosystems, leadership alignment, innovation capability, and brand continuity into diligence, valuation, and integration planning from the outset. The organizations that consistently capture deal value will be those that evolve their M&A playbooks to protect and integrate these human and knowledge-based systems with the same discipline historically applied to financial assets.

When Talent, Culture, and Innovation Walk Out the Door

Even when organizations acknowledge the importance of culture and talent, many still struggle to retain the people who carry the value of an acquisition.

The data reveals a troubling pattern: nearly three-quarters of CFOs report moderate to high leadership or critical talent turnover within the first year of an acquisition. This level of attrition represents one of the most direct threats to deal value.



Survey Highlights:

Culture and engagements as drivers of value:

- **66%** rate culture and engagement as extremely or very important
- **74%** report moderate to high turnover in the first 12 months

When cultural compatibility is assessed:

- **40% before** due diligence
- **60% during** due diligence

Hybrid and distributed work environments have further complicated this challenge. Nearly 87% of respondents say hybrid work has increased the complexity of cultural integration, making it harder to build cohesion across newly combined organizations.

Retention itself is not driven primarily by compensation. The most effective retention strategies reported by CFOs focus on building confidence in the future organization:

- **59%** career path alignment and development opportunities
- **53%** cultural integration programs
- **45%** long-term equity incentives
- **39%** retention bonuses
- **38%** leadership clarity and communication

These findings suggest that the most powerful retention lever is not financial, it is organizational. Employees stay when they see a credible future within the new enterprise.



As the CHRO of a Global Diversified Healthcare Company Explained:

“You can’t capture power dynamics in a spreadsheet. We use leadership interviews, site visits, and engagement listening to surface issues like fragile morale, trust erosion, and hidden influencers. Cultural assessment tools can help, but it is often about asking, “What really makes this person or this team tick – and what would break if we changed too much too fast?”

When these signals go unnoticed, early fractures in the organization can spread quickly. Declining collaboration between legacy teams, loss of engagement among key leaders, and reduced participation in cross-functional work often appear long before financial indicators reveal problems.

The challenge is particularly acute in capability-driven acquisitions where innovation, product development, and specialized expertise are central to deal value. In these cases, **intellectual property alone does not carry the asset, the people behind it do.**

Although most organizations implement formal measures to protect innovation assets, such as data security audits, brand transition planning, and knowledge transfer programs, these efforts often emphasize compliance and process rather than the people responsible for generating innovation.



Innovation and IP protection in M&A isn’t just a legal or technical issue; it’s a matter of resource integration and capability orchestration. The acquiring firm must be able to recognize, absorb, and leverage the target’s innovation assets, including the human capital and tacit knowledge that underpin them.

– **CHRO of a Global Automotive Manufacturer**

When founders, engineers, or product leaders lose autonomy, influence, or identity within the combined organization, innovation momentum can slow dramatically, even if the intellectual property technically remains.

For this reason, many leading acquirers are beginning to rethink how integration should occur. Rather than immediately absorbing acquired teams into existing structures, they increasingly adopt phased or hybrid integration models that preserve the cultural and creative conditions that enabled innovation in the first place.



The fastest way to destroy innovation and talent is to erase identity. For capability-driven deals, I support partial or phased integration. We allow acquired teams to retain autonomy, cultural rituals, and innovation structures while creating bridges to the parent company. Integration should not be synonymous with absorption. Instead, it should be "mutual value exploration", where both sides learn from each other, and IP integration decisions are co-created. Retaining the language, symbols, and design rituals of the acquired team, at least temporarily, can preserve the emotional conditions that drive innovation.

- CHRO of a Leading Technology Company

Ultimately, this research points to a fundamental shift in how deal value must be protected. In modern acquisitions, innovation capability, organizational culture, and talent networks are inseparable from the assets being acquired. When those human systems are disrupted, the value of the deal can quietly dissipate long before it appears in financial metrics.

Protecting deal value therefore requires something deeper than strong integration plans. It requires the ability to understand and manage the human systems that sustain competitive advantage.



OUR POV: High turnover in the first year after an acquisition is often the earliest signal that deal value is beginning to erode. In capability-driven deals, the true assets being acquired are the people, leadership dynamics, and innovation ecosystems behind the intellectual property—not just the IP itself. When integration disrupts those human systems through unclear leadership, loss of identity, or weakened collaboration, organizations risk losing the very capabilities they sought to acquire. Protecting deal value therefore requires treating talent retention and cultural integration as core elements of deal strategy, with early identification of critical talent and integration models that preserve the conditions that sustain innovation.

Conclusion: Creating Maximum M&A Deal Value Through Culture

For decades, the prevailing architecture of M&A has been built on the assumption that strategic fit and financial engineering are the primary levers of value creation. Cultural issues have always been difficult in M&A because they are deeply human, multidimensional, context-dependent, and often invisible until change is underway.

What's new, and urgently important, is the recognition that these cultural dynamics are not peripheral, but central, to value realization. At its core, culture in an M&A event represents a rupture in the lived reality of two organizations; a moment when deeply embedded assumptions about who we are, how we act, and why we matter are thrown into question. This is not just an operational challenge; it is an existential one.

This whitepaper reveals a striking contradiction: while executives consistently name culture, innovation, and talent as critical to long-term value, the structures governing how deals are designed, assessed, and executed remain largely indifferent to the massiveness of the culture issues that ultimately determine hard deal value. Cultural due diligence is inconsistently applied, integration timelines are misaligned with the temporal realities of cultural adaptation, and the very metrics used to define "success" fail to capture the slow accrual of trust, identity integration, and organizational cohesion.

This insight is paradigm-shifting. Cultural integration resists compression. It operates in cycles of behavior, belief, and institutional adaptation. Our findings indicate that while financial synergies may surface within 18 to 36 months, true cultural integration can take 5 to 7 years; often extending well beyond the horizon of conventional post-merger tracking. This temporal mismatch creates a persistent blind spot, where early indicators of long-term failure are either missed or misattributed.



Moreover, what is often framed as a capability gap, whether in digital integration, innovation protection, or synergy tracking, is, in many cases, a symptom of deeper human complexity: power dynamics, identity loss, erosion of trust, or misaligned values. These are not soft side effects; they are structural features of organizational life and must be valued and managed as such.

To begin to get this right, culture and leadership need to be understood at the earliest moments of deal-making. Integration models must span both organizational structure and the deeper dimensions of human behavior to unlock where the true value of culture and talent lies. To realize the full promise of the deals we construct, we must now build the capacity to bring organizations together in ways that respect complexity and create uniquely combined entities that will guarantee enduring value over time.

Our Final Thought:

For decades, M&A has been treated as a financial exercise followed by an integration problem. Our research suggests the opposite may be true. The real work of M&A is organizational: aligning identities, leadership, and innovation systems to create a new enterprise that is stronger than either predecessor. In the next era of dealmaking, the companies that win will not simply buy capabilities—they will learn how to combine human systems in ways that unlock entirely new sources of value.

About RGP

RGP is a global professional services firm with nearly three decades of experience helping the world's top organizations—from Fortune 50 to fast-moving startups—solve today's complex business problems. A trusted partner to CFOs and finance leaders, we deliver the talent, consulting, and outsourced services solutions you need to grow faster, work smarter, and keep up with change—all through a flexible model and global network of experts.

