

# Talenter News

The Pitcairn Partners Newsletter



## Welcome to Talenter News!

### In this Issue:

#### Our perspective on M&A

- The talent impact on M&A projects.
- DOS and DON'TS that helps you succeed.

It is not uncommon for executives and organizations who do not identify talent as a strategic priority to realize when they are well into deployment of business strategies and integration projects that they have significant “**talent gaps**” that prevent them from achieving the stated business objectives that led to the merger.

We have many ‘lessons of experience’ resulting from our combined experiences with integrating organizations. Topping the list is a structured **Talent Review Program**, an excellent process to uncover both hidden gems that can become strong drivers of a successful execution or reveal competency gaps that will require focused attention.

Here are some insights learned from our experience on best talent management practices during M&A:



Merging two companies is not for the faint of heart. Based on our experience, leaders experienced in successful mergers and/or acquisitions are deeply familiar with these few truths that are essential for success:

- Build a high degree of rigor into every element of the process from due diligence to organizational integration. Use trusted and proven tools to ensure there are no hidden pitfalls (debts, leases, employment contracts, benefit costs, etc.) that will come back to negatively impact results down the road.
- Ground the integration initiatives in the objectives of the deal and prioritize according to criticality to achieving those objectives. According to McKinsey ([McKinsey, 2016](#)) organizations that do integration well “...deliver as much as 6 to 12 percentage points higher total returns to shareholders (TRS) than those that don’t.”
- Make customer retention your top priority. Laser-focus on maintaining – or improving – customer relations is essential.
- Understand the process will take longer than you want, often a year or more.
- Evaluation and retention of top talent must be a priority to achieve the target results. Take the time to thoroughly assess all levels, not just the key leadership. Focus on retaining and/or recruiting talent that is aligned with the business objectives of the merged entity

The real work of making the merger successful has just begun when you sign the agreement. It takes the **right talent** to execute the business strategies and achieve results.

## Talent Management ‘Must Dos’ for M&A

- Understand Organizational Capabilities and determine if you have the necessary talent on board. Check your inventory.
- Communicate thoroughly to obtain clarity and engagement towards your business and integration strategy. Include anticipated organizational changes. Provide a consistent message from the top down to employees from both legacy organizations simultaneously. Create plenty of opportunities for employees to ask questions and get their concerns addressed.
- Identify current and future talent requirements (success formulas that include experiences, competencies, and cultural requirements) for achieving your business goals. Be willing to make the talent investments to develop or acquire that talent.
- Address people and power issues quickly. Resolving structure, job assignments, title, compensation and benefits enables employees to focus on the work to be done.
- Re-recruit critical talent from both organizations: get to know their career goals, engage them in the building of the new organization, and help them see the opportunities for growth in the combined business.
- Prepare for attrition of key talent if they do not see the opportunity for career upside in the merged organization.
- Understand there will be obstacles and anticipate what they may be, where they might exist, and how to best deal with both the implications and outcomes.
- Identify and utilize tools and processes that will facilitate team building and integration of the legacy organizations to attain stated business objectives. Ensure bridging of cultures and leveraging of best practices of both organizations.
- Stay positive and display confidence in the success of the merger to employees and clients.

### Meet the Team

Have a “Mission Critical” M&A project? Give us a call at (202)-930-8060



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*Responding with agility to changing business and market forces and addressing your business plans with a sense of urgency, Pitcairn Partners is equipped to help.*

*We are ready and able to work with you to ensure you have the right talent on board to deliver your business goals.*