

Why a people-centric strategy is key to a successful Merger or Acquisition

Key HR considerations for successful Mergers & Acquisitions



Globally, Mergers & Acquisitions (M&A) hit record numbers in 2021, with

62,000
announced deals, and
\$5.1 trillion
in publicly disclosed deal values.

According to PwC's latest Global M&A Industry Trends Report, a "trifecta of low operating costs, lower regulation and taxes, and even lower interest rates, have helped companies achieve year-on-year earnings growth, pushed stock markets to seemingly endless record highs, and generally spurred M&A."¹

While embarking upon a M&A can strengthen an organization's position in the market and unlock a range of strategic benefits, they also come with some major challenges – particularly relating to HR.

Firstly, there's the challenge of maintaining a positive experience for existing employees. M&As can often be unsettling, and it's not uncommon for organizations to focus largely on the consolidation of their leadership team, while neglecting the needs of the broader workforce. As such, employees can end up in somewhat of a holding pattern, and feel they aren't being listened to, or that their role has been usurped. In fact, almost half (47%) of all employees leave a business within a year after a M&A takes place, and 75% leave within three years.²

This can have a huge flow-on effect in terms of productivity, continued growth, and the experience enjoyed by remaining employees. Yet, in so many situations, the employee experience is often overlooked or is an afterthought during a M&A. Often, it's tackled later in the piece – when the dust has settled – which for many employees, isn't enough.

Secondly, with any M&A, there's the very significant challenge of bringing together disparate tools, processes and infrastructure – merging existing HR databases and information without any lapse in delivery, and without losing any critical employee information.

Businesses need to ensure that the new, consolidated systems are better than, or at least equivalent to, what existed in the past – and not just a complex and hard-to-manage mash-up of previous systems. Ideally, HR and IT teams should work together to use a period of change as an opportunity to take a step back, evaluate their overall HCM systems, and invest in best-practice initiatives moving forward.

Thirdly, there's the ongoing challenge of capturing employee sentiment – and data relating to their needs and priorities – and using this information in a meaningful way that adds value both to employees, and to the business as a whole. Being able to accurately capture and analyse data requires having sophisticated tools in place, and it's vital that these tools are given a sufficient amount of focus and priority during a M&A period.

In this eBook, we provide some deeper insights into the HR challenges associated with Mergers & Acquisitions, explain how these challenges can be addressed, and detail the ways in which Rizing and our technology solutions can help.

In this eBook:

The role of HR in
Mergers & Acquisitions

How Rizing can help

Success Stories

Transitioning HR during a M&A:
key priorities to focus on

- Employee experience
- HR systems integration
- Data and analysis

Our solutions





70-90%

of all M&As fail to achieve their strategic and financial objectives.³

67%

of executives identified talent acquisition as a strategic driver for a M&A.⁴



The ability to hire and retain staff is the most important factor in an organization's growth capability.⁵

The role of HR in Mergers & Acquisitions

HR teams can get pulled in all kinds of different directions during a M&A, and without the right technology in place, fulfilling all of these responsibilities can be very challenging and overwhelming. Some of these responsibilities include:

Defining current and future organizational structures

HR teams are typically called upon to provide detailed organizational charts before a merger or acquisition, as well as to provide an outline for what a future structure could look like under the new organization. Sometimes, HR teams are also required to model different potential HR structures and present these to a board for decision-making.

This means being able to answer some critical questions very quickly and accurately: Who will assume which roles in the new business? Which roles, teams or departments will become redundant? In terms of specific roles, how can the workforce best be merged?

Centralizing information

During a M&A, important HR-related information will often end up spread out across the different organizations or departments, residing in

disparate files, spreadsheets or databases. For a M&A to be effective, this information needs to be consolidated and centralized, and this task often falls upon the HR team's shoulders. Having an accurate and centralized record of information should be a key priority for the organization moving forward, and should be a focus of any M&A from the outset.

Enabling data-led decision making

There are lots of very important people-related decisions to be made during a M&A, and HR teams are often called upon to provide quite detailed information very quickly. This could include anything from the structure of a team, to payroll, time and attendance, or even individual staff performance. Unless the organization has consolidated HR systems in place throughout the merger or acquisition, it can be very difficult for HR teams to extract and collate the information they need.

Ensuring a smooth transition for employees

It's very easy for discontent to follow a M&A, and for employees to leave the organization in considerable numbers. To minimise attrition rates, and ensure a positive overall experience, HR teams need to find ways to establish unity and cohesion, provide clarity regarding new structures, and accurately answer questions from staff.

Hiring new staff/adapting existing contracts

From the outset of a M&A, there's also typically a huge workload for HR associated with moving employees to new contracts, hiring new staff, making any necessary redundancies, and communicating this information to the broader workforce. Meeting with individual staff, and completing required paperwork, can alone be a huge and very time-consuming responsibility.

Ensuring governance and compliance

HR teams are also responsible for ensuring that the organization stays up to date with current requirements regarding governance and compliance, especially if the business now operates in multiple countries or geographical regions.

Extracting and acting upon employee insights

As well as ensuring a smooth transition, HR teams are often responsible for monitoring employee progress, and reporting to boards/management teams regarding employee sentiment during and after a merger. Without the right tools at hand, this can be very difficult.

Transitioning HR during a M&A: challenges and opportunities

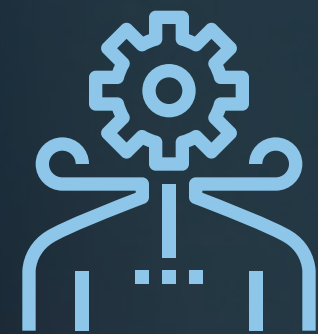
While there are many challenges during a M&A, HR teams can gain a significant advantage by focusing on three key priorities from the outset:



**Maintaining a positive
employee experience**



**Bringing disparate tools
and systems together**



**Enabling data-fuelled
decision making**



01 Maintaining a positive employee experience



Challenge:

Employees can find change unsettling and unnerving and this often impacts productivity.

In 2 weeks following a merger, the amount of work an employee does drops to between 1-2 hours a day.⁷



Opportunity:

- Make HR a priority in M&A planning – before, during and after.
- Communicate regularly.
- Provide self-service tools so employees can find the information they need.



Challenge:

Attrition rates are typically high following a M&A.

47% of employees leave a business within a year after a merger or acquisition, and 75% leave within 3 years.⁸



Opportunity:

- Be open and collaborative regarding any structural changes.
- Check in regularly, especially if employees are working remotely.
- Use data-led insights about an employee's performance to nurture them.



Challenge:

Employees don't feel listened to, which leads to disengagement.

Recent research by Gallup suggests that only a third (34%) of American employees are engaged at work anyway, and disengaged employees would leave the organization for almost any increase in salary.⁹



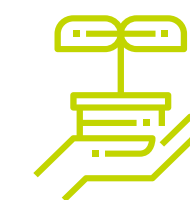
Opportunity:

- Use modern tools to actively capture employee feedback and spot potential disintegration in the employee experience.
- Learn from your people to help your people.
- Communicate with employees before, during and following business changes to reassure and prevent "water cooler gossip."



Challenge:

Culture becomes "us" versus "them." When two separate firms are merged, it's easy for it to feel like there are still two separate entities.



Opportunity:

- Find smart ways to merge tools, culture and ways of working so that everyone feels valued and aligned.
- Consider tools such as Qualtrics which can help capture sentiment and ensure cultural issues are addressed before they escalate.



Challenge:

Remote working can exacerbate disconnectedness.

Without a consistent technology experience, or regular face-to-face contact with colleagues and managers, it's easy for discontent or a lack of engagement to settle in, and for it to escalate.



Opportunity:

- Devise ways to regularly connect and engage people using cloud-based tools.

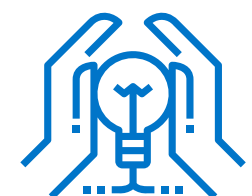
02 Bringing disparate tools and systems together



Challenge:

Merging disparate HR tools and processes can be very complex.

28% of CFOs say merging IT systems and technology such as HR is the #1 challenge during a business transformation.¹⁰



What's needed:

- Have a sound strategy in place from the beginning.
- Engage an expert partner.
- Identify and update all manual processes and centralise existing systems.
- Communicate extensively.
- Provide in-depth training and learning for staff on new systems.



Challenge:

Disconnect in terms of HR priorities across the new organization.

Different businesses, teams and departments will all have their own needs and priorities.



What's needed:

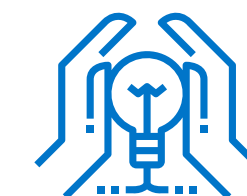
- Put systems in place to capture information on different priorities, so you can identify shared needs.
- Empower managers to implement targeted changes and measures relevant to their teams and departments.
- Make collaboration on HR a priority from the outset.



Challenge:

Solutions are short-sighted.

In the rush to integrate, solutions can be ad-hoc and not supportive of growth.



What's needed:

- Seek expert advice in selecting, assessing and rolling out the right HCM solution to meet the changing needs of your organization.



Challenge:

Compliance complexity.

Staying on top of spiralling compliance requirements as organizations grow and adapt, or enter new markets, can be a major challenge.



What's needed:

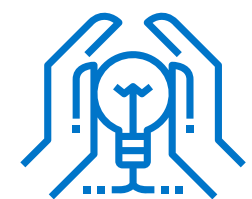
- Seek expert guidance.
- Invest in proven tools with compliance in-built and appropriate for different regions.

03 Enabling data-fuelled decision-making



Challenge:

Need for data and analysis increases exponentially during a M&A. The need for strategic analytics increases astronomically during an M&A. In particular, HR teams typically need to report to boards and possibly equity firms with information around workforce planning, compensation and attrition targets.



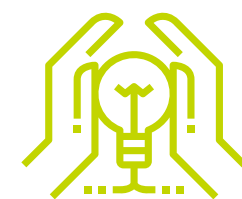
What's needed:

- A comprehensive assessment of your analytics maturity to identify gaps and opportunities.
- Investment in a consistent, highly-governed reporting and analytics solution that can integrate with your current workforce.
- Archiving of any dated legacy data to de-risk and “de-clutter” your migration to the new solution.
- Rapid integration of data from all aspects of the new business – right from the outset – so you have immediate insights about your new, combined workforce.



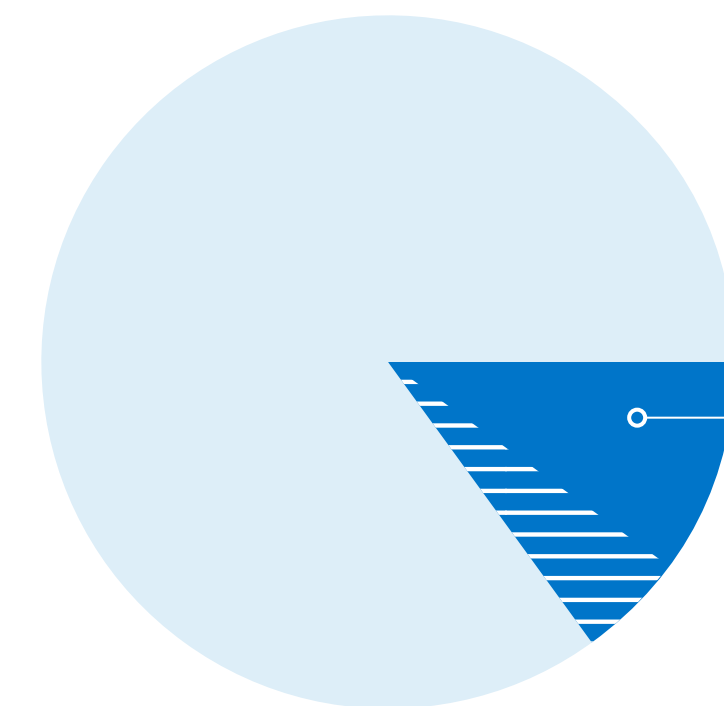
Challenge:

Lack of insights as to existing skills regarding new roles. Without the right tools in place, it's easy for existing staff to get overlooked for a promotion in the newly merged company, or to get placed in the wrong area.



What's needed:

- Use modern tools to get the insights you need to more effectively plan for migration, so you're deploying the right people into the right roles.



The human capital component can equate to between

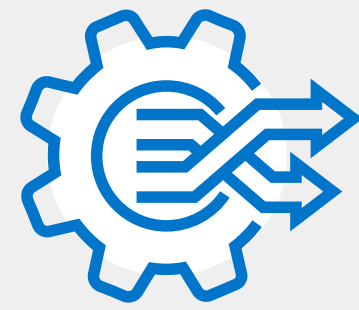
10% and 15%

of the total purchase price of an acquisition.⁶

How Rizing can help

When embarking upon a period of change or disruption, it's important to have a strategic partner who can guide you in your decision making from the outset. Rizing has the experience and deep expertise to give you the foresight, insight and future view to make optimal decisions at every step.

Specific services include:



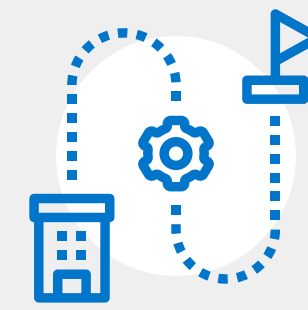
Implementation services

When implementing a new HCM solution, you need a safe pair of hands, and a partner that's committed to delivering on time, and on budget. Our approach has six key pillars: our IMPACT Methodology, leading practices configuration, flexible deployment models, project accelerators, a smart-shoring approach, and a commitment to full the complete business transformation of our client.



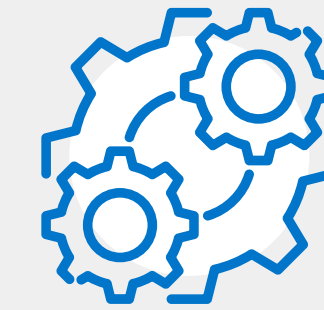
Business transformation services

Achieving digital transformation requires more than just implementing new technologies and tools. It can also mean revamping your HR strategy and analytics, business process design, change management, and training. If your organization is embarking upon a digitalization initiative, we can help you maximize its success by providing these other transformative services.



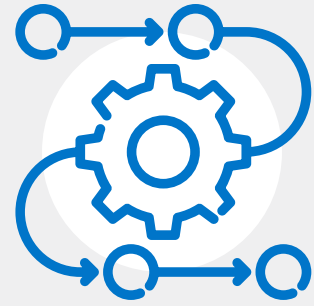
Managed services (ongoing partnership and configuration support)

What happens in your business after a new solution is implemented? Our experts can ensure you're prepared for the road ahead – whether it's providing a modest level of support, or offering a more comprehensive and strategic plan. We offer support in administrative services, preventative tactics, adaptive and corrective measures, payroll support, change control, release management, and more so that we can empower your HR teams to focus on strategy and improve resource utilization.



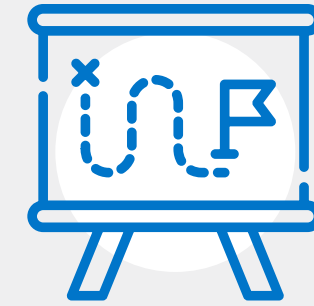
Business technology services (integrations, IA, analytics etc)

Rizing's Business Technology Services team can provide assistance with, and insights into, many aspects of your technology and business strategy. We advise on, implement, and support a variety of products and technologies – from the SAP Business Technology Platform, to Geospatial Information Systems, to Advanced Business Application Programming – and more. Our experts help you harness technology to grow your business value and work strategically into the future.



Business process design

Our experts can also help you identify gaps between current and future states. We partner to create business processes and documentation that provide a high-level overview of process activities and tasks – presenting the solution in depth, understanding project requirements, enabling process alignment, and allowing HR specialists to identify areas of improvement.



Change management and strategic consulting

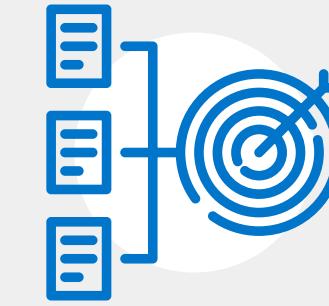
Rizing's Change Enablement Toolkit and expert consultants provide the outline and tools you need to support your change management activities, equip your organization with a plan for a smooth transition from current state to future state, and foster stronger system acceptance and higher user adoption. This can improve employee morale, productivity, quality of work, and key performer retention – allowing you to design and deliver training to stakeholders in methods that suit their individual learning styles.



Reporting and strategic analytics

Leveraging reporting and analytics is paramount to making smart, data-driven decisions. But most talent acquisition functions spend 80% of their time capturing data, which leaves little time for analysis and action. With Rizing's Reporting and Strategic Analytics, supplemented by guidance from our experienced team, businesses and their HR teams can develop reports and reporting best practices to enable timely, actionable insights that drive improvement across the organization.

Get started today with Rizing's comprehensive and complementary people analytics maturity assessment. [Contact us at HCM@Rizing.com](mailto:HCM@Rizing.com)



Training and digital adoption

Implementing an HR system helps execute and roll out training that ensures maximum end-user adoption and measures productivity and bottom-line improvements. How? Through training that supports a variety of learning preferences and a strategy that is customized to fit your organization. Our experts help put together and execute a targeted training plan to boost business outcomes and drive user adoption and best practices.



Our solutions

SAP SuccessFactors

SAP SuccessFactors

SAP SuccessFactors builds on the best of HCM and layers on critical employee experience capabilities and insights. This cloud-based solution provides a powerful human resources management system (HRMS) for core HR and payroll, talent management, employee experience management, and people analytics while focusing on the employee experience with an open, secure technology foundation.



WorkForce Software

WorkForce Software is helping some of the world's most innovative organisations optimize their workforce, protect against compliance risks and increase employee engagement to unlock new potential for resiliency and optimal performance. Whether your employees are deskless or office workers, unionised, full-time, part-time or seasonal, WorkForce Software makes managing your global workforce easy, less costly, and more rewarding for everyone. Rizing's Workforce Software practice has strong capabilities across the entire WFS suite, supplemented by professional and managed services, and enhanced by our special skills, certifications, and next level offerings.

Gain real-time visibility into your workforce by combining time and attendance tracking, scheduling, and absence compliance tools with the SAP Time and Attendance Management application by WorkForce Software.



Lyra

Built on SAP Analytics Cloud and SAP Data Warehouse Cloud, Lyra is the only end-to-end analytics solution that harmonizes historic legacy system data with full integration to SAP SuccessFactors. This modular and scalable solution include leading practice Analytics Metric Pack templates for Core HR, Global Payroll, Recruiting, Learning, and Performance and Goals. With the ability to archive historic and current people data from legacy sources, harmonize data into flexible models, and visualize insights, Lyra allows organizations to effectively manage risk, business continuity, and employee wellness.



Qualtrics and Rizing Experience Insights

Qualtrics brings Employee Experience data to SAP SuccessFactors; a combination called Human Experience Management (HXM). With Qualtrics, companies can best listen to employees through a platform that collects and tracks employee sentiment while also offering pre-packaged survey content tested and proven to be effective through real-world application. Partners like Rizing bring the business transformation experience that helps customers effectively use employee sentiment data. Rizing's Employee Experience Insights (EXI) will enable organizations to assemble sophisticated research results as employees interact with SAP SuccessFactors solutions by leveraging Qualtrics experience data – the beliefs, intentions, and perceptions of employees.

Success story:

Beacon Roofing Supply

Beacon Roofing Supply (Beacon) is a large provider of commercial roofing products and complementary building materials to Canada and the US.

The business recently underwent a significant period of growth – expanding by 25%. This put the business' existing learning management system under pressure. Information about Beacon's products and services was scattered across the organization and wasn't centralised. This meant it was hard to access, and staff were struggling to get the knowledge they needed.



Beacon therefore engaged the experts at Rizing to implement a sophisticated learning management solution based on SAP SuccessFactors. We ran a series of workshops to determine the scope of the new solution and delivered the project on time – transferring all previous learning data into the new SAP SuccessFactors solution.

The new solution ensures staff can keep their knowledge up to date, and also gives Beacon's administrative staff the ability to quickly and easily create customized reports regarding employees' progress.

Success story:

PeaceHealth

PeaceHealth is a large provider of healthcare services in Canada and the US, with over 15,000 employees, including 800 physicians.

Recently, the business moved from independently operated units to a single operating company, and needed to centralize, streamline and standardize its processes to ensure its employees could fulfil the organization's mission.

Previously, the business was relying on a dated and home-grown solution for HR management and recruitment. Realizing this solution no longer met their needs, they turned to Rizing for help.

Rizing implemented a powerful, new solution built on SAP SuccessFactors. We worked closely with PeaceHealth to



understand their needs, and to design a solution that was aligned with their goals.

The Goals and Performance Management, 360, and Recruiting modules were all chosen to help PeaceHealth more successfully manage their talent.

The business now has considerably enhanced accessibility, visibility and understanding of their overall HR policies, programs and processes. Rizing also provided a range of change management services to ensure the project was seamlessly integrated and stayed on track, from start to finish.



Find out more

If you are interested in learning more about Rizing's expertise in Mergers & Acquisitions, please get in touch for a free discovery call with a Rizing expert.



1. 5. PwC, Global M&A Industry Trends: 2022 Outlook, [online], <https://www.pwc.com/gx/en/services/deals/trends.html> 2. 8. 9. Gallup, How to stop losing talent when you merge and acquire, [online], <https://www.gallup.com/workplace/267494/stop-losing-talent-merge-acquire.aspx#:~:text=During%20M%26As%2C%20the%20focus%20tends,within%20the%20first%20three%20years.> 3. 7. HR Magazine, The HR role in securing M&A success, [online], <https://www.hrmagazine.co.uk/content/features/hot-seat-the-hr-role-in-securing-m-a-success> 4. 6. EY, How a new talent mindset can solve the post-merger integration puzzle, [online], https://www.ey.com/en_gl/workforce/how-a-new-talent-mindset-can-solve-the-post-merger-integration-puzzle 10. HR Daily Advisor, Tips for helping manage mergers and acquisitions, [online], <https://hrdailyadvisor.blr.com/2016/12/02/7-tips-helping-manage-mergers-acquisitions/>