

WP Advisory

Insights



Retaining Talent During a Merger

WP Advisory provides best-in-class merger integration (MI) consulting services and related solutions. We are a small team of senior executives with significant industry experience.

Focus

We are merger integration specialists. We've chosen to do one thing and we aspire to do it better than anyone else.

Your WP Team

We are all senior executives with integration experience in our industries. We will curate a team for your integration with people who have done it before.

Our Size

Our boutique size gives you access to our entire team and highly personalized service built on relationships.

Retaining Talent During a Merger

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One of the most critical issues after a deal is announced is how to retain talent and keep them focused during the transition period. How many times have you heard top management say that our greatest assets are our people? Following a merger announcement, everyone knows that there will be job losses, the question everyone asks is, “will it be me?”

Most organizations focus on the use of contingent payments (retention bonuses) as the primary tool to incent people to stay. However, this is not always effective. Promises of money create short-term incentives with no guarantee of performance or staying once the final payments have been made. We have seen time and again the exodus of management once their “golden handcuffs” have been removed. Even short-term retention payments to lock in staff for a transition period does not guarantee that they will stay.

For most people, securing a stable job with a steady income is a better tradeoff than a temporary work period with a balloon payment at the end. Your people will continue to look and will jump ship as soon as the next opportunity comes along.

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Here are 3 Ways to Retain Talent:

1. Level the Playing Field

It is normally the case that the acquiring company dictates the people who will come and go without truly understanding the talent that they have acquired. Have everyone reapply for their jobs, so you can ease the “US vs. THEM” situation. This creates the feeling that we are “all in the same boat” and those who want it the most and are the most qualified will rise to the surface. However, if this is not managed correctly it can lead to widespread uncertainty.

First identify what roles are needed in the new organization, this should be part of the Target Operating Model Design. Second, who is the talent pool that could serve in these roles and what skills are required. Third, identify what motivates them, i.e. their personal goals. Finally, put an action plan together that matches people to the right roles with the right skills and aligns to where they want to be.

2. Use Levers Other Than Money

While we go to work to earn a living it is not the primary incentive of why we stay in a job. Doubling pay does not double performance. If you recall Maslow's hierarchy of needs, once we have satisfied our basic needs of personal and financial security we seek belonging, self-esteem, and self-actualization.

We want to know we are working for the right cause, we believe in what we do and we can make a difference. Understanding people's individual motives and needs is key to retaining talent. People stay because of the people they work with and not because of loyalty to the company. Other non-monetary levers to retain talent are: inclusion, mentoring, job rotation to acquire new skills, geographic rotation to broaden horizons, and formal career tracks.

Understanding people's individual motives and needs is key to retaining talent.

3. Care for the Casualties

Caring for those who don't have a position in the new organization is paramount to those who remain. You never know whether you could be next. Not everyone is going to be a good fit and sometimes through no fault of their own they are being let go. This is hard for people who have had a long tenure and have committed a significant portion of their working life to the company. These are friends and colleagues - people want to see that they are being treated fairly and being helped along the way. Not caring for the casualties is damaging to morale for those who remain.

The worst thing that can be done is outsource it to a placement agency. Managers who personally help their staff have the greatest talent retention rates and will be followed whenever they move on. Who will want to work for a company that treats people as a commodity that can be easily discarded without due respect? While top management views layoffs as business, you can be sure the individuals on the receiving end will take it personally. ❖

Not caring for the casualties is damaging to morale for those who remain.

About the Author

Andrew is a leader in the firm's merger integration practice and has extensive and diverse experience spanning 25+ years across capital markets, insurance, technology, and aerospace. He is a leading authority on delivering "change" across large scale, international organizations.

His expertise is in business and finance transformation, operating model design, risk management, and process optimization. Andrew has extensive international experience of operating in global organizations, across cultures, and business functions. He has lived and worked in Europe, Asia, and the US.

Previously he held executive positions at AIG, HSBC, Credit Suisse, and Goldman Sachs managing large scale transformations associated with finance re-engineering, business performance improvement, regulatory change, and control enhancements.

Andrew holds a D.Phil from Oxford University, M.Sc/DIC in Control Systems from Imperial College, and a B.Sc in Mathematics from Manchester University.

He is also a Finance Risk Manager (FRM), Certified Change Management Professional (CCMP), Prince 2 project management practitioner, and Black Belt in Lean Six Sigma.

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