

## BUSINESS

# Cracking the Code: HR's Key Role in Making M&A Deals Work

by Duncan Smithson

Mergers and acquisitions are integral to corporate growth strategies. However, the failure rate (a staggering 70% is an oft-cited statistic) casts a shadow. The key culprit? Incompatible corporate cultures. But despite the low rate of success, two facts are irrefutable: 1. Deals will continue to happen, since most large firms use M&A as a component of their overall growth strategy, and 2. Pulling off a successful deal, all the way through to integration is extremely difficult.

Companies must beat the odds to succeed. While people are indeed an organization's greatest asset, they can also be a significant liability (reflected in the financial statements as the overall employment cost, including the cost of all related benefit plans). If employees continue to perform well, they can drive future organizational performance; if they don't, they can be barriers to such improvements. Therefore, HR must be brought under the deal "tent" as soon as possible during the merger process.

Drawing on WTW's involvement in over 2,000 M&A and private equity transactions annually, a blueprint emerges—HR must embrace three strategic directives:

## NAVIGATING SUCCESS: THREE KEY STEPS

In our work on more than 2,000 M&A and private equity transactions each year, we stress how critical it is for HR teams to focus on the following imperatives:

### UNDERSTAND THE DEAL REASON AND INTEGRATION STRATEGY

Early on, HR must meet with the leadership that put the deal together and get the answers to four big questions; the answers will enable HR to quickly understand the deal priorities and challenges and therefore determine the resources and expertise necessary to meet leadership's expectations regarding HR's contribution to the people, cultural and functional areas.

- What were the primary business reasons for the acquisition, and what are the goals for the integration?
- What is the strategy for integrating the acquired firm?
- What is the strategy for communicating the deal, integration and changes?
- How will the integration be managed?

### PROVIDE THE FRAMEWORK TO ANALYZE THE PEOPLE AND CULTURAL ISSUES

It's important to remember that "people" refers to who does the work and "culture" refers to how the work gets done. HR must provide a framework for senior management to understand the people and cultural issues within a broader business context. This is essential for two reasons: it directly shows how the people issues affect the entire organization and immediately gets the cultural issues on the table.

We often see less experienced acquirers get confused and equate people and cultural issues as HR issues to be solved at the functional level rather than the leadership level. This is a huge mistake that, if not corrected, lays the founda-



**Pulling off a successful mergers and acquisitions deal all the way through to integration is extremely difficult, says Willis Towers Watson's Duncan Smithson.**

tion for many of the people and cultural problems that typically occur in deals. Since these are business-critical issues, the dialogue relating to them must start at the highest level in the organization — the leadership level — and remain there until there is a complete understanding of how all the major people and cultural issues will be handled.

The figure below demonstrates the interconnectedness of people and cultural issues within the broader deal context and deal goals.

### MAKE THE RIGHT DECISIONS IN THE RIGHT ORDER

Many mergers are time-constrained, as the demands of integrating the companies are set against the backdrop of basic business needs: to continue to win new business and to avoid losing either customers or talent, or both, to competitors that step up their activities in each of these areas. Added to this is another complication: Many issues need to be tackled, often simultaneously, but oftentimes without the breadth and depth of data that go into typical day-to-day decision-making.

Therefore, to be truly effective, it's critical HR professionals prioritize issues quickly so that decisions can be made with the best information available, enabling the transaction to progress toward its goals.

### THE THREE CATEGORIES OF HR PRIORITIES IN M&A

- Immediate strategic priorities:**
- Organization model, structure and design
  - People decisions on key leadership
  - People decisions on key talent
  - Terminations relating to large-scale workforce reductions
  - Change plan and related communication strategy

- Immediate HR functional priorities:**
- Transition of payroll and enrollment of benefit plans
  - Employment contracts for key leadership and talent
  - Broader-based staffing and selection decisions
  - Negotiations with represented employees
  - Integration of business and employee communications

- Deferred HR issues:**
- Organizational processes that are not critical to integration
  - Performance management and incentive harmonization
  - Retirement plan design changes
  - Broad-based compensation levels
  - Ongoing, relevant and consistent communications.

**Duncan Smithson is a senior director, North America mergers and acquisitions co-leader at Willis Towers Watson.**



## CITY OF DORAL NOTICE OF PUBLIC HEARING

All residents, property owners and other interested parties are hereby notified of a **LOCAL PLANNING AGENCY (LPA)** meeting on **September 27, 2023 beginning at 5:30 PM** to consider an amendment to the City's Comprehensive Plan Future Land Use Map (FLUM). The meeting will be held at the **City of Doral, Government Center, Council Chambers located at 8401 NW 53rd Terrace, Doral, Florida, 33166.**

The City of Doral proposes to adopt the following Resolution:

### RESOLUTION No. 23-

**A RESOLUTION OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF DORAL, FLORIDA, SITTING AS THE LOCAL PLANNING AGENCY, RECOMMENDING APPROVAL / DENIAL OF, OR GOING FORWARD WITHOUT A RECOMMENDATION TO THE LOCAL GOVERNING BODY A SMALL-SCALE LAND USE AMENDMENT TO THE CITY OF DORAL COMPREHENSIVE PLAN FUTURE LAND USE MAP, TO CHANGE THE LAND USE CATEGORIES FROM OFFICE AND RESIDENTIAL (O-R) AND BUSINESS (B), TO SOLELY BUSINESS (B) FOR ±1.86 ACRES FOR THE PROPERTY LOCATED AT 8080 NW 36 STREET; AND PROVIDING FOR AN EFFECTIVE DATE**

**HEARING NO.:** 23-09-DOR-02

**APPLICANT:** City of Doral (the "Applicant")

**PROJECT NAME:** City of Doral Future Land Use Map Amendment

**LOCATION:** 8080 NW 36 Street, Doral, Florida 33136

**FOLIO NUMBER:** 35-3027-001-0091

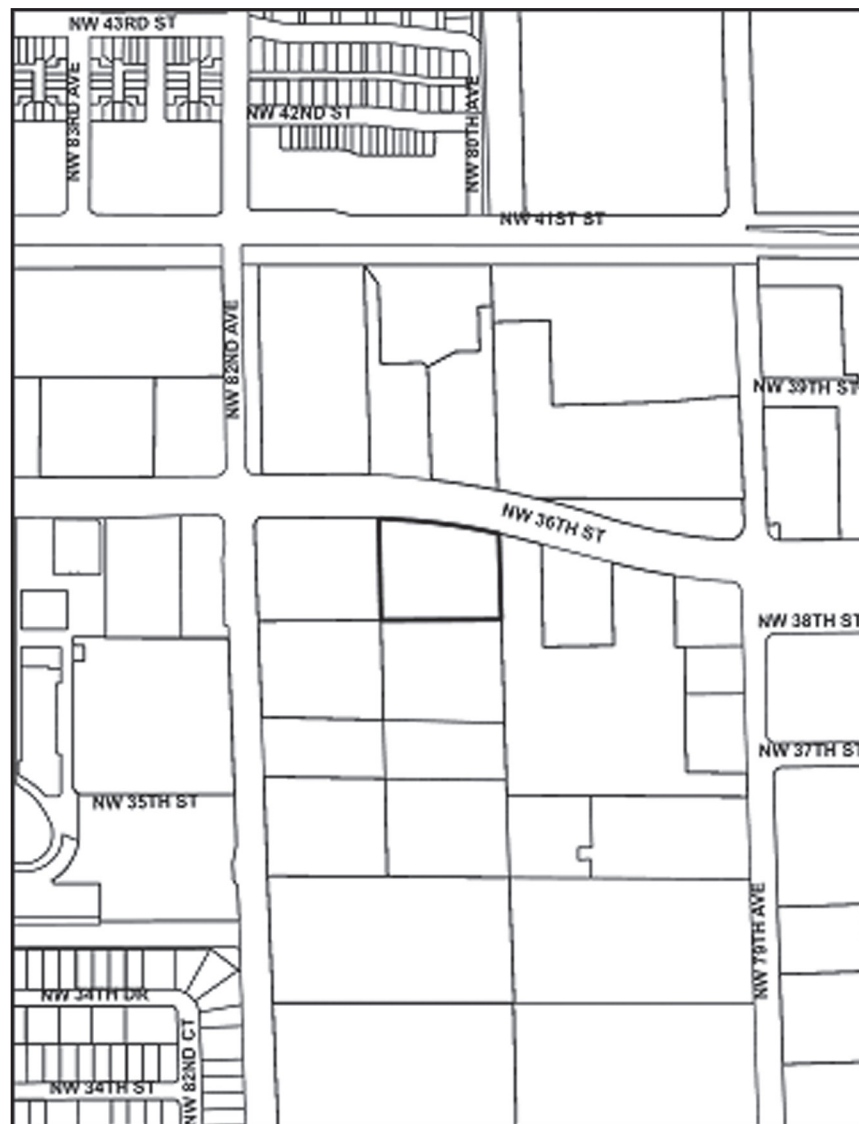
**SIZE OF PROPERTY:** ±1.86 acres

**FUTURE LAND USE MAP CATEGORIES:** Office-Residential (O-R) and Business (B)

**ZONING DISTRICT:** Commercial Corridor District (CC)

**REQUEST:** The City of Doral is requesting an amendment to the City's Comprehensive Plan Future Land Use Map (FLUM) from Office-Residential (O-R) and Business (B) to Business (B).

### Location Map



Inquiries regarding the item may be directed to the Planning and Zoning Department at 305-59-DORAL.

Pursuant to Section 286.0105, Florida Statutes, if a person decides to appeal any decisions made by the City Council with respect to any matter considered at such meeting or hearing, they will need a record of the proceedings and, for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. This notice does not constitute consent by the City for introduction or admission of otherwise inadmissible or irrelevant evidence, nor does it authorize challenges or appeals not otherwise allowed by law. In accordance with the Americans with Disabilities Act, any person who is disabled and who need special accommodations to participate in this meeting because of that disability should contact the Planning and Zoning Department at 305-59-DORAL no later than three (3) business days prior to the proceeding.

Connie Diaz, MMC  
City Clerk  
City of Doral

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