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Unlocking M&A talent value: It's all about rewards

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David: Mergers and acquisitions, these deals are big business, and they come with high expectations for the future. What does it take to bring these expectations to life? Today, we'll hear from Ben Jackson of AT&T. Ben will tell us how they've thrown away the old playbook, and they're using rewards in their efforts to grow a new organization, retain key talent, and maintain the legacy business, all while leveraging scale and controlling their costs. Later, I'll be joined by my colleagues—Matt Usdin, Melanie Langsett, and Pete DeBellis—who will discuss today's wider definition of total rewards in the context of M&A, and what it takes to turn the anticipated value from a deal into actual value.

Melanie Langsett (Melanie): Hi, I'm Melanie Langsett. I'm a partner in our Human Capital practice at Deloitte Consulting, and I'm the national leader of our Rewards and Well-being practice. I'm here with Ben Jackson, at AT&T, and we're very happy to have Ben join us today for this edition of our Capital H podcast. So, to get us started, tell us about your journey of your career at AT&T and a bit about your current role.

Ben Jackson (Ben): First off, thanks for having me, this is great. So I joined AT&T in 2010, and actually started over on the retirement side leading our 401(k) plan, and had a great experience there. I previously was a subject matter expert in retirement, and specifically 401(k), but it was great to come to an organization that had a kind of broader plan for personal development. So after a couple years of working on the 401(k) plans, I moved over to compensation and supported the AT&T technology organization from a management compensation perspective, which is a wonderful opportunity for me to learn more about our business, especially our core business, which was our network and mobility organizations, and to kind of key drivers of pay that were leading to talent attraction/ retention; and then I'm now back in benefits on the health and welfare side. So, I have our health and welfare operations, so our design team comes up with the strategy and then hands it over to my organization to execute that strategy—so whether that's M&A or things like annual enrollment, and also all of our well-being operations go through my organization.

Melanie: That's great. It sounds like you've had a wide array of experiences during your time at AT&T, and so we're excited to talk to you more about rewards and how those have influenced the way that AT&T has been engaging your workforce; and with the recent—fairly recent now—acquisition, AT&T's workforce has expanded to include all kinds of new talent. How have you ensured that your rewards offerings know that you're thinking about for the future are meeting the needs of this now more diversified workforce?

Ben: Yeah, the move to media was a change for us, and so I think the first step was just acknowledging what you know and what you don't, and we have a lot of expertise in the technology and telecom space, but our actual understanding of media was fairly limited, and it is a very different industry. And so where we really started was trying to accelerate our learning and understanding of the media organizations and the drivers of talent, and so that meant subscribing to some additional data, doing some independent benchmarking through different channels that we use to focus more specifically on media companies; and so it was getting smart on this new industry, but also then really trying to understand the key drivers for this particular employee base, which has a very different culture and different skill set needs; and so that meant really getting to know our peers over at Time Warner and understanding what are these really important aspects that we have to consider as we talk about bringing these companies together? And so as much as it is a data and strategy play, it's also a people and relationships play; and so we've tried to be as balanced as we can be across those areas to make sure that we're making the right decisions for the business.

Melanie: That's great. So you talked about that AT&T has grown substantially over the years, a lot through acquisition—most of those previous acquisitions having been in the telecom industry. What, over the last 10 months or so, have you observed that's different about this acquisition? You spoke a little bit about some of the things you've already seen, but how has this really differed in the integration than past acquisitions have?

Ben: The first thing we did was throw out the playbook, and a lot of times people say that they're gonna do that, but then when they get a little bit of adversity or some conversations with leaders that don't go well, they kinda revert back to what worked before; and if we were to try to do that with this acquisition—run the telecom playbook, the horizontal merger strategy—it would be a failure. And because the places that we would go for synergies in the past are different this time around, there's—other than some corporate functions—there's very little overlap in the types of roles and jobs that people are doing, and so how you approach workforce retention and some of the drivers of those things are different from when you buy Bell South or buy Cingular, and you can actually go back and look at those past mergers and see the playbook. We literally had an initiative called One AT&T. We're all the same, and we're gonna be harmonizing benefits and platforms and systems to be homogenous; and our leaders have been very clear that we are not gonna disrupt this highly successful content business that is Time Warner, and if you look at their results, quarter over quarter since they've been in our numbers, they're doing a phenomenal job of creating this really unique set of content and media, and so it's a do no harm kind of playbook because we've gotta make sure that those revenues and that growth continues, and so we're slow playing a lot of opportunities, candidly, to make sure that we're being thoughtful about retaining the right people and not disrupting this really successful business that there are now new revenue opportunities off of this merger. So we have a new advertising analytics division, and they're a central part of this new go-forward strategy. That group didn't exist two years ago. It's not only the accretive nature of the Time Warner business, but it's the new business opportunities that we see from advertising analytics and the data play there; and so we're trying to thread all those needles, grow a new organization, retain the talent and the key operations at Time Warner, and then still run our legacy business that has a much different kind of profile on talent, and I'll do that through as homogenous a set of benefits as possible to leverage our scale and control cost. So it's a challenge, but throwing out the playbook and really looking at it fresh is what's ultimately gonna make this successful.

Melanie: And you reference the employee value proposition and the new businesses and the legacy businesses, what do you say is the benefit that may come to those legacy businesses from the way that you're challenging your thought processes and the way you're approaching these new talent groups?

Ben: We always try to pick up some best practices from mergers, and I think we have a really good track record of that. Because if you care about understanding what is working and valued for the employees that you're acquiring, there's gonna be some nuggets in there, and we can point to things from the DirecTV integration that became best practices. I think that Time Warner will show us some of those things that will then get applied to the experience and potentially the benefit package that the legacy businesses see, and to some new benefits or maybe lowercase "b" benefits and perks that our legacy company doesn't currently have, but we're actively looking at; and this is pretty cool, and can we start to leverage some of this and create some scale out of some of these models to roll it out to everybody?

Melanie: Well you talked about the different employee groups and the way you've got to address their specific needs. How are you thinking about the way you'll measure the effectiveness and the success of the new programs that you're implementing both for this newly acquired workforce, but the way in which you may apply that more broadly, and do you think in terms of financial return on investment? Is it about workforce engagement? How do you measure that and know that what you're doing is resonating with your workforce?

Ben: It is not a surprise that our CEO used to be our CFO, and a lot of the heads of business units or organization's like benefits, came from finance; and so we do a lot of measurement and a lot of ROI analysis on any change that we're making, and that's just been part of our standard practice for a long time, and you've got the ROI in a vacuum, and that's usually what we go in with and pitch ideas or changes to leadership, and then you've got the operational outcomes of, well what did we actually pull off? And we always want to circle back and reevaluate the impact. What we haven't done a lot of is partnering with workforce analytics, which is another organization at our company that has a lot of the engagement data. So how can we, not only talk about how much money we're saving or how much healthier our wellness programs are making people with critical engagement and outcomes, but how much longer does the person stay at the company? Does a person that engages in a well-being challenge have a higher eNPS score and stay longer, or are those things not at all correlated? And so we haven't done that work, but it's something that we're thinking a lot about.

Melanie: Yeah, you talked about engagement and measuring those outcomes, and sometimes you get better uptake than you anticipated, sometimes not so much, but is there a magic length of time over which you really have to look at impact? In your experience, how long is it before you can really know whether you've achieved what you set out to?

Ben: I think, depending on the topic, you're gonna have to have a really frank conversation with your leadership to understand what appropriate time horizons are to do the measurement. And then, but if you say, hey, I need three years, you better go back after the third year and do the report out, back to creating some accountability and trust, to have the opportunities to do these things. Yeah, there are definitely times where we've said, well that didn't work, or we didn't see the engagement that we wanted to see.

Melanie: That's great. And you touched on this a moment ago that the culture that you want to create, and so when you think about the legacy of AT&T, which goes way, way back, the new AT&T, as it continues to evolve into the media and telecommunications giant that it is, how has the legacy company's culture being impacted and the culture of all of these other organizations that you're bringing into the fold. How is that playing out, and what role do you think benefits, specifically, or rewards, more generally, is playing in that?

Ben: Well I think first off, it's kind of stressful because our whole company is going through change, regardless of what business unit you're in. So if you're in the communications company and you're seeing challenges on revenue, if you're in Time Warner and you're being acquired, if you're in a startup or a Xandr organization, which is advertising analytics, you're going through change, and it's all different kinds of change, and so there's stress and anxiety. So, there's a very, again, like tactical opportunity to make sure people are managing their stress and bringing their best self to work; and so, we have a lot of well-being plays that tie into, are you taking care of yourself? Are you being mindful? Are you able to manage the change? And we play a huge role in that, but also just understanding that benefits is always gonna be a top two or three item for talent attraction or retention with compensation and the type of work or the supervisor. I mean it's a huge driver of what makes people show up every day and stay here; and so what we're trying to do is highlight those things that make this a good place to come to work, and those are probably some softer things—the more ancillary benefits—because if you're not nailing the big "B" benefits, the medical/vision/dental, you're already behind; and so we are intentionally ahead of market on those large impacting items because we know it's so important, from a talent perspective, but then it's the well-being, it's the smaller or more ancillary benefits that really help shape the culture along with policy. So, the policies do differ, and some of the well-being programs differ business unit to business unit, and we see that shape the culture there. So, in Time Warner, they have Dr. Gupta from CNN, and he rolled out a program called FitNation, and it's this homegrown, amazing program that has really been a success at Time Warner. And so I'm not touching that thing, this is working, this is something that their employees really love, can I borrow that? Can I take that into other business units because it makes people healthier, it makes them engaged, but it also helps to shape the culture that we want to build? And so, yeah, I think it's understanding what can be different, what can be unique to a business unit or a segment, and then bubbling up those best practices that align to our corporate values and should really be across business unit or entity-wide programs. But that's pretty subjective, and so you've gotta be attuned to leadership feedback and employee feedback on what is value and what they want to see, so we do a decent amount of survey work and focus group work with employees to understand what's important to them.

Melanie: Yeah, that's great. So if you were gonna give advice to our listeners, what would you say your pearls of wisdom would be for companies who are looking to customize and create that specific experience, that workforce experience, employee experience, that is going to achieve, like the objective that you said around being a great place to work, an employer of choice?

Ben: It's hard because, especially the larger your organization, there are many drivers and factors that are unique to individuals that you'll have a spectrum of need. And so that can be a complex question, and I would say the first thing is, don't try to go just copy what someone else is doing because that will fail. I think you have to create authentic experiences and authentic programs that work for your workforce and work for your business situation, and so it starts with understanding who your people are and what they're looking for; and that might mean, believe it or not, like going and talking to them and asking them what's important and what isn't important; and you can obviously use data and resources from your vendors to get a head start on that. We know every link that clicked on our benefits portal, and we rearrange the content and take away the stuff that no one's clicking on, or put a different picture, or change the words. We do that all the time, and you should know where people are going, what's driving traffic and what's not, so that's an automatic tip of, okay, this is important or of interest to people. So am I presenting it the right way? Do we have the right strategy? Do we have the right design? Have we operationalized this effectively? But then just going to get that feedback is really important, so every person that enrolls during annual enrollment, including our retirees, we offer them a survey to give us feedback on the benefits themselves, the enrollment experience, our call centers, our web portals, and we read every single comment because that's super valuable. This is the people telling you what's important to them.

Melanie: That's great, Ben. Those are fantastic insights for organizations to keep in mind as they're thinking about their future, so I want to thank you so much for your time, this has been incredibly valuable. I know that our listeners will benefit from hearing about your story and AT&T's journey. We thank you for your time and look forward to a future discussion.

Ben: Thanks so much.

David: We just heard from Ben Jackson. He talked to us about AT&T's multipronged approach to M&A integration with total rewards as its key element. Next, to continue this conversation, I welcome my colleagues—Matt Usdin, Melanie Langsett, and Pete DeBellis. They weigh in on how rewards are evolving and the role they can play in realizing the opportunities presented by M&A deals.

Welcome back. Mergers and acquisitions, part of the natural order of things for companies certainly. Organizations coming together to unlock some larger potential, yes, but integrating companies is never trivial—combining balance sheets, processes, product sets—these are all hard enough, but what about creating a cohesive organizational culture? That is a real challenge, and it's a major reason why M&A endeavors often don't turn out entirely as planned. When two companies become one, how do leaders create a tailored, compelling, employee value proposition for their new entity? Well, to tackle that question, I'm excited to be joined by three of my colleagues. First, Matt Usdin, a principal in Deloitte's Human Capital practice and leader of our US and Global Human Capital M&A offering. Thanks for joining us today, Matt.

Matt Usdin (Matt): Thanks for having me here, David, appreciate it.

David: Absolutely. Next, Melanie Langsett, also a principal in Deloitte's Human Capital practice and leader of our US Rewards and Well-being work. Welcome to the program, Melanie.

Melanie: Great to be here with you today, David.

David: Great. And last, but certainly not least, Pete DeBellis, Bersin's research leader for total rewards. Glad to have you on board, Pete.

Pete DeBellis (Pete): Hi David, thank you very much for having me, glad to be here.

Matt: Okay, so let's dive in. So to level set for our audience, Melanie, I'd like you to first give us a definition for this, what we mean by total rewards. Let's start there.

Melanie: It's a great question, David. Traditionally, our clients have considered total rewards to be the combination of all of the compensation and benefits programs that they've designed and delivered to their employees—the very common, traditional programs of base pay, incentive pay, medical/dental/vision, and retirement-type benefits—but increasingly what our clients are finding is that with the diversity that's in today's workforce, that rewards is really more personal and unique to the individual. And so many of our clients are reconsidering what total rewards means and thinking about it through the lens of broader programs that are important to meeting the needs of this diverse workforce to be inclusive of things like leave and paid time off, but culture and environment, learning and development, recognition, the things that individuals really think about when they are considering how they feel rewarded.

David: Great. So Matt, you have worked with many clients to help them through the challenges and the potentials of a merger or an acquisition, given this wider definition of total rewards, what are the big, important considerations going in? What's essential for an organization to get right if they want to drive full value from this effort?

Matt: Thanks, David, that's a great question. When I think about an M&A event, I normally start with the foundation of, why is a company doing a deal? And often, historically, organizations do deals to drive revenue, synergies, or cost synergies, or enter new markets. Recently, many of our clients and many organizations are doing deals to acquire new technology, as industry convergence continues at the accelerated pace, require new types of talents to enable the technology platforms going forward and for reasons like that. In order for organizations to realize that value out of a deal, they need to drive performance—organizational performance—they need their talent to behave and perform in certain ways, and rewards are a big lever in order to do that when organizations are looking to drive outcomes around, for example, cross-selling new products; aligning incentive comp structures is a very important lever to do that. When organizations are looking to align cultures and unify the organizations after a deal, aligning rewards programs and all the different elements that compensation, and benefits, and learning and development, and career opportunities, is a very important lever to do that. So I start to, from the beginning, of what outcome is the organization trying to drive through a deal, and what are all the different levers that an organization has to minimize disruption, drive productivity, and ultimately achieve that outcome? And rewards is a big part of that no matter how you slice it.

David: Pete, what would you add given, after the merger and acquisition event, we're trying to—I'm gonna paraphrase Matt here—we're trying to get our entire combined workforce to all row in the same direction. What's the research say on how rewards plays into that?

Pete: I guess where I would start, David, is to say, in general, our current research—both Bersin's high-impact rewards research as well as Deloitte's broader body of human capital trends research—is showing us pretty clearly that employees aren't thrilled with their rewards programs overall, and that the rewards domain is in pretty dire need of evolution, if not revolution. So I think it's important to establish that as the context first before we talk about even taking it on in more challenging circumstances during a transaction, because I think the stakes are even higher for employees whose organizations are involved in one of these transactions. It's common that the pace and the volume of their work, the number of distractions they're facing, and the degree of uncertainty they're feeling, can all accelerate from what's already a generally fast-paced and disrupted new world of work. So I think we're not, in general, starting on the most solid ground to begin with, and then we are upping the ante by adding the added pressure and distraction of a transaction.

David: Melanie, what would you add?

Melanie: So I think the piece that we haven't yet talked about is not only is the acquiring company buying potentially the talent of the target, so the employees themselves, but increasingly more and more work is being completed by off-balance-sheet workers—gig, contractors, etc. And while historically rewards has really been focused on the W-2'd or on-balance-sheet employee, given the volume of work and impact that an off-balance-sheet worker has, we really say that a focus on how rewards and that broader relationship can be used to help engage with those other types of workers. It's super important, I would imagine, that the focus not just be limited to the employees that are coming over, but those that are working via contract in another, more contemporary models as well, so that it's really a holistic view across the workforce.

David: So I think that transitions us to this wider notion of an employee value proposition, and Melanie, I think it's interesting you're suggesting we should be considering the employee value proposition for all of the segment in our workforce. Pete, pick up from there, how do we know if what we're doing under this banner of total rewards is actually contributing to this broader notion and employee value proposition?

Pete: I think traditionally, David, we would start with benchmarking our programs against the external market. So how are we doing against a broader data set, whether it's by industry or by location, more recently perhaps monitoring sentiment, what is reported, what is said about a company on crowdsource review sites, maybe even looking at internal utilization data, looking at some of the facts and figures that we have in our HR systems to give us a pretty good starting point. But I think we've reached a point now where there's simply no substitute for gathering feedback on your rewards programs directly from your workers, from the employees themselves, or as Melanie aptly pointed out, the off-balance-sheet workers as well. High-performing organizations increasingly understand that the worker is indeed the ultimate customer when it comes to rewards programs, and they act accordingly. So they ask employees what they want and need, they care about the worker's experience doing business with the organization, and they're not afraid to evolve or iterate in order to protect or even enhance that experience.

David: Melanie, are you seeing your clients collecting the kinds of data that Pete's talking about from those wider segments of the workforce, so the off-balance-sheet employees?

Melanie: Many organizations are trying to better understand what an off-balance-sheet worker values, what makes them want to bring their talent and services to that company versus as a free agent taking their services anywhere else. Organizations like Deloitte are starting to do research into that segment of the workforce more broadly because it is a more transient element of the workforce; it's important to take into account the broader view of the off-balance-sheet worker and balance that with the regulatory limitations that exist so that companies are staying on the bright side of the compliance line as they engage with those off-balance-sheet workers; but certainly important to marry that data along with what is possible so that you can differentiate yourself as a destination for talent, not only for employees, but also for contractors and gig.

Pete: I think that's well said, Melanie, and I would just emphasize the takeaway here is that you can't assume you know what your workers want or need, you have to ask them, and unfortunately often HR folks can be their own worst enemy in this regard when they choose to make rewards decisions and build offerings based on either their instincts or their past experience instead of seeking that input directly from their customers, the workers, the employees.

David: So Matt, step back out to the big picture here, with the clients you've worked with, going into these initiatives in the first place, what are we recommending that they collect from a data perspective and what do you actually see in practical reality? Are these organizations collecting to know if the rewards offering is actually pointing the combined workforce in the right direction?

Matt: Yeah, I would say that historically, from an employee preference perspective, organizations aren't collecting a lot of information, they're collecting the things that Pete mentioned earlier that were kind of the traditional way to think about things, like net promoter score and the like. I think what's interesting is, in the M&A environment, our organizations typically do collect a lot of information about how employees on- and off-balance-sheet feel about the deal, feel about the communication they're receiving, and feel about how engaged they are in a deal, and employees are often given a lot of information instructing them how to interact with customers and suppliers and others. And I think it would be a pretty easy pivot to actually start to weave into that, getting some insight into the preferences that the employees have around how they will be rewarded on a holistic basis going forward, and I think that would be a big sea change in how organizations start to think about engagement and then cultural alignment in deals, and go from a lot of push of information around rewards to a bit of a pull and a push, which would be an interesting shift. Additionally, I think, as Melanie was hitting on with respect to the off-balance-sheet workers, there's an interesting opportunity there as well that's an in-deal environment and so those off-balance-sheet workers are really important as well, they're often ones engaging with distribution partners, suppliers, customers; and they need to be engaged in a very similar way to the on-balance-sheet employees in order to be consistent with how they're interfacing will all those stakeholders, and getting them involved in the discussions and getting input on the way that they're interacted with is equally as important, and I think even more so with some of the trends and the talent marketplace comes forward. So I think it's a real time for opportunity and for clients and organizations that we work with to really start to think about how they create that two-way dialogue in a bit of a different way and use an M&A transaction as a catalyst, perhaps, to engage even further with the workforce.

Pete: Matt, as you know, Melanie's team has been doing some great work recently around what we're calling rewards optimization, so asking employees what tradeoffs they would make across various rewards programs so that we can apply conjoint analysis and other statistical methods to that data to develop a much more nuanced view of both the strength and the sensitivity of employee preferences. So I think that's really a quantum leap forward from the traditional, do you like me, check yes or no kind of reward surveys. But I'd ask you, Matt, my view is that perhaps for M&A now, this idea of more sophisticated interrogation of employee preferences using approaches like rewards optimization, do you see promise for that, maybe giving sort of a third-party view on the rewards programs in the transaction so it's not just picking winners and losers of, do we keep the acquiring company's programs or do we give in and change one of the programs to match what the acquired company had? It almost feels like this is a third option where both the acquired company and the acquiring company could kind of come together and say, well, if we had a blank slate, this is actually how we feel about these rewards programs, and maybe there's a middle ground where there doesn't have to be a winner or loser in the transaction, maybe we can meet on what our employees actually really want based on a more deep understanding of their needs and their preferences.

Matt: Yeah, I think you nailed it. I think there's certainly an opportunity to do that now, and an M&A transaction is a catalyst for change, period. And so there's the opportunity to revisit rewards holistically for both an acquired organization and the acquiree, and people should take advantage of it, it's an opportunity to do something different.

Melanie: Yeah, and if I could add to that, Matt and Pete, the traditional rewards surveys were focused on, do you want more of? And of course, as humans, we all would say yes. If I could have more of anything that's good, I certainly want it, but, Pete, I think to your point about the willingness to give up in order to get, gives some real actionable insight to organizations on not only how they may want to think about the integration of two companies' programs, but also within the new combined organization thinking about which elements of their new workforce are gonna be most critical to long-term success to achieving the synergy targets and the value of the acquisition. It certainly is a very rich data that will help to inform, not only short-term changes that the two organizations may want to consider, but also a longer-term roadmap to creating that total relationship across the new combined workforces.

Pete: Yeah, I mean full agreement here on my side, Melanie, and I would just add for our listeners, that our recent high-impact rewards research specifically validated that approach when we found that high-performing organizations were six times more likely than their low-performing counterparts to be using data analysis in this type of fashion to understand employee preferences to really go a level deeper than the old, as you said, do you want more? Sure.

David: So thank you, Pete, and Melanie, and Matt. I'm gonna use that as kind of a segue to our last question, which is, so if we were doing exactly as you just described, if we were collecting more data, better data from across our various workforce segments, and we're using this to actually cater and customize our words offering to get the best out of that M&A event and transaction, what does that look like? How do organizations actually align the offering team more closely associated with the individual preference? And Pete, since you were just talking to the research, I'll start with you, and then Melanie, and then we'll round it off with Matt.

Pete: Sure. And we may not, frankly, be at a point yet, David, where we can offer rewards packages that are truly personalized to the individual. There's still too many administrative and regulatory hurdles around that, especially in the US, but we can absolutely do better than just chasing the median in those market surveys, those benchmark surveys we spoke about earlier. We can at least look at personalizing our offerings to our organizations by looking at what our actual workforce wants, and understanding those needs, and designing accordingly, what we would call designing for best fit instead of best practice. Once we have that information, we can dig into specific segments or personas to make our rewards efforts more tailored, more effective, even if they aren't technically personalized; so I think that would be an example, David, of taking the information and looking at different segments, looking at different what we call personas, examples of an employee moving through a life cycle with an organization, and making sure that we're offering rewards that meet and exceed the needs of those different segments or personas from a rewards perspective.

David: Melanie, what's your practical advice for our listeners as to how they actually start to tackle this problem?

Melanie: I loved what Pete had to say, and I think that's the absolute, accurate, long-term vision in the heat of the deal. Frequently, organizations are looking for synergy, cost takeout, if you will, thinking about elimination of duplicate programs, and so having the insight from the workforce, the two workforces that are coming together and being able to make smart choices about where program changes are going to occur, and what the impact, the disruption factor of that would be. I think increasingly the retention of talent in a deal is critically important to the long-term success of the deal; and in order to do that, you want to minimize the disruption to the individual. And so while coming out of the gate you may not be able to develop programs that feel personalized to each and every member of the workforce, being able to make decisions about which programs to retain and which programs to eliminate, and knowing what the cost impacts of those and the disruption considerations are for those, we would believe positions, organizations, to be more successful faster in the life cycle of the integration.

Pete: I agree with you, Melanie. I think there's a little bit of a misconception that rewards optimization means, I'm going to pour more money into my rewards programs, and I'm gonna blow my human capital budget. It can mean reallocating what you are currently spending in a more efficient way that will generate more, higher preference on part of employees and greater satisfaction. It may even mean, I need to take cost out of the system, and where, to your point, where can I take that cost out that will be the least disruptive and will have the lowest possible effect on employee preference. So it's not just about spending more, it's about spending it more efficiently and understanding where that spend is going and why.

David: Thanks, Pete. So Matt, we're gonna close out the conversation with you, take us again back to where we started in this context of—let's put it this way, if you were working with a client on Monday on a new merger and acquisition deal, what are we giving them in terms of advice, how to best match the preferences of their entire workforces to ultimately drive the most potential from that deal?

Matt: Thanks, you have a great question to wrap up here. I think the big takeaway for me with this whole conversation is that really understanding worker preferences and balancing that with the business objectives that an organization has when the deal is really important, and the two need to go hand in hand. And if a business is trying to drive performance and, like the example I used earlier, cross-selling of certain products, understanding from the workforce the types of rewards that they will find valuable in driving that cross-selling from incentives through benefits and other things like that, is an example of how you can kind of bring the two together and really get a deep understanding of personal preferences that will drive behaviors that in turn will drive the business outcomes that our clients expect when they do deals. And I would start to encourage our clients to think about, how do they get an understanding of what is gonna drive the behavior they want and in turn the business outcomes.

David: Thank you very much, Matt, and thank you to our listeners. That brings us to the end of another Capital H podcast. I want to thank my esteemed panelists—Pete, Melanie, and Matt—for their time today, and thank you all for joining us as well, and check back in with us next time. Until then, goodbye. That brings us to the end of another episode of Capital H. We thank our guest, Ben Jackson, for bringing AT&T's M&A rewards strategy to life, and my Deloitte colleagues—Matt Usdin, Melanie Langsett, and Pete DeBellis—for sharing lessons learned and what's on the horizon based on their own experience with the intersection of M&A and rewards optimization, as well as the latest research into how rewards is evolving. This episode marks the end of our first season of Capital H, thanks so much for joining and please come back for season two, where we will dive into even more topics and trends that focus on putting humans at the center of work. Bye for now.

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