Mergers and Acquisitions

White Paper
A merger or acquisition (M&A) is an opportunity to create a more competitive, more cost-efficient company with enhanced brand strength and greater market share potential. One of the top strategic benefits is that the transaction allows management to field a team from a bigger talent pool. However, these disparate talent pools can be a challenge to understand and unify. Workforce challenges, in addition to other planning and integration hurdles, cause many mergers or acquisitions to fall short of expectations.

With Saba’s Planning@Work, merger or acquisition teams can access a unified view of the workforce and gain the ability to model, action, measure and communicate the resulting organization. Saba’s Transition Manager provides an end-to-end solution for managing workforce separations resulting from consolidating two entities. Together, Saba’s Planning@Work and Transition Manager help to accelerate merger integration, supporting better decisions and clearer communications throughout all stages of M&A, including:

- Due Diligence
- Integration Planning
- Integration Communication / Implementation
- Post-Merger Workforce Management
- Optimization

**Due Diligence**
*Visually Examine and Analyze Organizational Structures and Resources*

M&A activity requires an evaluation of existing resources in both companies to plan and optimize the integration. Saba’s Planning@Work solutions aggregate data from multiple sources — including a variety of HRMS systems such as Oracle, PeopleSoft and SAP — and combine it into a holistic, unified view for analysis. Important HR data such as employee salary and competencies can be included, providing management the information they need to make sound, informed decisions and fully understand all financial and strategic implications.

With Saba’s Planning@Work and Transition Manager, merger teams can improve the due diligence process by:

- Analyzing hierarchies and reporting relationships
- Auditing the workforce for diversity and other characteristics
- Identifying key personnel and overlaps
- Generating headcounts by department
- Rolling up total workforce cost by department or division
- Assessing government compliance issues
- Building integration scenarios

**Integration Planning**
*Model Scenarios to Optimize Organizations and Manage Risk*

Workforce modeling is a crucial integration planning activity that leads to sound organizational change. The “what if” scenario planning capabilities within Saba’s Planning@Work enable stakeholders to easily “drag and drop” to model workforce options and visually understand the merged organization before any actions are taken. With Transition
Manager, finance and business leaders can instantly access projected cost and savings associated with proposed employee separation decisions with real time reports to identify if head count or financial targets will be met.

Any reductions-in-force introduce risks of wrongful termination or discrimination lawsuits. To mitigate risks of inadvertently damaging a protected class or breaking compliance rules, Transition Manager provides insight into how proposed scenarios will comply with regulations as well as complex internal business rules or deal guidelines. For example, Transition Manager will show the compliance implications of each option vis a vis regulations such as the Older Workers Benefits Protection Act (OWBPA), Workers Adjustment and Retraining Notification Act (WARN), Sarbanes Oxley (SOX) and Adverse Impact. With this invaluable insight, management can reduce costly wrongful termination suits or union grievances. Additionally, establishing consistent and transparent decision criteria across at-risk groups creates defensibility if any legal arguments do occur.

During the integration planning stage, Saba’s Planning@Work and Transition Manager provide:

- Workforce modeling to test structural options
- Scenario planning to visualize merger integration
- A platform for collaborating with department managers to plan resources allocation
- Visibility to align workforce costs with departmental budgets
- Accelerated decision and review of planned changes
- Side-by-side analysis of the combined talent pool along with employee skill sets to support information based decisions
- Ability to manage large scale workforce alignments in a consistent, compliant and efficient manner

**Integration Communication and Implementation**

**Communicate Plans and Redistribute Resources**

Quick and effective communication is critical to M&A integration. Collaborating and communicating via an accurate organization chart can vastly reduce the time it takes to respond to the change initiatives and, therefore, the ability to complete a merger faster and more efficiently.

When a reduction-in-force is part of the merger integration, Transition Manager provides automation to support the notification and transaction processing for voluntary and involuntary separations. Companies can accomplish workforce change in time to meet the demands of business and Wall Street.

During the Integration Implementation and Communication stage, Saba’s Planning@Work and Transition Manager provide:

- Consolidated workforce data for finalizing organizational plans and communicating the resulting structure
- A platform for sharing the integration roadmap with management
- Adjusted spans of control, budgets and other tools to facilitate post-merger operations
- A directory of the new organization, available to all employees
- Automatically generated, personalized separation packages with encoded regulatory and business rules
Post-Merger Workforce Management and Optimization
Streamline Processes and Assimilate Corporate Cultures

Once the M&A is complete, unified views of the combined organizational structure can help to refine processes, improve efficiency and reduce overall costs of the new organization. Saba’s Planning@Work can help to assimilate employees into the new culture, as well as to establish or improve human resources management processes. Using Transition Manager for day to day or event based workforce separations ensures that processes are streamlined and results in significant off-payroll and administrative cost savings.

Post-Merger, Saba’s Planning@Work and Transition Manager enable:

- Consolidated workforce data into a single system of record
- Successful assimilation of corporate cultures
- Progress assessment and mid-course corrections
- Resource alignment with corporate initiatives and business goals
- Significantly reduced post-transition operating costs