

Greater than the Sum of its Parts: The Merger of Lionsgate & Summit Entertainment



By Lisa Barbato

With any merger, the goal is to create a sum that is greater than its parts. When Lionsgate acquired Summit in January 2012, both companies brought vibrant and distinctive brands and cultures to the combined entity. Both companies had established strong reputations as entrepreneurial leaders in the independent space, unconstrained by traditional ways of doing business. Both had established reputations for innovative thinking outside the box and embracing new business models, new partnerships and new ways of doing business. Both had reputations for vibrant young adult franchises (*The Hunger Games* and *Twilight*) and original and edgy independent fare.

Under CEO Jon Feltheimer and Vice Chairman Michael Burns, Lionsgate's culture placed a premium on empowering employees, granting autonomy to executives to make their own decisions and take risks in pursuit of big ideas. Under co-CEO's Rob Friedman and Patrick Wachsberger, Summit Entertainment built a strong culture of entrepreneurial empowerment, volunteerism and corporate philanthropy.

Following the acquisition, the challenge was to assimilate not only the best and brightest employees from each company but the best traits of their respective cultures. As Lionsgate CEO Feltheimer said:

"Lionsgate's emergence as a global content leader is attributable to many factors. One of the most important is the rich mosaic of companies that comprise our Lionsgate family, each with its own unique strengths, vision and culture."

Although Lionsgate and Summit management shared these goals, the "devil is in the details," as the saying goes, and our Company's Human Resources department was charged with playing a lead role in helping to execute policies for the combined entity that would tap the best traits of each company's culture.

As Human Resources professionals, our challenge is to create an engaging and empowering environment in which employees will excel and thrive, and this challenge becomes even greater when two separate companies are being merged. Louis Efron's article in *Forbes* tells us that, although employees may say they are leaving a company for higher pay, there's an even better chance they are leaving for anything but. He goes

on to describe the six reasons why good employees quit: No Vision, No Connection To The Big Picture, No Empathy, No (Effective) Motivation, No Future, No Fun.

When I worked at Summit Entertainment before we were acquired by Lionsgate, I experienced a collaborative and cooperative environment that was led by an executive team that was passionate about giving back to our community and building a culture that nurtured trust and loyalty. We created a volunteer committee that held several events each month, including a companywide volunteer day in which employees spent the day volunteering off-site with several organizations in the area. It was events like these that led to a shared sense of purpose and vision that is best described in an event I'll never forget.

I still remember our excitement when we heard the high pitched squeals from the long line of tweens who had camped outside for a week just to get a glimpse of our first red carpet of *The Twilight Saga*. Titles and departments didn't matter that night; it was all hands on deck to ensure a successful event that had accountants working alongside HR professionals as we hit the red carpet as one team with one goal. Later that week, packed into our company kitchen, we raised our champagne glasses in unison, as our management team thanked us all for a job well done.

When employees are part of something that is bigger than their 9-5 (or for the Entertainment professionals, more like 8-8), they stick around for the long haul. A fellow Summit employee confided in me that, although she didn't feel she was working in the right department, her commitment and love for the culture at Summit was too strong for her to ever consider leaving. And although I didn't like hearing we had an employee who felt she was in the wrong department, I was proud we had built a culture that was strong enough to keep this person engaged and productive.

So what comes first, the chicken or the egg? Companies like Google and Southwest Airlines built a culture that contributed to their success. Like Summit, they didn't create their culture *after* they became financially stable, but before. Micah Solomon's article in *The Washington Post* asks readers to consider Southwest Airlines' attempted imitators: United Airlines' United Shuttle, Continental Airlines' Continental Lite, Delta's Delta Express and US Airways' Metro-Jet.

"What did these companies lack: Money? Name recognition? Hardly. They lacked Southwest's relentless focus on culture, which none of its pop-up competitors was willing to slow down to emulate. And all are now bust. This is why someone leading a business today – preparing a bright future for your organization and perhaps

for the world – needs to focus not just on nuts and bolts, techniques and standards, but on *culture*.”

Lionsgate acquired Summit in January 2012 and, in the nearly two years since, I have been pleased and proud to see that the combined company has absorbed and embodies many of the best aspects of Summit’s culture. Within a few months of the acquisition, we created the combined company’s first volunteer committee, LIONSHARES. Lionsgate’s commitment to draw from the best of both cultures created a collaborative environment which resulted in an unbeatable recipe for success and brought together two complementary studios to create one innovative global content leader.

On June 6, 2013, we launched Impact Day, the company’s first organization-wide volunteer day, in which 400 of our employees volunteered at 13 different organizations within our community. With Lionsgate’s drive to think outside the box and position itself as a leader in the independent space, we went on to launch a multitude of employee programs, including Employee Mixers and Division Head Lunch and Learns, a Mentorship Program and Tuition Reimbursement.

Feltheimer notes:

“The acquisition of Summit Entertainment has accelerated our evolution into a world-class next generation studio. Summit’s contributions are reflected in our leadership in young adult brands and franchises, our stellar box office performance worldwide and the breadth and depth of our management team. We’ve also assimilated the best attributes of Summit’s culture, creating a commitment to corporate citizenship that was on display during Impact Day in June. The culture of volunteerism and corporate citizenship that Rob Friedman and his team pioneered at Summit has now become an integral part of our own brand.”

We are united under a Lionsgate logo that respects and nurtures the values of all the companies – Summit, Artisan, Debmar-Mercury, Trimark, TVGN, Pantelion, Codeblack, Roadside Attractions and IDC, just to name a few – that contribute to the rich mosaic that is the Lionsgate family. We are a company that celebrates diversity, encourages individuality and is committed to a culture and working environment that gives our employees a sense of purpose and unity that helps them find their place not only within our organization but within the community we serve.

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Lisa Barbato is the Director of Communications & Employee Engagement at Lionsgate, a major studio in Santa Monica, CA best known for its two leading franchises: The Hunger Games and The Twilight Saga. She formerly worked for Summit Entertainment, which was acquired by Lionsgate in January 2012. She was an important part of the transition team that successfully merged the two studios. Lisa directs internal communications, employee programs and corporate events at Lionsgate. She also chairs LIONSHARES, a companywide volunteer committee.

Lisa started her career in 2003 as a Development Intern for DreamWorks Television. After graduating from Ithaca College with a BS in Communications, she obtained her first job in the industry as a Production Assistant for Warner Bros. While working at Summit Entertainment, she enrolled in Pepperdine University's fully-employed Executive Business program where she received her MS in Management and was inducted into The International Honor Society Beta Gamma Sigma.