

M&A: Does your talent approach fit your deal?



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Many executives believe in a tried-and-tested approach to mergers and acquisitions (M&A) that centers on rapid integration to reduce risk and get to synergies early.

However, the M&A landscape has changed. Beyond market share and cost synergies, the value of M&A increasingly lies in transformation and growth.

Companies can't afford to delay transformation for the sake of integration, as it freezes their ability to innovate while competitors surge ahead. What was tried and tested is no longer fit for purpose. Deal approaches need to change, allowing organizations to transform, and talent to flourish during integration. By using analytics, companies can make the right talent decisions—especially in today's fast-changing, uncertain world—and get more value from their M&A.

A person in a dark jacket and cap stands with their back to the camera in a futuristic, brightly lit hallway. The ceiling is a complex grid of white panels with circular recessed lights. The walls are white with curved, organic shapes and glowing green accents. The floor is highly reflective, mirroring the lights and the person. The overall atmosphere is clean, modern, and high-tech.

Transforming with talent

An increasing number of deals are inked so companies can gain innovation capabilities and the talent that fuels them. Talent needs to come to the fore in M&A integration as well.

For many executives, the need to acquire innovation capabilities and fill skill gaps is now on par with traditional M&A triggers such as industry or geographic expansion.¹

As a result, previously “soft” topics like culture and purpose are not only key to transformation, but deal makers or breakers. Successfully addressing the talent side of the equation as a deal progresses is key to maximizing M&A value.

In this landscape, it’s important to not just look through—but lead with—a talent and organization lens. Deal intent should determine how organization design and talent are approached. Using advanced analytics technologies to map the new organization(s) faster and with more precision than ever before, M&A leaders can leapfrog to the next level of performance during a deal, rather than after.

Accenture Strategy research shows that organizations displaying true agility have 16% long-term EBITDA growth on average, versus 6% for non-agile ones.² Bringing that agility into a deal lays the groundwork moving forward.

Let’s discuss how we see companies getting to transformation and growth sooner because they lead with the people side of the equation.



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One size fits none

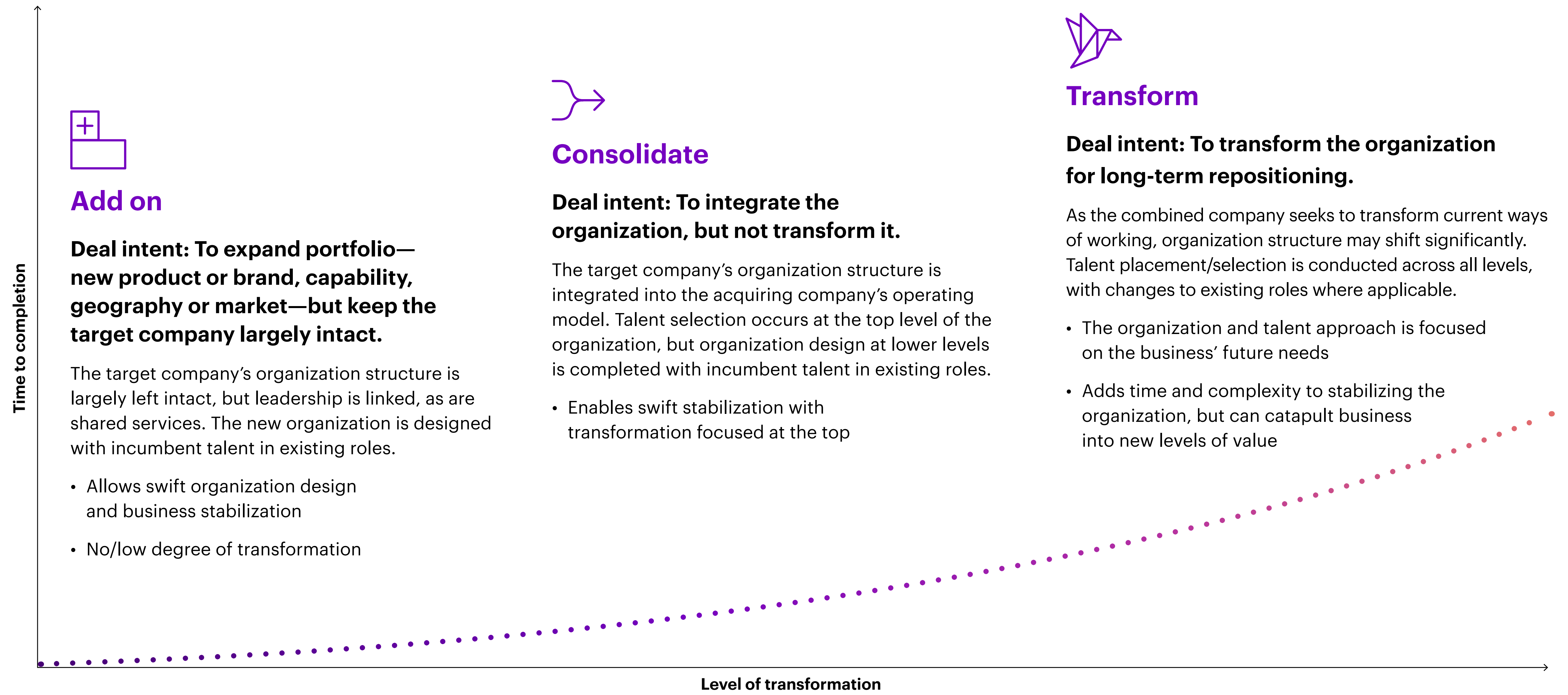
The days of M&A leaders using the same methodology for all deals are gone. Deal type and intent determine the approach in designing the new organization.

Framing and addressing the big operating model questions early is critical to successful transformation. Putting complex organization design and talent considerations on a priority list helps ensure they aren't left as an afterthought, behind rapid integration.

For three major deal intents, we'll break down how organization talent strategy should vary.



Figure 1: Your deal intent will impact organization design and talent strategy.





Add-on deals

These “in with the new” deals are meant to expand a company’s portfolio—from new products and brands, to new capabilities, to new geographies and markets.

Getting the linkages right to capture the upside, but not disrupting the benefits inherent in the acquisition, requires a lot of care.

Generally, support functions may be integrated but the acquiring company takes a much lighter hand in coordinating innovation and goto- market capabilities so they can be preserved. The target company remains largely intact—an important aspect as 62% of executives surveyed by Accenture Strategy agree that maintaining the target’s innovative culture determines the success of progressive company acquisitions.³

Organization approach

The target company structure, reporting lines and governance are largely kept as is to minimize change and preserve the target’s culture.

Talent approach

The new organization design is mapped with incumbent talent linked to their current roles. The advantage to this approach is swift business stabilization and organization design—but there is less focus on comprehensive transformation.

Consolidation deals

In pure consolidation deals, wholesale transformation is not the end goal. Instead, the focus is on achieving greater scale and the benefits that come with it—for example, cost reduction.

But some deals are a hybrid, where certain aspects of a deal will be treated as consolidation while other parts of the business might be viewed with a transformational lens.

Organization approach

In these types of deals, the target company's structure, reporting lines and governance are most often integrated into the acquirer's model to speed integration and realize value.

Talent approach

At the leadership level, talent selection occurs to find the best talent for the integrated organization across both companies. For all other levels, the organization is designed with incumbents in their roles. Not only does this provide quick stabilization for the new enterprise, it also enables transformation at the top of the organization.



Transformation deals

Transformation deals are created for wholesale change—from positioning, to growth, to new capabilities.

Organization approach

In these types of deals, there are often significant shifts to structure, reporting lines and governance of both the acquiring and the target company. These shifts may not span the entire company, but may for example focus on the commercial market-facing and innovation parts of the business. Existing roles are reassessed as leaders seek a new business model—possibly nurturing new capabilities or reinventing operations.

Talent approach

Leaders start from a blank slate, designing roles without looking at current talent. Only once roles are determined does talent selection take place across all levels of the new entity. The advantage of this approach is that the future needs of the business are addressed across all parts of the organization through design and talent selection. It can take more time in up-front planning and execution, but also allows for the kind of transformation that can catapult a business into a stratosphere of growth and innovation.

Client journey: a tailored approach

Background

Global consumer goods company



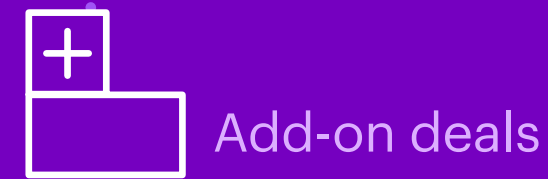
Add-on deals

The company acquired multiple small, high-growth brands was presented with a challenge: Ensuring critical operations were linked while also preserving the innovative culture that defined these brands.

Transformation deal

The same company made a major acquisition of a high-growth, leading beverage business.

Organization design approach



For the acquired companies, the global company kept teams, organization design structure, and governance intact. The goal was to preserve the agility and start up culture of the acquired brands. Approximately 18-24 months after the acquisition, the target companies were integrated at a high level into a shared service structure, to take advantage of the breadth and depth of the parent company's offerings.



The acquiring company was seeking how best to protect the innovation capabilities of the beverage business, but also unlock its growth potential. Leaders considered multiple operating model options—standalone/add-on, different alignment options by geography or product category—but ultimately moved to a new operating model, creating a new division for the acquired company as well as its own relevant brands.



Talent approach

For the acquired brands, incumbent talent stayed in their roles, while the global company focused its retention strategies on setting incentives tied to growth targets for the brand. Initially, senior executives from the acquired brands continued to operate with limited oversight from the global company's leadership team. After 18-24 months, governance was more integrated to ensure leadership teams were working towards common objectives.

Careful consideration was given to retention of key talent to preserve the strong innovation culture of the beverage company. Talent largely stayed in their incumbent roles, with opportunities offered at the acquiring company for those who wanted to extend their experience and grow.



Lessons learned

There's a critical balance, weighing very real needs to link the new acquisitions to the bigger company operationally with equally critical needs to preserve their innovative culture. The leadership team found that one size does not fit all—even in similar deals. They have evolved their diligence and deal-structuring model to specifically assess the strengths and weaknesses of each small brand's leadership team to better structure and communicate integration objectives, governance, and incentive structures.

The acquiring company was seeking to protect and nurture the capabilities and brand power of its acquisition, while leveraging the breadth and scale of its own operations to catapult growth. With a best-of-both transformation of the commercial model and increased investment in driving growth, the business thrived.



People: Partners in change

Transformation requires collaboration.
Without workforce engagement,
it won't happen.

During the M&A process, it's crucial to move beyond headcount efficiencies to address issues like culture, digital skilling and new talent needs faster than most companies have historically.

Transformation is complex. Accenture Strategy research shows transformation can unfold in over 26 trillion ways.⁴ One way to get to transformation faster is through your "Pathfinder" employees. Pathfinders are a supergroup of employees, defined by a mindset of empowerment and influence, that help turn disruption into opportunity.⁵

Executive advisor and former Chief Employee Experience Officer at Allbirds, Mark Levy, describes them this way: "At Allbirds, we described these people as high horsepower, low ego. [...]"

They feel they can influence the direction and the trajectory of the company. But to lead them, you can't do things 'to' them, you have to do things 'with' them. It's about co-creation and co-design."⁶

Recently, a multinational technology company was acquired by an even larger company in the same industry. Using our [Transformation Map](#) to gauge the success of the transformation six months in, Accenture flagged that the acquired company's top leaders were squarely in the Unsustainable zone, one of the lowest sections they could be in.⁷

The main challenge for these leaders was a feeling of powerlessness. They felt the acquiring organization controlled their fate and struggled to understand the vision for the acquisition.

This manifested as an inability to explain to their people clearly the acquisition's direction and intended benefits. While the parent company's top executives initially decided to stay the course without addressing the concerns of these leaders, recently they expressed that the transformation continues to be a major struggle. They are considering to survey their leaders again and take decisive action based on the results.



During the M&A process, it's crucial to address issues like culture, digital skilling and new talent.

Want certainty? Start purposeful experimentation

M&A leaders have a plethora of tools at their disposal, thanks to advanced technologies that facilitate faster, better organization design through experimentation.



While 58% of executives in an Accenture Strategy survey reported that technology is already allowing them to achieve targets and capture value faster,⁸ many leaders don't use their digital tools to full advantage. A mindset shift—gravitating toward purposeful experimentation and scenario testing—is necessary. Designing an intelligent organization means using intelligent tools to do so. We've seen companies design combined organizations in half the time it used to take, leveraging a suite of analytics techniques.⁹ And the additional insight and flexibility these tools provide can be invaluable in an uncertain world.

In a large global pharmaceutical merger, the two companies leveraged a people analytics tool, OrgVue, as the platform to design a combined organization of more than 20,000 individuals. Design teams across functions and geographies were able to dynamically “drag and drop” employee names to experiment with different organization structures. They managed and tracked the selection and placement of employees in roles as individuals moved into new positions in the organization. OrgVue allowed for real-time, central management of a complex organization design and selection process, increasing speed to value while providing pinpoint accuracy. In addition, the use of analytics enabled insight-driven decisions at every major step of the organization design process, from a better understanding of costs to addressing organizational agility.

In our experience, companies that use M&A analytics technologies to their full advantage, designing a new organization to maximize transformation, give themselves a speed and accuracy advantage versus organizations that don't. Tools exist across the spectrum—many of which contribute to creation of the right talent and organization results.

Using AI and analytics throughout the M&A process allows companies to accelerate and sustain the value they are driving. Some companies heavily utilize these tools at the front end of a deal, only to let use wane as time goes on. Continued use allows improvements as the situation changes, even post-deal.

Smart first moves

While there are myriad first moves depending on your company's particular situation, a few overarching ones help the majority of companies hit the ground running:

01

Choose your spots to leapfrog

Create a roadmap as part of your integration planning. With the intent of the deal in mind, prioritize tasks by business value and complexity. Drive the talent agenda from your next-generation operating and organization model.

02

Focus on enablers

In bringing together two cultures, seek to understand the barriers and enablers for both companies, then leverage the enablers. Engage leadership with a pragmatic, quantifiable culture change roadmap to institutionalize the process.

03

Stop assuming, start modeling

Be data driven and leverage analytics techniques and AI not just to come more prepared for Day One, but also as the integration progresses. Doing so will give you a pulse on the sentiment of your people or can help diagnose where transformation gets stuck, providing both greater speed and certainty.

As M&A and the global business landscape continue to evolve, the people part of the equation only increases in importance.

Growth and innovation don't happen without the engagement of your people. That's true during normal times, but particularly true during times of disruption—and potentially disruptive events, like M&A. Harnessing M&A events as positive disruptors—making people partners in change—provides competitive advantage. Too few companies do this now, which means your company can be the breakthrough innovator.



Reach out to our authors if you'd like to explore how the **right talent approach can bring more value from your next deal.**

[Get in touch](#)

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- 2 Accenture, Organizational Analytics research, 2019.
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Calculation based on 10 rows x 7 columns for change drivers and time periods respectively. Each row has 22 possible start and stop point pairs (including zero, when a driver is not recommended for direct action). Because there are 10 rows, one per change driver, there are 2,210 permutations, or more than 26 trillion unique change paths.
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