M&A Making the deal work
Human Capital
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Driving M&A value through HR integration
Get it right from the start

By Mike Fuchs, Tom Joseph, Cliff Mansfield, Tom Seliga and Matt Usdin

The evidence is overwhelming: Acquiring companies can neither focus too much nor too early on an M&A transaction's people implications. Chief Human Resources Officers (CHROs) as leaders and the Human Resources (HR) function as a whole play critical roles in determining whether a potential deal realizes its strategic, financial, and operational goals. As soon as an organization begins the M&A process, HR can share vital business information and expertise that may influence the identification of potential partners, the structure of the deal, effective timing for key decisions and milestones, and development of strategies to support a smooth integration. HR leadership also can lead the organization’s efforts to identify potential business and human capital risks, and shape the strategy and integration plan. With HR playing a leadership role from the beginning of the M&A process, it is more likely that the organization will optimize a deal’s financial and operational synergies.

Figure 1: M&A strategy classifications

Plan well: Understanding deal structure and HR’s role
What should the “New Co” future state look like?
No two M&A deals are alike – each transaction’s strategic and HR-related objectives may vary based on many factors. In general, most M&A transactions fall into one of four strategy classifications – transformation, expansion, assimilation, and add-on – according to deal objectives and the relative sizes of the acquiring company and its target (Figure 1).
**Transformation:** Large target with high integration needs (i.e., merger of equals or “fish swallowing the whale”).

In a transformative transaction, significant effort is made to consolidate HR systems, benefit plans, programs, and policies for the newly combined company (“New Co”). Typically, executives take the most effective processes and solutions from each organization or implement new, best-in-class solutions for the combined entity. When executing a large scale transaction, HR leaders may face significant challenges, such as meeting aggressive synergy targets for systems, benefit plans, and redundant resources; gaining leadership and organizational alignment; handling employee engagement and retention concerns; and addressing cultural differences.

**Expansion:** Large target with low integration needs (i.e., large target that will maintain separate systems and/or programs with limited integration).

In a typical expansion-focused transaction, the acquirer is widening its global footprint or adding a separate business that will not be fully integrated into its other business. Some effort may be required to meet synergy targets for systems, benefit plans, and redundant resources, including senior leadership; however, with limited integration, synergy opportunities also may be limited. For example, the existing HR organization may not possess the competencies to deal with the risks and needs of the new businesses and/or geographies. In addition, the expanded organization may need to rethink its leadership structure, operating model, and talent strategies, which adds complexity.

**Assimilation:** Smaller target with high integration needs (e.g., target is assimilated into the acquirer’s strategic plans, systems, programs, and culture).

Assimilation-focused M&A usually includes aggressive synergy goals for eliminating a certain portion of the target’s systems, benefit plans, and redundant resources (including senior leadership). Assimilation transactions tend to create significant change management and cultural issues for the target organization; however, the HR department should not underestimate the impact of the transaction on the acquiring organization.

**Add-on:** Small target with low integration needs (e.g., the target is bolted on to the acquirer with limited integration).

In a typical add-on transaction, the acquirer is bolting on a new business that will not be fully-integrated into the acquirer’s other business. These transactions are generally very fast paced, with selective integration between the organizations. It is important to understand and plan for the long-term goals of these types of transactions to determine the right Human Capital strategy to support the deal.
HR’s role in an M&A transaction

Regardless of deal structure, it is imperative that HR leaders be members of the leadership team that is identifying synergy opportunities, assessing potential financial and operational risks, and developing deal terms. By involving HR early in the transaction lifecycle, the function’s executives can provide analysis and insight to help achieve the following deal objectives:

**Pay the right price for the business being acquired**
- Provide input on the purchase agreement
- Assist with performing due diligence and identifying and quantifying integration risks
- Help to mitigate identified risks
- Capture people-related integration costs

**Achieve growth and cost-saving targets**
- Retain key employee populations
- Maintain employee engagement and morale
- Stabilize and optimize the workforce
- Assist with quantifying one-time costs and ongoing savings
- Enable productivity improvements
- Help to restructure the business

In addition to providing input to the deal team, the acquirer’s HR organization will need to immediately execute on the HR integration strategy – and this starts with getting its own house in order. The acquirer should not only perform due diligence on the target, but also conduct a self-assessment to understand the issues and limitations of its own HR systems and processes: Has the acquirer closed past deals that have not been integrated? Does the current transaction provide the opportunity to fully integrate past deals or improve current processes? Can the acquirer’s systems and processes (e.g., HRIS and Payroll) scale to integrate the target? These are just a few of the potential issues facing HR in any deal.

Using a side-by-side, global and country-by-country comparison of the acquirer’s and target’s similarities and differences (e.g., structure, demographics, compensation and benefit plans, and HR policies, systems and processes), the HR integration team can develop an effective integration strategy. This should include guiding principles, estimated complexity, timing, and costs, and potential synergies and dis-synergies. Based on the transaction’s size and scope, as well as the acquirer’s current state, the deal team should also determine if this is an opportunity for HR transformation. Whether it’s a change in culture, systems implementation, or a harmonization of HR policies, procedures or benefit plans, M&A transactions can provide the opportunity to upgrade or transform the way HR supports the overall business. This may include adopting the acquirer or target’s HR practices; combining the best approaches from each organization; or fully redesigning HR systems and services. A strategic HR implementation plan should take into account, among other things, the leading practices for the combined organization (including cost analysis) and an understanding of the supporting infrastructure (e.g., communication, culture, leadership, staffing, etc.).

In developing a strategic integration strategy, the HR team should address the following priorities:
- Redesign or harmonize HR policies and procedures
  - Inventory all existing compensation and benefit plans and programs for both the acquirer and target, including service providers/vendors used; identify key differences (compensation, health and welfare, retirement, paid time off [PTO], etc.).
  - Identify transitional incentive and retention needs, including:
    » Broad-based compensation and employee job leveling
    » Incentive compensation – short-term, long-term, equity, and other programs
    » Executive compensation and employment agreements, as needed
    » Retention and severance plans.
  - Define future-state global total rewards strategy and philosophy
  - Perform gap analysis against the inventory of existing benefits plans to determine plan design recommendations by country— including cost implications and vendor requirements.
- Develop strategy to harmonize HR policies and procedures, including performance management and training and development.
- Develop communications strategy for changing compensation and benefit plans, policies, and procedures (e.g., Frequently Asked Questions [FAQs], Summary Plan Descriptions [SPDs], employee handbooks, intranet sites, etc.).

- Manage talent
  - Develop detailed, future-state organizational structure in collaboration with business leaders.
  - Review the future-state organizational structure and staffing model based on deal objectives and adjust as necessary.
  - Review the current employee census against the future-state staffing model and organizational structure to determine where talent gaps or redundancies exist.
  - Define the talent assessment and selection criteria, considering existing quality, productivity, and responsiveness measures.
  - Assess the selection process, including title/band mapping process and relocation opportunities.
  - Identify global employment issues including unions, works councils, transfer of Undertakings (TUPE), acquired rights, notice requirements, and potential redundancy payments.
  - Identify potential reductions in force, including severance costs.

- Define relocation strategy, policy, and costs, including expatriate responsibilities.
- Identify HR interventions to support organizational design (e.g., talent management priorities: job design, performance management, leadership development, learning and training, career mapping, succession planning).

- Harmonize and/or transform HR operations (payroll and HRIS systems, shared services, etc.)
  - Develop country-by-country inventory of current payroll operations, vendors, pay calendars, HR data management, and HRIS tools/systems, including time and attendance systems and shared services support structure.
  - Identify country-specific data privacy laws that impact payroll function and HR data management.
  - Coordinate with the legal department on legal entities and country-specific payroll registration process, and with the finance department on banking and general ledger requirements for the payroll function.
  - Develop high-level integration roadmap for HR operations, technology, and vendors.
  - Determine implementation timing and any required Transition Services Agreements (TSAs), including service delivery requirements and costing.
  - Develop and implement go-forward HRIS/HR operations approach (HR people, processes and technologies, and vendor RFPs), including interfaces with general ledger (GL) systems and other enterprise resource planners (ERPs).
- Estimate HR synergy savings and any dis-synergies from migrating to consolidated HR operations, technology, and vendors (HRIS, payroll, time and attendance, learning management, recruiting, etc.).

Obviously, there is a lot to consider from an HR perspective when developing an effective integration strategy. By taking a leadership role from the beginning of the transaction, HR will be able to influence and gain a thorough understanding of the deal’s goals and objectives and develop an effective short- and long-term integration plan that aligns with and supports the organization’s overall efforts.
HR value impacts: Integration and transformation
During an M&A transaction, HR professionals are often expected to work across the enterprise to drive significant synergies through headcount reductions. This traditional view of HR’s role is often overstated and, in some cases, myopic. When two organizations are combining, operations are often complementary rather than redundant. Sometimes, these organizations also have optimized their administrative functions to the point where the additional scale of the combined organization does not provide much opportunity for synergy realization. That is not to say that HR cannot drive value in a transaction; however, HR should understand the value that can be realized through both traditional and non-traditional means. The key is to dig deep from the beginning of the transaction and follow through well beyond deal close.

Deeper diligence: HR-driven value in pre-close planning & preparation
Prior to an M&A transaction, both acquirer and seller routinely conduct thorough due diligence. This process is vital for the acquirer to fully realize the strategic expectations set forth in the initial deal valuation, and is critical for the seller to determine that the acquirer is viable and capable of executing the transaction. Given that many deals are executed to gain operational economies, market share, technology, or geographical scale, due diligence often centers on meeting regulatory requirements, financial statement implications, and basic business functionality. There are significant HR-related value drivers in this diligence phase, such as analyzing retirement funding (the lack of which could add significant costs at deal close), and proper valuation of health and welfare plans. Thorough due diligence may reveal potential “deal killers” in these areas, as well as other factors that could significantly hamper the long-term success of the transaction. Some of these key discoveries include:

Executive leadership risk: An acquiring company’s HR and executive leadership should partner to review the target’s development and succession planning for the C-suite and other executives. This analysis can identify if there is significant risk or weakness in the governance of the business. Also, many executives have “change of control” clauses in their employment contracts that can drive large cash outlays upon deal close. In addition to risk and cost identification, C-suite analysis can help the acquirer’s leadership team determine priorities for organizational changes at deal close.

HR operating model misalignment: Does the target have multiple HRIS or payroll systems? Has it executed a number of acquisitions but not had the time or resources to do a full HR integration? Does the target have multiple HR business partner structures, or multiple shared service centers? How many benefits programs does it have? Bottom line, there are many reasons why misalignment may exist in an HR model, any of which could sidetrack successful deal execution. An acquirer should assess challenges and risks early to determine the potential cost of misalignment and proactively develop a strong integration roadmap. This assessment also might highlight potential delays in achieving some of the deal’s strategic, operational, and financial targets, and influence the overall deal price accordingly.

HR operations-related risks: This is a bit of a catch-all topic, but it can still be significant. It is critical that an acquirer ask the target about the number of open Equal Employment Opportunity Commission (EEOC) claims, active employment litigation, current Office of Federal Contract Compliance Programs (OFCCP) audits, and current Department of Labor investigations. A preponderance of these issues can provide significant clues as to the target company’s HR’s governance, its position on risk avoidance, and its corporate culture. This area tends to be “feast or famine”: In most cases, there are no significant issues, which would seem to indicate a properly managed HR risk position. When trouble is uncovered early, however, the acquirer may be better-positioned to mitigate or avoid associated risks and costs.

NOTE: It is very important to involve internal or external employment legal counsel during these activities to ensure that the analysis is accurate and follows all legal guidelines.

Finally, M&A team members should acknowledge that human capital opportunities and risks exist in every deal, regardless of scope. Giving HR an active voice early and often during a transaction may lead to significant cost savings and a reduction in employee-related risks.
Keeping the lights on throughout integration: HR’s value as a business steward
As explained in this paper, strategic HR leadership can provide significant value during the M&A lifecycle. However, a number of tactical HR actions, when proactively implemented, can also add business value by “keeping the lights on,” particularly during integration.

HR Day 1 focus areas
While Day 1 is a significant milestone in a new company’s life, it typically requires few, if any, noteworthy HR operational changes, such as benefits integration or payroll adjustments. That said, employees who are joining the new organization are likely to have questions and concerns that HR can help to address. Important HR Day 1 focus areas include:

1. **Clarifying leadership structure:** Facilitating organizational design changes that become effective Day 1 means going beyond the typical announcement of who is in what leadership position. Using meetings and select strategic materials, HR should aid employee understanding of what the new leadership roles might mean down and across the organization, therefore alleviating some anxiety.

2. **Managing and communicating change:** HR should work with Communications, Marketing, and other functions at both the acquirer and target companies to develop and communicate a change management strategy and implementation plan for Day 1 and beyond. The plan should address reporting structure changes, process redesign, technology changes, corporate branding, and more.

3. **Striving for zero “breakage”**: HR, IT, and other departments should strive to make sure that any Day 1-related changes do not “break” existing systems. Even limited organizational changes may cause disruptions in downstream HRIS and payroll systems. It may sound obvious, but ensuring that everyone in the new organization receives an error-free, first post-close paycheck goes a long way in helping employees at all levels settle in to the new organization.

Headcount synergies
As stated earlier, a well-known HR responsibility during M&A is facilitating the realization of headcount synergies. Often this is seen as identifying and eliminating organizational redundancies. For many companies this is where the exercise begins and ends. However, strong HR leadership can transform the pursuit of headcount synergies from a pure cost play to true organizational alignment. There are a number of ways that HR can add business value during this process:

- **Understand retention.** Well-planned retention strategies can have significant impact and make every dollar paid count. HR staff should understand who the key employees are, why they should be retained, and what it will take to make retention meaningful.

- **Match the organization structure to the business model.** HR should work with C-suite executives and department heads to match the expanded organization structure to the combined company’s operational needs. The degree of alignment between operations and organization structure directly drives optimal cost reduction and operational efficiency.

- **Select talent wisely.** Talent selection is fertile ground for inconsistent decision-making among hiring managers and senior executives. HR can help to drive logical, business-based employee selection by optimizing the process design, extracting the right data, and providing consistency throughout the hiring process.

**Separate cleanly.** Creating and executing a consistent and concise severance process can drive significant value during integration. HR can strengthen employee trust and protect the company’s reputation by implementing a separation process that meets local legal and regulatory requirements and is guided by firm milestones, clear communication, and strict rigor.
HR integration
Combining two HR functions is not easy; sometimes, it may be the most prolonged portion of post-deal integration. While the overall concept is not necessarily complex, it requires flawless execution. HR Integration value is driven in a few straightforward ways:

Identify the value. What are the goals of the integration? What value is realized by combining vendors and systems? What are the risks? All of these questions will help shape the HR integration’s strategy and purpose, and help the new organization achieve its expected value.

Do it once, do it right. Just because an organization can integrate one part of the HR function quickly doesn’t always mean that it should. Minimizing the number of times a “change” occurs and having clear milestone dates when multiple changes will take place may help the HR team avoid integration burnout and employee confusion.

Sweat the small stuff. Effective HR integration, specifically HRIS, payroll, and benefits cutovers, requires paying great attention to the smallest details. Payroll deductions, payroll tax registrations, garnishments, reporting relationships, transition of deductibles and out-of-pocket (OOP) maximums, and payback of 401(k) loans are just a few examples of incredibly detailed items that – when not properly managed – can produce significant disruptions and costs. When it comes to HR integration, no detail is too small.

Communicate clearly and often. HR integration often brings a significant amount of change for employees and their dependents. The biggest stumbling block in this scenario is lack of information. Rumors, innuendo, frustration, and even anger can quickly fill the vacuum created by no information. Even if there is little of significance to share at a particular point in the integration process, telling people when they can expect an update may be all it takes to assuage fear and reduce misinformation. Bottom line: have a plan, communicate the plan, and execute the plan.

Test, test, and test again. Testing is a critical yet frequently overlooked step in HR integration. By creating a robust testing plan for HRIS, payroll, benefits, and other processes, HR leaders can help to deliver an issue-free integration.

The value of boredom
When is employee boredom a good thing? When it happens during HR integration. By providing consistent processes, clear communication, and goal alignment, HR can make sure that employees know what to expect and when, so they can focus their attention on their daily responsibilities. Boredom means that employees who are transitioning out of the organization are treated with respect and transparency. Boredom means that no one misses a paycheck or a payroll deduction. Boredom means the day after benefits integration an employee walks into a pharmacy and obtains their child’s medication without issue. Boredom means all people-related synergies and HR integration synergies arrive on time and in the expected amounts. In other words, HR developed and implemented its plan so smoothly that the integration was a non-issue and the expected value was created or exceeded.
M&A as a catalyst for HR transformation
The amount of upheaval involved with M&A-generated HR integration can be substantial. For many organizations, navigating this level of change can seem overwhelming, but within that transition, momentum for longer-lasting change can be created. Take, for example, a CHRO who has been seeking opportunities to reduce HR costs by moving transactional HR activities into a shared services environment. During project planning, the CHRO’s company acquires another business of substantial size. The initial priority would appear to be completing the transaction prior to the HR shared services transition. From a strategic perspective, however, using the transaction as a change agent to merge both organizations into an HR shared services environment could create more value for the deal and the new company. Additional value an organization can realize by transforming HR during an M&A transaction includes:

• Accelerating and increasing cost synergy value realization
• Reducing the “us” versus “them” cultural dynamic as both organizations move into a new model together
• Leveraging deal budgets to accelerate optimization of the new HR model
• Avoiding perpetuation of outdated or inefficient policies, processes, or technology.

There are many levers that executives may pull to help turn M&A HR integration into HR transformation. Understanding the current state of each HR function is critical in selecting the areas of greatest potential impact for the function and the organization as a whole. For instance, perhaps the HR operating model is optimized but the talent pipeline (acquisition, development, and succession) is fractured and does not have a clear line of sight through the employee lifecycle. An acquisition could add scale and momentum to jump-start a program to optimize the talent pipeline. Integration versus transformation is a sliding scale of possibilities. Executives should select the area(s) where the most value may be realized, create a compelling business case for their decision, and move forward with purpose.

Arrive early, work the room
If HR is not involved from the beginning of the M&A process, information vital to the transaction and subsequent integration may be omitted or underutilized. By understanding and assessing the value of specific deal drivers, HR can help to identify and prioritize people-related strategies, risks, and opportunities, and express potential options to the leadership team in relation to deal terms and objectives. Arriving early and working the room during an M&A transaction can elevate HR’s role to one that will create value for the organization well beyond Day 1.
A merger or acquisition (M&A) is one of the biggest game-changing opportunities available to an organization and its leadership. M&A can open doors to new markets, fill talent gaps, improve operational performance, grow shareholder value, and even allow the expanded organization to shape a new culture. To fully realize anticipated deal synergies, the management team needs to lead with a winning hand: Achieving the desired results often hinges on executives’ ability to engage the workforce and lead proactively, positively, and enthusiastically throughout the transaction lifecycle—including post-deal integration and organizational transformation.

Stacking the deck: Preparing the leadership team

Experienced CEOs know that a component of an effective M&A transition includes insulating customers from the uncertainty that a proposed deal may present. For this to occur, leadership should rigorously prepare to guide employees through the deal process while keeping it “business as usual” for customers. Preparation begins with selecting an operating model and leadership team to take the helm during the transaction. Smart first steps to consider include:

- **Design:** Define the new operating model, overall organization structure, and leadership roles that will support it.
- **Select:** Choose top-tier, transformative leaders—those who are able and willing to engage stakeholders in fulfilling the vision for the new organization. Both the executive leadership and transaction leadership teams must be committed and patient throughout the deal lifecycle. Transactions require a steady hand, so it’s imperative to find leaders who won’t get flustered during this uncertain and dynamic time.
- **Engage:** Define each leader’s role in the new organization and address their individual questions or concerns. You can’t engage your workforce with a disengaged leadership team; leaders need to know what is expected of them and have no confusion about their roles if they are to achieve the desired result.
- **Communicate:** Tailor messages to address the concerns of each leader’s key audiences. Employees notice when a message has been carefully crafted with their specific issues in mind.
- **Practice:** Provide rigorous training and practice sessions to help leaders polish their deal management and communication skills.

Upping the ante: Engaging leaders for success

Identifying capable individuals to lead the organization through an M&A transaction is an important step forward; however, effectively engaging these leaders to transform the post-M&A organization can make or break the deal. Preparing leaders for this important role may require that they:

- **Lead differently.** Post-M&A transformation often calls for new people management skills, especially if the deal combines organizations with dramatically different cultures. Executive and functional leaders should be coached on what to say and do to help move their organization in a positive direction. Training support should include establishing a collaborative environment with transaction planning that is transparent and synchronized; encouraging leaders to talk candidly with their people at every level and promote idea-sharing; and asking leaders to communicate specific ways their people can contribute to the new organization’s goals and how they will be rewarded for those contributions.
- **Cultivate patience while driving performance.** M&A-related transformation is an iterative process that for many employees may seem chaotic or disorganized. The resulting anxiety and frustration can interfere with effective day-to-day performance. Leaders should set realistic expectations for employee performance, allowing them time to adjust to new ways of doing business. When leaders inspire and model positive behaviors, they can help to ease employees’ concerns resulting from deal ambiguity, thus allowing them to concentrate on delivering an excellent customer experience.
Play it forward: Aligning the team
It’s easy to spot a well-aligned leadership team by observing what they say and do. Acting as a unit, they share a consistent, clear vision of the future organization and the value it can provide to all stakeholders, including employees. With everyone playing the same game, the organization can attain the stability and direction it needs to undergo an effective post-M&A transformation. Unfortunately, there’s no straight path to alignment. The process begins with a hypothetical future-state vision; one that changes and evolves as the leadership team debates ideas, concerns, and alternatives.

An effective way to develop and test various hypotheses is for senior executives to sponsor a leadership summit to explore operating models, cultures, and structures that may allow the combined company to deliver more synergistic value. Observing how the participants conduct and express themselves during the summit can also give senior executives insights to select the go-forward leadership team. The goal of the summit isn’t to gain consensus. Rather, it’s to extract sharp thinking that can drive the organization forward. To that end, leaders should aim to answer questions such as:

- Where are we going, and how can we get there? Start a conversation with the leadership team about how the new organization will create future value. The exciting thing about an M&A deal is that the place the new company is going doesn’t exist yet—leaders and employees get to invent it. Collaboratively developing a clear end-state vision and an actionable strategy for how to get there are key steps to fostering an engaged transformation leadership team.
- How will the new organization operate? Defining how the organization will satisfy customers requires a thorough understanding of the people, processes, and technologies that are required to do so. Are the right capabilities and resources in place? Can they be adapted? If not, how and from where will they be sourced?

- What’s required to realize the deal strategy? Project into the future. What needs to be done and how long will it take before the new organization achieves anticipated deal synergies?
- How will the team execute a seamless transaction? Has anyone on the leadership team been through an M&A previously, or does everyone need to sharpen their abilities and expand their skills to lead through the transformation?

Turn the tables: Creating positive buzz
It typically takes weeks, sometimes months, of thorough due diligence and skilled negotiations to arrive at mutually agreeable M&A deal terms. It’s no wonder that leadership teams sometimes forget that certain stakeholders—including employees—may be caught off guard when they hear about a pending deal. Controlling the flow of information is critical to gaining and keeping the trust of the workforce. As mentioned previously, this means that news should be communicated with clarity and enthusiasm.

Leaders should strive to move beyond effectiveness to become influential communicators who create positive “buzz” around the deal. Effective leaders control potential rumors and speculation by considering the perspective of their stakeholders—analysts, shareholders, employees, vendors, and customers—as they respond to each group’s concerns. Influential leaders go beyond control; they build stakeholder excitement and anticipation by communicating the anticipated value that the combined entities will generate in messages tailored to specific groups’ interests.

Double down: Building a high-performing culture
A company’s culture can be described as “why things work the way they do around here.” Building or reshaping culture as a result of M&A takes planning and time. Transformational leaders can help to mold the future organization’s culture through their words and actions—the way they treat stakeholders and where they focus their energy and attention. Table stakes for a positive company culture include a clear operating model that each stakeholder understands; an organizational structure that shows people where they fit and provides them with the proper resources and reporting relationships that they need to be successful in their jobs; leadership that’s aligned to support common principles and objectives, and that is committed to “walking the talk”; rigorous standards for how leaders communicate; and talent strategies that are focused on retaining key competencies and engaging employees.

Split the pot: Everybody wins
An M&A deal can provide a rare opportunity to bring together the very best people, products, and operations into one organization; to create more value in months than in-house development can in years. However, delivering on this opportunity requires leaders to demonstrate skills that go beyond those needed for business as usual. By aligning, acting and speaking as one, they can help create a compelling vision for the future company and provide the support and resources to achieve this vision. A successful M&A deal requires transformative leaders who will empower and inspire employees to pull together and collectively achieve more than they ever imagined possible.
Regulating the pulse of an M&A transaction from announcement through Day 1

By Davi Bryan, Tom Joseph, David Russ and Matt Usdin

Effective employee communication is key to stability
From water cooler whispers to manager hints to executive announcements, an M&A transaction produces a steady stream of information (and misinformation). The pulse of a deal lies in the timing and mix of corporate messages; the challenge for an integration team is to regulate this pulse by providing message clarity and consistency, and promoting understanding among both existing and new employees.

Effective communication is key to maintaining organizational stability in the face of M&A-driven change and ambiguity. To create a cohesive and compelling messaging strategy, Human Resources (HR) and communications staff and integration team members should focus on:

• Sharing the facts
• Talking to leaders
• Setting the stage for a positive employee experience
• Establishing communications governance.

Sharing the facts
The period between deal announcement and deal close can be an anxious time for employees. A good way to reduce anxiety is to promote understanding. First and foremost, share the facts as early and fully as possible. Use initial communications to promote employee understanding of deal strategy, rationale, and terms, keeping in mind that specific deal terms likely will influence communications content, tone, and timing.

Deal strategy and rationale
Compile a reference library of deal facts and leadership quotes/announcements to support development of a messaging strategy and high-level communications plan. Integration team members, and HR and communications staff should have easy access to facts such as deal size, number of employees, company acquisition history, headquarters location, executive biographies, and annual revenue.

Relevant questions: Which deal parameters are team members likely to reference throughout deal transaction and integration? What non-confidential information is available about the deal strategy and rationale? What projections have executives made about the value that the transaction will deliver?

Deal type
M&A deal type can influence the messaging strategy. For instance, if the target company is being acquired as an independent subsidiary, consider how to introduce its goals, principles, history, and successes to the buyer’s employees (e.g., create a “getting to know you” feature series and post on the buyer’s intranet). Additionally, be mindful of sensitive topics that might create friction and cause business disruption. For a stock deal, the expected integration level and timeline can vary greatly. Focus on providing consistent and accurate messages, and addressing employee concerns and avoid prematurely setting expectations by overpromising before leaders have reached final decisions on integration terms.

Relevant questions: How does the purchase agreement impact terms of employment? Specifically, how do deal terms dictate impacts to employment, compensation, benefits, equity, and retirement? What are the target employees’ concerns?
Talking to leaders
In addition to sharing the high-level deal strategy and terms with employees, another integration priority is to set the stage for an employee experience that corresponds to leadership expectations and goals. Uncertainty is an implicit component of change; in uncertain times employees look to company leaders for direction. If the integration team’s communications and change management efforts do not correspond to the “straight talk” emanating from leadership, it will be challenging to maintain credibility with the employee body.

Meet with leaders to understand integration objectives and use these to construct a foundation of core messages and communications programs that align to and support the deal architecture and leadership strategy.

Note: See the “Critical People Must-Haves” section for further guidance on establishing a combined leadership team that is visible, accessible and aligned with one another on the vision, strategic objectives and values.

Understand the audience
Categorize employee groups in a way that makes sense for the new business. Whether the designation is by function, geography, business unit, employee level, or a combination of various factors, it is critical to understand who each key audience group trusts as well as how their leaders want them to feel about the journey ahead.

Relevant questions: How often should communication take place? What communication style is most effective? What is the appropriate vehicle? Who is the most appropriate person to deliver these messages? Which employee groups have the highest flight risk? What is the process for identifying key talent?

Create core communications themes
Talk to company leaders about integration objectives and consider how they can be consistently and thoroughly addressed through appropriate communications vehicles. Best-in-class programs often include communications themes around employee engagement and retention, improved productivity, innovation, scale, and operational effectiveness.

Relevant questions: Which terms, phrases, and themes are used frequently by leaders? Has the integration team considered a sentiment analysis pre- and post-announcement? What are the terms to avoid when discussing productivity, effectiveness, and synergies?

Setting the stage for a positive employee experience
Following initial deal communications, sharing leadership perspectives, and developing core themes and messaging vehicles, the integration team may face some troubling questions: How do we communicate when we have nothing new to say? How do we ease employee concerns when we can’t answer their questions? These issues may become particularly important when an estimated deal completion date is delayed, for example, while the M&A team obtains all necessary regulatory approvals.

Case in point: When a healthcare provider experienced a delay in closing a deal impacting over 100,000 employees in 30 countries, its communications team hosted weekly calls with country leads, partnered with the employee experience team to distribute delay FAQs to both buyer and target employee groups, and provided talking points and key messages for leader-led team meetings at manufacturing sites. When an integration team is hard at work on pre-close planning and there is no new information to share, focus on setting the stage for an effective Day 1 employee experience and easing employees through what can be an unsettling transition period.

Acknowledge employee nervousness about the future
An unfortunate hallmark of the post-announcement-to-pre-close period is employee unease. Brainstorm potential employee concerns among integration and communication team members. It is likely that competitors are poised to poach key talent, so head-off a potential employee exodus by providing tailored leadership communications that engender trust.

Relevant questions from employees: Will I have a job? Will my role change? Will my day-to-day work (laptop, commute, business card, email) change? Will my manager change? Will I have to switch offices? Will my compensation or benefits change?

Prepare leaders with talking points about outstanding decisions
Arm leaders and managers with talking points on outstanding decisions; this enhances credibility by driving a cohesive, consistent message across the organization. Be sure to include talking points on potentially sensitive questions that leaders may receive during integration planning meetings.

Relevant questions: What is the timeline for communicating organizational announcements and decisions? How is leadership committing to this timeline? Is there a chance that company headquarters will be relocated? How will employee benefits and providers be consolidated and what is the timeline?
Outline work council/regulatory body considerations
On deals with significant international reach, remember that work council and regulatory body considerations may exert considerable influence when determining access to personnel data (e.g., employee email addresses for communications), the timeline for organizational decisions, the sensitivity of communications approvals, and the sequence of messages in communications cascades.

Relevant questions: Which integration team members are managing work council/regulatory body relationships? What is the work council approval process for employee communications? Does the organization have a strong working relationship with local work councils? Are work councils aware of and aligned to the organization’s high-level decision timelines?

Connect with target employees pre-Day 1
Build strong relationships with target company communications counterparts to understand the types of messages that resonate with their employees. Use this understanding to effectively connect with target employees prior to deal close and employee Day 1 – this can help lay the groundwork for a positive employee experience.

Case in point: During a recent multi-billion deal at a technology company, messaging was distributed across a diverse range of communication platforms including blogs, live webcasts, traditional newsletters, and an internal company social media site. In addition to developing compelling message content, the integration team also performed an analysis of the mediums that most effectively engaged employees on both sides of the deal and harnessed the power of those platforms to control and regulate pre-Day 1 messages.

Relevant questions: How are target employees accustomed to receiving news? Does the target company have an intranet page for integration-specific communications? Would employees respond well to a joint message from the leadership of each organization? Is the target organization accustomed to receiving surveys?

Facilitate functional integration
Develop targeted communications that functional leadership can use to explain integration objectives to their employees. For example, the communications team can support the sales function by designing sales handbooks to promote cross-selling, creating a tailored sales communications plan, and featuring the function in broader integration communications as an employee group that is successfully adopting a “best of both” strategy.

Relevant questions: How will functional expectations change? Will targets and metrics change? What does success look like in the new organization?

Establishing communications governance
A structured communications and change management program provides a foundation that can flex to manage ambiguity and respond to changes throughout post-deal integration. Choosing the integration team, designing comprehensive plans to regulate the flow of information, and generating a positive company culture can accelerate and actualize the integration.

Pick the right team
Pick buyer and seller integration team members who have relevant expertise and a commitment to collaboration. Develop champions and change agents in both organizations to promote positive employee participation. The team should include collaborative, consensus-driven leaders who are dedicated to the effort and who understand the critical importance of communications and change management to engage employees and realize post-deal synergies.

Plan key activities
Partner with leaders to communicate tough strategic decisions such as office closures or separation notification timelines as early as possible. These key activities are not only critical to meeting synergy capture timelines; they represent significant change for employees and require extensive planning and preparation to execute successfully. Planning key activities goes hand-in-hand with monitoring effectiveness: Establish targeted and measureable metrics to evaluate the impact of change management efforts on integration.
Control the message
Keep stakeholders informed by providing consistent, accurate, and up-to-date information, and stay on message to help minimize the proliferation of rumors and speculation. Without properly controlled messaging, employees can easily become consumers of misinformation.

Case in point: During the integration of a small technology company into a larger technology company, an HR employee provided details about benefit changes to an employee prior to their scheduled date. The information was forwarded throughout the company and led to premature attrition, as the actual benefit plans had yet to be finalized. This underscores the importance of cascading messages through a limited number of trusted sources.

Enhance execution
Generate excitement throughout a sustained integration campaign to create a positive company culture. Hold leaders accountable for engagement and retention. Build a strong community and support network (e.g., by establishing a buddy program).

Finally, help to ensure that frontline employees have the right information and tools to prepare them for their future in the new organization. Regardless of the outcome of operating model and organizational design, each employee should feel engaged, supported, and appreciated to avoid business disruption and provide a smooth transition. A positive employee experience requires months of proactive, structured, sustained, and measured efforts that begin long before deal close.
The Watercooler Conversation

“Did you hear the news? We’ve been acquired.”

“I just heard, and I’m not surprised. We were all expecting it, I just didn’t know it would happen so soon.”

“So what happens next? Do we all still have a job and do we still report to Bob? He’s been a great mentor for me and I know how close you both are even outside of work. Do you think we’ll be able to sell the acquirer’s products along with our own? That would be a plus for my career aspirations.”

“Just be happy you have a job for now—if I guessed we will probably have less than more as a result of this integration, and let’s be clear, it’s an acquisition—not a merger.”

“True. I hope that I maintain my job, title, pay, continue reporting to Bob, and keep all my benefits. I also can’t afford to move locations and I hope I can keep using my Mac laptop.”

People-related “must do’s” for the first 100 days

By Davi Bryan, Eileen Fernandez, Tom Joseph and Matt Usdin

The deal has closed and you are welcoming the target company employees into your organization. What happens after “Day 1”? How do you engage with this group of employees and help them integrate into their new organization without disrupting the business? How do you deal with the watercooler chatter?

In the Deloitte 2015 Integration Report, almost 30 percent of respondents said that their integration fell short of success, with the top reasons being the inability to deal with unexpected challenges and lack of preparedness. In this same survey, respondents also concurred on the key drivers for successful integration: executive leadership support, involvement of management from both sides and a robust communications program.

Regardless of which approach a company selects, ensuring a smooth transition from the beginning of the integration has a high correlation with overall success of an integration. Below are some critical people-related should-haves in the first 100 days of an integration to support success:

1. Provide a positive and seamless employee onboarding experience—address the “what’s in it for me” factor
2. Be visible, accessible and aligned—the combined leadership team must share the same vision, strategic objectives and values
3. Actively engage with employees—get them excited about the future of the combined organization
4. Be mindful of the longer-term future—deal with the present while moving toward the future state

In this article, we will examine key drivers for successful integration and offer lessons from client experiences about how they addressed people-related challenges in the first 100 days of integration.
Provide a positive and seamless employee onboarding experience—address the “what’s in it for me” factor

One reason that M&A transactions may fail is poor preparation for the critical post-merger period. Issues often overlooked in the planning phase of an integration include not only onboarding acquired employees so they can be successful in their new day-to-day roles, but also preparing for difficult conversations with employees by being as transparent as possible.

A successful onboarding program can make a complicated process feel simple and effortless. It starts with acknowledging that there is no such thing as “business as usual,” and it’s not necessary to pretend otherwise. Start by addressing the elephant in the room: What’s happening to people’s jobs, roles, titles and reporting structures? To the extent possible, address these questions before Day 1 and reinforce the message during the first 100 days. Also, create a positive—and seemingly effortless—employee onboarding experience coordinating across the organization with a dedicated team focused on onboarding. This team will play an integral role in supporting employees by providing the tools and resources they need to perform their jobs in the new company and environment.

Employees will need to know basic information, such as where to go, how to access the building, where to sit, and how they will be paid. Simple enough, but beyond this there’s a collection of additional transitions that employees will need to make. These include: transitioning to a new benefits plan, being trained on corporate policies, using new IT systems, aligning to changes in performance expectations and management processes, and systems. These transitions may require a change in behavior as well. For example, the way employees will be evaluated may change and it’s critical for an employee to understand performance expectations to eliminate surprises at year-end. A successful onboarding program will account for these changes and proactively address them.

Day 1 is your biggest recruiting day. This is when you recruit and re-recruit your people. Set the tone effectively by considering the following:

- Deliver inspiring messages about the future company vision, talent, and benefits to employees for both the acquirer and target
- Utilize multiple communications vehicles to reinforce excitement
- Conduct celebration-related events to highlight Day 1 as a significant milestone
- Provide people leaders and managers with expectations, tools, and resources to share information and feedback

The following checklist can help the onboarding team to onboard employees during the first 100 days.

- **Policies**—Provide sufficient communications, documentation and training, as appropriate. For example, policy changes in the first 100 days could include information about insider trading, code of conduct, gifts & entertainment, travel, etc.
- **Offer letters**—Provide reminders for employees to review and acknowledge receipt of their offer letters
- **Payroll**—This must work flawlessly so employees are paid on time
- **Benefits**—Assist employees to understand new benefit options so they enroll by the deadline. Successful organizations have hosted a series of benefit information sessions with employees who will be required to enroll in new benefit plans. Give enough lead time to process benefit enrollments to begin coverage on time, keeping in mind the nuances between regions for organizations that have a global presence

- **Day-to-day job functions**—Provide information required for employees to continue operating effectively in their roles
  - How to use newly required systems
  - How to collaborate with employees throughout the organization using technology
  - How to access new facilities
  - How to locate information about cross-company product lines for the salesforce if cross-selling is applicable

While these tactical steps seem easy enough to complete, they also have potential to go wrong. A coordinated, well-planned and well-executed integration is critical for success.
Be visible, accessible and aligned - the combined leadership team should share the same vision, strategic objectives and values

Leaders can influence and manage how organizations are integrated. Successful integration may require leadership to accept and commit to the new organization before the employees – then set an example and expectations for the employees to follow their lead.

To ensure leaders are prepared to achieve integration priorities, the combined leadership team should be aligned on the strategic vision and path forward for the new organization early in the process. Organizations often host leadership summits bringing their combined leadership teams together to align on the combined company vision, strategic objectives, and values as well as other important business topics. These are then cascaded throughout the organization. In addition to a leadership summit, business leaders should engage in tactical execution planning that focuses on how to influence and support the first 100 days as individual leaders and collectively as a leadership team.

Employees want to hear from their leaders just like the media wants to hear from athletes following a win at a sporting event. Sharing specific information and being as transparent as possible, will go a long way to inspire and motivate employees who are wondering about their opportunities in the new organization. Employees want to understand the combined company vision, stay informed through regular updates about the integration progress, and receive direct, tactical communications from their functional leaders regarding actions that directly impact employees. While it is important to have leaders champion the change, mid-level managers are important influencers as they can hold the key to whether employees will stay or go. Mid-level managers have more information than their employees about what the road looks like ahead, and are often more approachable for employees than senior leaders (it's not often that employees will ask senior leaders about job security or how to access new IT systems). Not all leaders and managers know how to lead well so be prescriptive about how they should act and what they should say. It’s important to provide enough resources, tools and support to drive the integration and make it stick with employees.

The Watercooler

“How is going to lead our function? Will we still have enough influence and authority over our products and sales approach? And what do you think of our new CEO? Does he/she ‘get us’ and how we operate?”

“I guess we’ll have to wait and see. I just hope our leaders have enough courage to stand up and help preserve our values and pride and ownership over our products. I hope the acquiring leadership team understands what matters to us most.”

Active engagement with employees - get them excited about the future of the combined organization

More and more, it is critical to pay attention to the employee experience, and even more so during times of change, such as an integration. The Human Capital Trends 2016 report2 found that employee engagement is a business imperative for leaders at all levels – above all, the CEO – and no longer something to be measured just once a year by taking a look in the rear-view mirror. Engagement is an aspect of workplace life that should be continuously monitored in a proactive way. It is about the future of an organization; a measure of corporate health and a key window into the potential for future issues and workers’ support for change.

Continuously monitoring employee engagement through mechanisms such as pulse surveys and focus groups will give companies insight into trending issues and employee concerns. Successful companies may implement a two-way feedback mechanism and a demonstration that leadership is willing to listen to concerns and engage in a dialog with employees. According to the Human Capital Trends report2, there is a new generation of “pulse” survey tools and open anonymous feedback systems that can allow employees to share their experience on a near-real-time basis. The thoughtful use of such tools can create a true “listening environment” for employees while giving leaders critical insight into what’s working and what’s not working throughout the integration. This helps leaders to adjust their communications approach accordingly.

The Watercooler

“I can’t decide if being acquired is a good or bad thing.”

“It’s usually a bad thing, but let’s give it a chance and see what leadership says and more importantly does. Let’s see what type of tone they set.”
Be mindful of the longer-term future - deal with the present while moving toward the future state

Once you reach Day 100, you are just getting started. It’s important to take the momentum that you have built with an eye toward the longer-term future. A great deal of focus is put on Day 1 and the first 100 days, as it should be. However, employees will decide if they want to stay or go. Those who stay will likely expect to see how the vision and goals set in the first 100 days actually come to life. Completing the entire integration often takes months beyond the First 100 Days. A longer term transition plan, “Day 2” is essential for moving toward the end state. Identifying owners and timelines for future efforts, such as fully integrated HR services, will continue the integration process over the longer-term and create a new, combined organization that realizes the vision and goals announced on Day 1.

The Watercooler

“We heard a lot on Day 1 from the CEO and leadership team, but where have they been?” Is everything that they said on Day 1 still going to happen?

“I haven’t seen much change since Day 1. It was probably just a “feel good” speech to create excitement. Who knows what might happen next.”
End Notes


Safeguarding M&A deal value
Managing culture clash

By Sarah Hindley, Ami Rich and Matt Usdin

The culture-performance connection
Company culture can have a significant impact on company performance. Indeed, decades of research support a direct link between culture and indicators of financial and nonfinancial performance. While the exact formula relating culture and performance has proved elusive, it is clear that companies should consider culture as one of the key levers they can pull to sustain and improve performance. By effectively understanding and shaping their culture, companies can drive business strategy and achieve their operational and financial objectives.

Performance is always a top-of-mind issue for executives; even more so during a merger and/or acquisition (M&A) because M&A transactions are subject to increased investor scrutiny. Moreover, M&A introduces an element of uncertainty and potential volatility into financial results, even for consistently profitable companies. As a result, there is an imperative for executives to carefully manage their company’s culture throughout a transaction.

Failure to address culture during M&A deals can impact a company’s performance in subtle ways. Delayed integration due to cultural inhibitors can lead to opportunity costs or breakup fees if the deal stagnates or gets called off. Productivity and innovation can decline if employees begin to question if the culture they “signed up for” will change. Employees of the acquired company may experience a sense of alienation when confronted with the perceived dominant culture of the buyer, leading to turnover. The departure of key talent with unique, high-value skill sets can erode profit margins as hiring managers scramble to fill gaps.

The bottom line is that culture is inextricably linked to performance, especially in an M&A context. The question is not if—but how—companies should manage culture to safeguard the value of an M&A deal.

Managing culture clash
While business leaders generally recognize the importance of assessing and managing culture during M&A, many apparently do not feel equipped to make culture-related strategic decisions. According to one study, 54 percent of leaders believe that neglecting to audit non-financial assets such as organizational culture increases the danger of making the wrong acquisition; however, only 27 percent of them made cultural compatibility a priority during due diligence.

Yet, it doesn’t have to be this way. By recognizing cultural differences and applying a structured, objective approach to work through the barriers created by misaligned cultures, merging entities may mitigate the risks of a culture clash on the way to a successful, value-generating integration.

Cultural issues may derail integration planning
A mismatch in the values and resulting behaviors that companies consider core to their existence can create challenges during integration planning and, possibly, deep-six integration efforts. Consider the case of an American company that decided to acquire one of its Japanese competitors. The integration process was expected to be fairly straightforward. Executives at the acquiring company were used to setting and achieving targets fluidly by making quick decisions and rapidly iterating on those decisions. Substantial, cyclical restructuring of large swaths of the workforce typically was part of the process.

Executives at the Japanese target had a very different approach to decision-making. They believed it was important to carefully build consensus to achieve buy-in and alignment across the organization. During integration planning, some key decisions sat on the table for more than a year while all stakeholders engaged in the discussion.

In addition, Japanese company executives’ understanding of the employer-employee relationship differed. To them, a corporation existed first and foremost to employ people. Many employees expected to work at the company for their entire career, with an average tenure of over 25 years. Leaders believed that reductions in force were simply not an option.

Together, these cultural factors—the magnitude of which was not fully appreciated during due diligence—combined to prolong, complicate, and frustrate integration planning efforts. Ultimately, the failure to consider culture hindered the companies’ ability to preserve the transaction’s short- and long-term value.
Culture: A key to effective integration

A merger or acquisition is founded on an investment thesis—a definitive statement of how the deal will create value for the buyer. It’s often backed by projected revenue synergies and cost savings to justify the deal to investors. Whether the goal is to consolidate power in an existing market or to enter a new line of business, the investment thesis becomes the backbone of the deal’s integration strategy.

However, if the strategy does not culturally resonate with the people who are expected to make it a reality, integration may falter. Effective strategies often inspire employees to go above and beyond, forging emotional connections that motivate people to “go the extra mile” throughout the deal life cycle.

Emotional connections catalyze and sustain integration

While many leaders recognize the critical role that culture plays during post-deal integration, the actual mechanics of transforming culture are much less widely understood. However, emotions may hold the key. As Deloitte observed in a recent report: “Emotional connections are especially important for getting people to change their behaviors because habits are tough to break with reason alone ... Rational appeals, monetary incentives, and changes to the performance management system are certainly important. However, leaders should also inspire employees toward the social value they will create with this new strategy—how they can help solve new kinds of problems for people. When employees have purpose and an emotional stake in the company’s success, they will typically push through a new strategy despite obstacles.”

In an M&A context, this likely means that it is more important than ever for leaders to make sure their integration strategy resonates emotionally with the employees who will bring it to life. This starts with storytelling. For a health plan, for example, it might mean framing the integration as an opportunity to improve the health and well-being of more members at lower cost.

It is important to define a deal narrative that employees will want to support. Purely rational deal objectives like increasing efficiency to deliver greater returns to shareholders are unlikely to motivate and inspire, no matter how many times leaders trumpet them. A powerful deal narrative that draws on emotional connections can help to transform the natural emotional response to a merger announcement—a mixture of excitement and trepidation—into a commitment to a higher purpose.
Global deals: Unprecedented complexity and cultural variability

Today’s cross-border deals present tough choices for leaders, even those who make culture a priority. In a review of complex global organizations, James Heskett observes, “In many cases, a ‘one company’ culture is very difficult, and may be uneconomic, to achieve. A common set of values may be the most that a global organization can hope to achieve. But the same value may be interpreted in different ways depending on local assumptions ... what does it mean to managers on an everyday basis in similar jobs around the world? How do they interpret it in practice?”

It can be difficult to manage cultural nuances in deals that span multiple countries or regions. During integration planning, deal teams should account for both companies’ geographic and cultural variabilities, and use them to develop integration strategies to bridge any gaps. However, integrating company cultures is not the same as integrating business processes—it is not possible to simply select best practices and rationalize workflows. Organizational culture spans borders and functional boundaries, and is of profound importance to employees and leaders alike. Cultural integration should be handled with care, given the volume of simultaneous changes occurring during a deal. Leaders need to take into account both companies’ distinct cultures and subcultures, which likely have developed organically over time, and select positive aspects from each to incorporate in the new company’s culture.

When two companies merge, the most apparent cultural differences typically are at the corporate level, where shared beliefs about the company’s mission, collective values, and work processes are common foundations of organizational culture. In the health plan example, the buyer might frame its mission as a commitment to be as efficient as possible to reduce costs for members; the target, meanwhile, might place a premium on innovation and integrated care to improve health outcomes for members. While both companies have a similar focus on the customer, they pull different cultural levers to achieve their goals of efficiency and innovation. Cultural variability also may be observed in regional and country-level nuances and norms. Commonly accepted beliefs about how business is conducted can play a major role in global mergers and acquisitions. Attitudes about the social impact of restructuring and how decisions should be made are among common cultural differences that can directly affect an integration team’s ability to deliver on a deal’s projected value.

Geographic boundaries are not the only hallmarks of cultural divides in modern organizations. Differences may also exist within organizational subcultures—functions, subsidiaries, and prior acquisitions. In a health plan example, one company may have an Information Technology (IT) function where the top priority is innovation while the other company’s IT department is primarily focused on mitigating cybersecurity risks. Failure to recognize and manage influential subcultures can undermine integration efforts and, ultimately, the ability to achieve synergy targets.

Global deal’s communication breakdown

As cross-border M&A becomes more common, business leaders will need to account for the cultural realities of where, why, and how the deal participants do business. A merger involving two American companies illustrates the challenges of managing culture in a global deal. Regional and country-level cultural nuances were not initially considered to be limiting factors in this deal, as both companies were headquartered in the United States. However, the target company had a significant workforce population in Germany, while the acquiring company did not. As integration work began, country-level differences in business norms and attitudes began to undermine the cultural integration of what appeared to be two American companies with similar interests. For example, some of the target’s German employees felt that from the time the deal was announced the buyer’s CEO had an overly bold leadership and communication style. The CEO quickly earned a reputation for being brash, which delegitimized his role in leading the integration process and hindered the two companies’ ability to work together to realize deal value.

The CEO’s style was just a symptom of a fundamental cultural issue: American and German workers tend to communicate and collaborate in different ways. Recognizing this, the deal team developed cultural interventions for both organizations’ leaders and integration team members. By educating them about the differing work styles, cultural norms, and employee perceptions, the team was able to help the companies establish a foundation for cultural understanding and integration. This enabled everyone to work together more effectively and created a tangible financial impact by averting a prolonged integration process.

Cases like these show that failing to address culture early and often in an M&A transaction may have disastrous results, including jeopardizing leaders’ ability to meet immediate commitments to the investment community when synergy targets are missed.
Managing cultural issues throughout the deal lifecycle

While almost all executives recognize the value of managing culture in M&A deals, it is not easy to turn that understanding into a viable and actionable integration approach. Part of the challenge is that some leaders do not address culture early enough in the deal lifecycle. Many of the most successful acquisitions will identify each company’s core cultural strengths and acknowledge cultural differences early on – preferably as soon as the due diligence stage, given the deal constructs.

For culture change to be sustainable, issues must be managed throughout the deal’s lifecycle, starting before the merger is announced, accelerating during the first 100 days of post-deal integration, and continuing even after the integration is well underway. This vigilant approach requires that the integration team develop a cultural integration strategy to enable the desired business outcomes based on the deal’s investment thesis.

Pre-close preparation: Developing a cultural integration strategy

A cultural integration strategy should align with leaders’ future-state vision and support the deal’s value proposition and targeted business objectives. Merging entities may choose to maintain separate and distinct cultures with little or no overlap; synthesize an entirely new culture; combine the existing cultures by incorporating the best aspects of both; or adopt the dominant, status quo culture (Figure 1). For instance, if a holding company acquires a smaller company with the goal of bolting it onto the existing portfolio of companies, it might make sense for the buyer and target to maintain and respect their distinct cultures. Conversely, if the deal rationale is to achieve economies of scale through consolidation, the preferred strategy may be to combine cultures or adopt the dominant culture to maximize operating synergies.

In some cases, companies may decide to conduct a culture assessment before selecting an integration strategy so that they better understand the cultural attributes of each company – what each values and believes and how each behaves. This assessment can provide early input into what the high-level cultural integration strategy may be. In the vast majority of cases, however, leaders typically select the strategy based on deal due diligence. Companies that delay selecting a cultural integration strategy and implementation plan risk undermining the potential long-term value of the deal.

Figure 1: Cultural integration options
First 100 days: Assessing cultural variability and opportunity areas

It is critical that cultural integration teams develop an objective understanding of the cultural variability that exists both between and within consolidating companies so that cultural interventions can be targeted when and where they will be most effective. Cultural assessments use qualitative activities, such as interviews and focus groups, and quantitative diagnostic tools to provide the information needed to understand and act on cultural variability.

Deploying a diagnostic tool such as Deloitte’s CulturePath™ facilitates an objective assessment of the organizations’ current state and helps define culture in tangible and measurable terms. A diagnostic tool analyzes core indices that are foundational to organizational culture and differentiating indices that can ultimately drive differentiated business performance. In the first 100 days after deal close (or before close, if possible), it is important to identify where each company falls on the spectrum of core and differentiating indices to make the decisions needed to achieve business synergy targets.

The ability to leverage differentiating indices of culture can be a critical enabler of cost and revenue synergies, especially during the first 100 days. For example, an organization with a courageous, committed culture may face adversity more confidently, overcome resistance to aggressive synergy targets more easily, and be less reluctant to make tough decisions such as headcount reduction. An organization with an inclusive culture may be more open to accept all ideas, no matter how out-of-the-box, to identify potential synergies that could increase the overall deal value.

Cultural diagnostic tools like CulturePath™ help empower leaders by providing the cultural data points they need to identify unanticipated risk and opportunity areas. They also allow leaders to get to the heart of what is needed to make an M&A deal successful and lay a foundation for differentiated performance in the future.

Culture assessments are not solely for identifying risks or differences. They also may be used to identify the underlying strengths of the existing cultures so leaders can preserve, reinforce, and leverage them for competitive advantage.

Finally, diagnostics can be used to measure results and reassess cultural fit over time. Starting with a baseline at the beginning of a merger, diagnostics can be deployed in multiple iterations to understand if cultural reinforcement mechanisms are successfully bringing the two cultures into alignment. The results of the assessment should be used to develop short- and long-term integration action plans and prioritize the focus for ongoing cultural implementation.

Year one and beyond: Sustaining the new culture

Sustaining a changed or new company culture is not a one-time project that ends at Day 100; it requires ongoing action plan execution and reinforcement during year one and beyond. Based on the results of the cultural diagnostic assessment, the integration team should develop short- and long-term plans to drive alignment to the combined company’s end-state vision. Effective culture plans typically include quick-win projects as well as long-term strategies that provide the infrastructure and processes to drive and sustain the desired behaviors. Similarly, effective culture plans are targeted. Tools like CulturePath™ allow leaders to identify which divergent groups should be focused on and which aligned groups can serve as role models.

Like any major initiative, these culture plans require strong and visible executive sponsorship.

Implementing high-impact quick wins often signals that cultural integration is a business priority, helps address key issues quickly, and provides momentum for the transition. Efforts could include adopting revised cultural symbols such as logos, badges, and uniforms; redesigning the workspace; or migrating to a common e-mail format. Longer-term cultural interventions start with executive leadership and focus on systematic communications and actions to reinforce key behaviors of the desired culture. To illustrate this point, if a culture of courage is desired, leaders from both companies should consider modeling this behavior by demonstrating courage throughout the course of the deal. The degree to which leaders from the acquired company demonstrate courage and maintain focus on business as usual will go a long way towards calming target employees’ nerves. Similarly, if the combined company does not perform financially as expected after deal close, how leaders respond may prove to be a watershed moment for the new company.

At the employee level, it is important to create goals, metrics, and performance management processes to incentivize desired behaviors that may help sustain the cultural change over time. Systemic reinforcements can be ingrained in the company’s talent infrastructure, including hiring strategies, performance management system, training programs, and compensation and benefits schemes. For instance, if a culture of ownership and accountability is desired, then it is important to build these qualities into the competencies required for recognition and promotion. Consider, too, a company that is focused on promoting product cross-selling in the new entity’s first quarter to signal strength to investors. A sales incentive plan can be structured to reward teams that collaborate to close deals, rather than reward individuals with commissions that could increase competition.

By embedding cultural reinforcements into enterprise-wide value events and processes, it is possible to influence a greater number of employees in a meaningful way and reinforce desired behaviors across countries, sites, and functions.
Use culture to take integration to the next level

Companies should skillfully manage the cultural aspects of global and regional M&A to meet immediate commitments to the investment community and build a sustainable foundation for the future. By addressing culture early in the deal lifecycle, consolidating companies have a greater chance of realizing the transaction’s anticipated value.

Early alignment with the desired future-state cultural vision and integration strategy, and smooth translation of the vision into action plans can better enable companies to safeguard the short- and long-term value of their deals. The ultimate goal is for a new company to emerge from the integration process with a high-performing, sustainable culture with employees who are committed to growing and succeeding against the organization’s strategic priorities. This is no easy task, especially in the context of a global deal. However, it is something that leaders should and need to do—and do well—to deliver on promised deal value.
End Notes
Using integration to catalyze HR transformation

By Tom Joseph, Steve Schultz and Matt Usdin

Merger and acquisition (M&A) transactions often place significant stress on an organization and its employees. Recurring themes typically include resource shortages, competing priorities, an inability to meet deadlines... the list goes on. The idea of adding human resources (HR) transformation to post-deal integration activities may be daunting but its omission may prevent the new organization from realizing its full potential.

HR transformation can quickly become an imperative during M&A. Whether the transaction is a small bolt-on or a large “merger of equals” the number of employees served by HR will increase. The newly combined population, coupled with HR’s M&A-related synergy expectations, often makes transformation a necessity. In the simplest terms, HR will be expected to do more while also spending less. Yet, with the proper mix of planning, process, and execution, HR leadership can harness the integration’s momentum to transform the function, optimize HR’s service delivery model, and better support the business and its employees.

Justifying transformation
At first glance, there appears to be a number of reasons to avoid a sweeping HR transformation on top of an already challenging integration. However, many integration activities can be a launch pad for transformation efforts, as long as each activity is viewed through a transformative lens.

Identifying weakness
While it’s true that completing the laundry list of integration activities may strain time and resources, integration also provides opportunities to revisit HR programs and processes that may not be efficient. Integration typically includes a detailed analysis of current-state HR activities at both legacy organizations and, as a result, sheds light on areas of inefficiency. HR leaders can capitalize on this period of “self-reflection” and conduct a non-biased inventory of what’s working (and what’s not).

Harmonizing versus optimizing
A common goal of integration is to harmonize HR programs and processes across the legacy organizations. In many cases, the focus is on maintaining business continuity throughout the transaction and achieving the “new normal” as quickly as possible. However, when HR leaders undertake transformation as part of integration, they can expand the focus beyond harmonization to optimization. For example, a typical integration may include consolidating legacy HR shared services centers. A transformative integration, on the other hand, may identify opportunities to more efficiently deliver HR services, including technology-enabled improvements and process redesign.

Funding transformation
Integration provides a number of funding opportunities for selling, general and administrative (SG&A) functions. Given that integration requires significant investments in contract resources, consulting spend, and system upgrades; executives, therefore, typically carve out budgets specifically for the integration. This can present an opportunity for HR leaders to request funding for transformation activities, especially if the transformation is aligned with potential synergies. By classifying transformation activities as a one-time integration expense, HR can concurrently fold the costs into the integration budget and potentially benefit from a large return on this initial investment.
**Transformation opportunity: HR service delivery**
When identifying M&A-related HR transformation opportunities, it is important to consider changes that create business value. An initial focus area should be the overarching HR service delivery model—how HR serves its business customers. The service delivery model incorporates many of HR’s most critical (and costly) activities. An optimized model can not only improves HR’s support of the business, it can also improve the effectiveness of both internal and external resources.

A Chief Human Resources Officer (CHRO), supported by his or her leadership team, may consider assessing the end-to-end processes within the HR function. This includes a functional self-assessment, as well as candid conversations with customers. As HR service gaps are identified, the team can formulate a plan to address issues and better utilize HR resources. Oftentimes, leaders decide to either expand the existing service delivery model or engage in a full redesign of HR processes. High-impact HR service delivery transformation opportunities may include:

- **HR business partner (HRBP) optimization**—How do HRBPs add strategic value to the business? Many organizations provide HRBP services reactively and do not strategically align them to the business. Integration offers the opportunity to review the HRBP talent pool, the level of service provided by each individual (and as a whole), and ways to more proactively and strategically partner with customers in the future.

- **Talent management**—Do the talent strategies of the two entities align? Rather than force alignment to an existing strategy, integration is a good opportunity to review and improve performance management, career pathing and leadership development, topics that are generally sensitive and often not strategically aligned to business outcomes in large organizations.

- **HR shared services efficiencies**—How do shared services support the HR service delivery model? Even mature organizations can find ways to gain efficiencies through simplified and standardized processes and policies. Additionally, organizations can segment transactional HR activities into low-cost areas, realizing savings from labor arbitrage.

- **Technology**—Do current HR information systems (HRIS) enable efficient HR services? Advancements in HRIS may help the HR function move beyond master data management and payroll processing into a new realm of employee and manager self-service. New systems may allow HR to achieve technology-enabled efficiencies, especially since organizations often are faced with both an expanded employee base and budget limitations.

- **Controls & accountability**—Who really owns the HR function? By realigning budget ownership and reporting relationships, HR leaders may more effectively drive activity across global regions. Additionally, clearly-defined reporting relationships (both direct and indirect) can improve leadership’s line-of-sight across the function and verify that the global organization is operating in unison.

**Transformation opportunity: HR process & data management**
Often/Typically one of the most challenging post-Day 1 initiatives is integrating and consolidating business processes, systems, and data. These activities are integral to an organization’s ability to function as a single enterprise. One of the initial activities in any system consolidation is to define the effort—what does consolidating processes and data mean to the organization? How will it impact existing or planned initiatives? Once leaders define the consolidation effort, they should identify and align key stakeholders and set expectations for the scope of consolidation activities to support Day 1 and beyond.

Process, system, and data consolidation challenges typically center on project size, complexity, and scope. Making service delivery model and technology selection decisions early will drive other consolidation decisions, such as business process and system design. Some activities critical to the success of process, system, and data consolidation are:

- **Data clean-up**—Thorough clean-up efforts can increase data accuracy prior to system consolidation. As part of the HR functional transformation, there may also be opportunities to improve existing data tracking and reporting processes.

- **Data standardization**—HR data should be business-driven, standardized, and aligned with other aspects of the budgeting process, financial planning, and position management.

- **Single source of truth**—Building a solid foundation of consolidated company data will be important to sustain the new organization and its future initiatives. Storing data in one system may reduce the amount of required future maintenance and enable better data management, reporting, and business performance monitoring.

- **Business process design**—The new organization’s business processes will have a direct impact on forms, workflow, and security, and should be prioritized and aligned with the scope of the system consolidation.
### Transformation opportunity: HR technology

Consolidating and integrating HR technology with other operational systems during an M&A transaction is a large and complex process. By considering technology consolidations in tandem with service delivery, an HR organization may better achieve anticipated deal-related efficiencies and synergies. Executives should select technology that aligns with and supports strategic objectives such as talent strategies and other business-driven requirements. Another key consideration is the time and cost to deploy a consolidated, integrated HR system. The longer an organization takes to consolidate, the higher the cost will be to support multiple systems and business processes. Common questions during a technology assessment include:

- Can an existing investment be leveraged for the new organization? Or does the organization need to go through a vendor selection process for a new technology investment—one that can support the consolidated entity’s size and complexity, including possible expansion into new regions or rapidly-changing markets?
- Do the skill sets and experience needed to implement a system consolidation reside in house? How about long-term operational support?
- Does the technology have global coverage and scale to support current and future business requirements?
- Is the technology flexible enough to support legal, union, or regulatory requirements if the delivered functionality cannot accommodate them? Will the consolidated entity be able to support ongoing compliance and regulatory updates?

### Managing transformative change

Getting senior executives to acknowledge and align behind the need for an HR transformation can be challenging, given the other issues and priorities associated with M&A-driven integration. Some common hurdles include:

- **Competing business priorities**—While the HR team may recognize the importance of investing in post-close HR transformation, other organizational initiatives may also require funding. HR leadership should prepare a business case for senior executives detailing the importance of HR transformation and its impact on the entire enterprise.

- **Post-Day 1 uncertainty**—M&A often generates a lot of uncertainty. Employees wonder if they will have a new job, a new manager, a new office, etc. HR, in tandem with Communications, is responsible for managing this uncertainty. Typically, organizations focus on pre-close communications; however, post-close communications should be a priority, as well. Creating a transparent, two-way communications process will likely help ease post-Day 1 employee anxiety and aid in retaining talent. Furthermore, a clear governance and decision-making model should be established to reduce role ambiguity among leaders.

- **Departmental roles and responsibilities**—Integration is an important time for all functions to work together. While HR typically leads people-related change management, communications, and organizational design, it requires significant input from all areas of the business. Engaging with functional leaders early in the M&A lifecycle will give HR an opportunity to understand their needs and consider their input on how employees should be managed pre- and post-close.

- **Employee mapping**—Combining two organizations requires comparing HR processes and policies and determining new strategies for the combined entity. Differing salary ranges, titles, and benefits can be a hot-button issue. A good approach to successfully execute employee mapping is to research and evaluate industry standards and leading practices. Retaining both entities’ current compensation structures until the new year may provide enough time to complete necessary due diligence.

- **Endless “to-do” list**—Completing myriad M&A-related tasks may feel overwhelming to HR staff members, especially since they must do so while also conducting regular business activities. To help ease the integration process, staff should first tackle the tasks that align with the new business strategy and have the most significant impact on employees across the entire organization.

- **Returning to business as usual**—Once a deal closes, many employees will no longer view the integration as a critical focus area and return their attention to business as usual. While deal close represents the legal transfer of ownership, integration is not complete. HR leaders should charge their team with carrying out post-close responsibilities for both HR functional changes and enterprise-wide initiatives. Designating an integration leader to handle pre- and post-close responsibilities can help keep all processes moving forward.

As a company’s primary liaison with current and new employees, HR leaders and team members may feel they have more than enough responsibilities on their plate during an M&A transaction. However, with the proper mix of planning, process, and execution, HR leadership can harness the integration’s momentum to transform the function, optimize HR’s service delivery model, and better support the new business and its employees.
Stakeholders and Wall Street typically greet the announcement of an M&A transaction with excitement and energy around the creation of a new business entity and the growth opportunities it provides. However, once the deal is finalized and the dust settles, management usually is left with the highly complex task of implementing the numerous operating model and organization changes required to realize expected deal value. Often this process begins by getting “down and dirty” in organization design, where many companies find they can attain substantial accretive deal value through human resources (HR) synergies.

So how does a company lock in deal value? Seven leading practices have been shown to consistently drive value from post-Day 1 organization design. These activities are applicable in virtually all industries and deal types, from traditional mergers to small integrations to full-scale separations.

The following seven leading practices provide focus for the HR organization design process and emphasize critical components for each phase – strategic planning, design, and implementation – that may help the new organization avoid common organization design pitfalls and realize projected deal value.

**Phase 1: Set the stage with strategic planning**

**Leading practice #1: Agree on what you can afford**

Companies that begin post-deal HR organization design by clarifying integration synergies and people-cost assumptions help set the stage for an effective end-state transformation. Establishing cost envelope targets early in the design process helps increase the likelihood that the transaction’s financial goals will be met and provides a basis for comparison with external leading practices as the organization design progresses.

Identifying clear cost targets also can help leadership understand and align on what part they will need to play in meeting those targets. This early clarity may drive faster decision-making and provide greater transparency to the investor community.

Our experience and research from the Deloitte Global Benchmarking Center suggests that these cost targets should be a “stretch” and based on the organization’s operational needs, leadership’s aspirations, and commitments to shareholders, as set in the deal valuation. Starting with low targets tends to produce even lower outcomes.

Example of stretch thinking

The CEO of a major consumer products company sought broad advice on “any and all” leading practices to improve the company’s enterprise and functional structures as it integrated new businesses. He wanted to create a climate of fresh thinking and big ideas at the start of the organization design process, before everyone focused on the nuts and bolts of integration. This approach helped the firm infuse the design process with innovative ideas to drive greater deal value, ultimately resulting in a nearly $2 billion increase in market capitalization.
Leading practice #2: Evaluate transition options

We see many companies engaged in M&A that are faced with making an early organization design decision: Should they move quickly and implement a “big bang” integration, take a more measured approach to the transition, or opt to keep the new business separate? While a range of reasons may influence the selection, our experience shows that, in general, slow transitions that may seem to be more manageable and humane tend to result in design decision backtracking, talent attrition, and failure to meet cost-savings goals. Maintaining separate operations, meanwhile, may still require integrating some duplicative corporate functions, such as HR, legal, and marketing.

Integrating a new business may provide an opportunity to establish or expand the use of shared services, outsourcing, and centers of excellence (CoEs). Typically, these options are neither easy nor quick to implement – the process may be complicated by location choices and technology and data issues. The likelihood of integration complexity makes early organization design choices essential; procrastinating may cause delays that increase transition expenses down the line.

Leading practice #3: Determine which positions to transition, and when

Organization design success depends greatly on early identification of qualified people to lead the effort. Typically, companies begin by prioritizing which high-value positions to transition, and when to do so. Retaining key individuals and motivating them to champion the remainder of the integration process can provide highly visible, quick wins. Once these individuals are transitioned, it is important to spend the necessary time to clarify the organization’s end-state strategy, make sure everyone is aligned, and confirm that the integration plan is properly set up, sequenced, and resourced.

Case study

Transaction: A global consumer products company with over $7 billion in annual revenue split into two, equally sized, standalone legal entities.

Issue: In this full-scale separation, both future-state leadership teams had a unique opportunity to develop an entirely new go-to-market strategy. However, the executives needed a clear plan to successfully transition existing resources to the new business models.

Impact: Determining early which functions were in and out of scope created a straightforward path to begin the design process. For example, by deeming all manufacturing positions as out of scope, management was able to focus on how best to position the marketing and product development teams at the helm of the new organizations while transitioning other functions into a business partner support model. Initial cost envelopes provided a mechanism to achieve the valuation targets and early leadership selection created internal champions for these changes.
Phase 2: Build a solid foundation with thoughtful design

Leading practice #4: Keep it efficient
A post-M&A operating model should match the future-state organization with its intended market strategy. An effective operating model will show the relationships between an integrated company’s different parts; how the market channels will operate; enterprise-wide versus department-level activities and functions; and the boundaries between organizational entities. Leveraging the operating model early in the HR design process can help mitigate role redundancy and provide a framework to assess the cost or benefit of moving certain functions to new service delivery models, such as shared services or a CoE.

The operating model should be the basis for asking challenging questions to test how the new organization will operate and how effective it will be in meeting strategic goals. Pertinent questions might include: Should we drop the long tail of unprofitable customers? Reduce or redeploy certain products or services? Move to a single cross-selling sales force model? Who owns specific profit and loss (P&L) items? Who gets the call when something isn’t performing as planned? Once the leadership team has developed the operating model and answered important questions, the actual organization design can move ahead with a clear idea of how what works on paper will need to work in practice.

Leading practice #5: Get ahead of the transition
Time is of the essence in M&A transaction activities and post-deal organization design is no exception. A proactive approach enables management to make early decisions about the future-state organization structure and fully align strategy with design. The HR team should begin the design process prior to Day 1 and use a clean slate. The goal is for management to match talent to roles, rather than roles to talent. This produces an efficient and effective process that is able to optimize value creation and minimize design drift.

Case study

Transaction: A global provider of products and solutions to the food, energy, healthcare, industrial and hospitality markets set out to reshape its go-to-market strategy through two acquisitions.

Issue: With an ambitious goal to increase its presence in new high-growth markets, the firm’s management faced the daunting task of simultaneously implementing a new strategy, shifting the current operating model to fit the new plan, and integrating two new businesses.

Impact: Comprehensive discussions gave leadership clarity on a preferred operation design and implementation plan to achieve the company’s goal of creating a unified, global firm capable of adapting to a changing marketplace. Design and operating principles promoted executive alignment and addressed challenges such as determining whether product/solution leaders or country leaders would own the sales force; whether sales forces from different businesses could cross-sell technical solutions; and how enterprise business owners and local markets would share responsibility for planning and performance.
Phase 3: Leverage leaders and rules to help maximize return on organization design

Leading practice #6: Solidify leadership early

Early selection and announcement of the new company’s senior leadership can provide a set of organization design champions who are aligned behind the proposed structure, committed to seeing the design process through to completion, and have the authority needed to institute structural change that can help realize deal value sooner.

Leading practice #7: Establish the rules

A good way to avoid getting bogged down in person-by-person negotiations is to develop and apply clear and replicable staff retention and performance policies. Uniform employee selection policies can pave the way for timely completion of even the most complex organization design project. Finally, it is important that HR staff members consider the potential impact of survivor syndrome. How the company treats departing employees affects the morale of those who remain.

Case study

Transaction: A global multinational information technology company publicly announced the separation of its core business units, which led to the creation of two new future-state companies.

Issue: This highly complex separation included the disposition of more than 280,000 employees. In addition, management needed a full future-state design completed within a six-month timeframe.

Impact: Creating an organization design separation CoE to support HR business partners facilitated the successful transition of over 250,000 employees across more than 100 countries and aligned to more than 100 legal entities. The creation of clear guidelines and strong leadership teams to champion the change resulted in an on-time transition of all resources by the go-live date.

Putting practices into action

These seven leading practices can provide a roadmap for effective HR organization design in virtually any M&A environment. To make sure that the design team fully leverages these practices, senior executives should establish project parameters to assist team members throughout the design process. Suggested guidance includes:

• Embedding key decision-making milestones within the project timeline;
• Seeking business leaders’ input during the planning phase rather than jumping straight into design;
• Remembering that HR organization design is a process. Team members should specify objectives and appropriate effectiveness measures for all project stages – planning, design, and execution – for Day 1 and beyond.

Incorporating leading practices into organization design planning and implementation can help corporate and HR leaders find the right balance between locking in short-term deal value and positioning the future-state organization for long-term success.

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