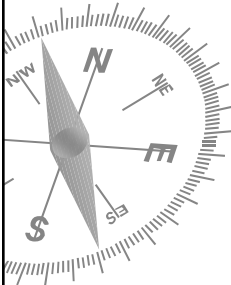


Mergers, Acquisitions and Joint Ventures, Oh My

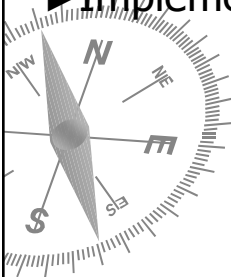


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1

M & A Life Cycle

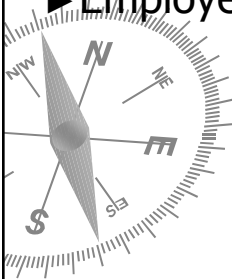
- ▶ Pre-Deal Stage
- ▶ Due-Diligence Stage
- ▶ Integration Stage -- Tactical
- ▶ Implementation



2

Developing an Action Plan

- ▶ Benefits & Compensation
- ▶ Communications
- ▶ Data
- ▶ Employees

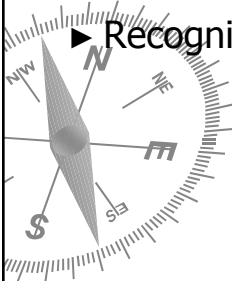


3

Benefits & Compensation Plan

Communicate & Finalize the Total
Compensation Offerings

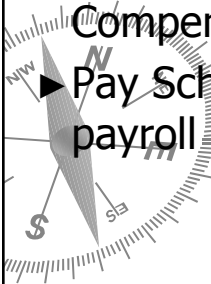
- ▶ Base Pay
- ▶ Variable Pay
- ▶ Recognition
- ▶ Health & Welfare Benefits
- ▶ Retirement & Pension
- ▶ Time off



4

Compensation

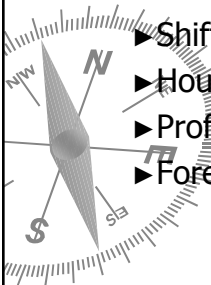
- ▶ Job Titles & Descriptions
- ▶ Salary Structures
- ▶ Salary Administration Guidelines
- ▶ Timing of Salary Increases and Incentive Compensation Payments
- ▶ Pay Schedules -- how frequently does payroll run?



5

Compensation

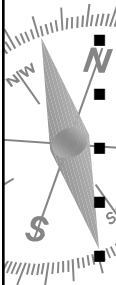
- ▶ Types of Incentive Compensation & Eligibility
 - ▶ Commissions
 - ▶ Retention Bonuses
 - ▶ Other Bonuses
- ▶ Other Cash Compensation & Eligibility
 - ▶ Shift Differentials/Premium
 - ▶ Housing/Car Allowances
 - ▶ Profit Sharing
 - ▶ Foreign Service



6

Eligibility for Benefit Plans

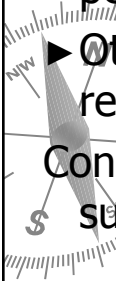
- ▶ What are the eligibility rules for each benefit plan?
- ▶ How are the following dates established for transitioning employees?
 - Hire date
 - Service date
 - Benefit date
 - 401k vesting date
 - Pension vesting date



7

Health & Welfare Plans

- ▶ Healthcare: Medical, dental, vision, EAP
 - ▶ Income Protection: Life, AD&D, Disability
 - ▶ Paid Time Off: holiday, vacation, sick, personal
 - ▶ Other: adoption assistance, tuition reimbursement, spending accounts
- Consider the impact on “inactive employees” such as retirees, LOA, COBRA beneficiaries



8

Health & Welfare Plans

- ▶ Year to Date Deductibles?
- ▶ What is the Plan Year?
- ▶ Treatment in Progress? Is the treatment covered under the new plan?
- ▶ Who is a Dependant?
- ▶ If the deal closes mid-year, what is the impact on cafeteria plan elections (IRC§125) or flexible spending accounts?

9

Retirement & Pension Plans

- ▶ Is there a defined benefit pension plan in either organization?
- ▶ Will employees continue to participate?
- ▶ What happens to accrued benefits in a defined benefit plan?
- ▶ Will year to date pensionable earnings and deferred compensation plan deductions be available to ensure that the employees do not go over limits established by the IRS?

10

Retirement & Pension Plans

- ▶ Will prior year's earnings be available to determine if employees should be marked as highly compensated?
- ▶ Are there outstanding loans on 401k accounts and how will they be paid?
- ▶ Can balance from former company 401k account be rolled over? Be left with former plan? Will former plan continue to exist?
- ▶ What are the investment choices available?

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Communications

- ▶ Announcement of the Deal
- ▶ Letters about the deal to all employees and management staff
- ▶ Q&As for all employees and management staff
- ▶ High-level benefits briefings as soon as possible
- ▶ Communications to USA unions and EU councils as appropriate
- ▶ Communicate with service providers & vendors

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Communications

- ▶ Determine strategy for employee briefings -- in person, virtual, or a combination
- ▶ For in-person, determine the logistics (location, number of employees, staff to lead, materials)
- ▶ Consider specialty call center for benefit questions
- ▶ Utilize HR Intranets and portals to disseminate information

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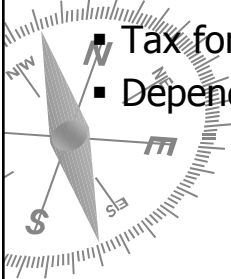
Communications

- ▶ Consider vendor communication capabilities: web sites, written material, customer service representatives
 - Can health care provider designate one individual whom employees can contact with non-routine questions about coverage?
- ▶ Consider the impact of any lost access to administrative services (decentralized versus centralized service delivery)
- ▶ Don't substitute High Touch with High Tech

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Communications

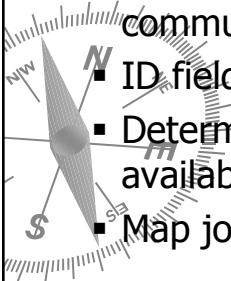
- ▶ Terms of employment and offer letters
 - Employment applications
- ▶ New hire orientation
 - I-9 verification
 - Tax forms
 - Dependant information



15

Data

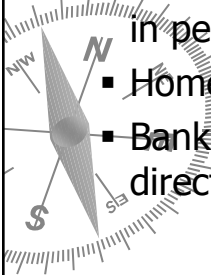
- ▶ Determine strategy for migrating of employee data to your payroll from the prior company payroll
 - ID Contacts in both organizations regarding communication of data transfer and exchange
 - ID fields within both organization's system
 - Determine what information is needed/will be available prior to the effective date
 - Map job titles



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Data

- ▶ Determine what information is needed/will be available prior to the effective date
 - Home zip code listing to determine which employees are in-area and out-of-area
 - Social Security numbers -- to set up enrollment in pension/401k plans effective first day
 - Home address -- to mail offer letters
 - Bank ABA and account number -- to set up direct deposit for first pay cycle



17

Data

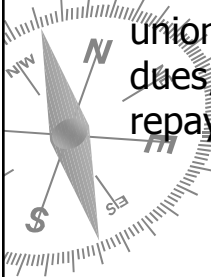
- ▶ Determine what information is needed/will be available prior to the effective date
 - Current 401k contribution & balance to be sure employees' combined contributions do not surpass what is legally allowed.
 - Accrued paid leave balances - to determine what needs to be carried forward into the new organization or paid-off before transition, as appropriate



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Data

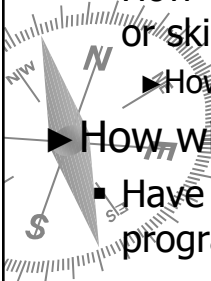
- ▶ Determine what information is needed/will be available prior to the effective date
 - Information about special payments (incentive or other cash compensation)
 - Information about special deductions (credit unions/savings plans; charities; club or union dues; garnishments/wage attachments; loan repayments)



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Employees and Staffing Issues

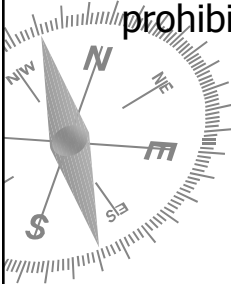
- ▶ What skills and competencies are required in the new company's business strategy?
- ▶ What skills and competencies are available
 - How will you identify skills? Are there resumes or skills inventories available?
 - ▶ How will skills gap be addressed
- ▶ How will the new organization be staffed?
 - Have you considered retention, relocation programs?



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Employees and Staffing Issues

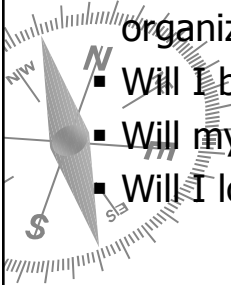
- ▶ How will redundancy issues be addressed?
 - Have you considered severance and outplace programs?
 - Are there any provisions in the contract that prohibit layoffs for a certain period?



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Employees and Staffing Issues

- ▶ Be prepared to address employee concerns
 - Will I lose my job?
 - Will I have to work for a new boss?
 - Will I lose the status I've gained in my current organization?
 - Will I be demoted?
 - Will my duties and responsibilities change?
 - Will I lose my co-workers?



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