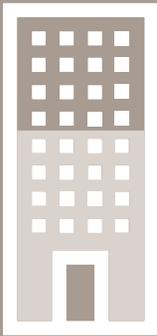


Fast take on Talent Innovation

Prioritizing people in deals

**CEOs have M&A
on the brain**



54% of US CEOs are likely to complete an acquisition in the next 12 months.

PwC's 18th Annual CEO Survey, 2015

Accelerate the value of your deal... through talent

In this era of fast-paced change and industry disruption, companies must constantly evolve to strengthen their competitive position—or even survive. Increasingly, organizations are looking to mergers and acquisitions—even divestitures—as catalysts for this critical business transformation and innovation.

A successful merger or acquisition can be one of the quickest paths to strategic growth. But to deliver the value creation expected from the deal, companies should zero in on talent. Because today's deals are about people... about acquiring the capabilities needed to evolve, innovate and succeed in a fast-changing world. In fact, the most important attributes CEOs seek in deals are embedded in an organization's talent—from innovation capabilities and client relationships to deep industry and geographic expertise.

Internal disruption

Yet, the very deal that is designed to drive growth and opportunity for your organization can cause significant uncertainty and disruption under your own roof:

- *Employees often wonder about their place, value-add—even job security—in the new company*
- *Productivity can drop by up to 50%; turnover can jump to 30%¹*
- *Top talent—the people you need the most to drive the new business forward—are usually the first people to leave during times of disruption, such as M&A*

Retention packages may be a short-term retention fix, but they are expensive—and they are not guaranteed to fuel employee engagement and contribution. In times of disruption, companies need to turn talent into a strategic driver, not a detractor—and create an innovative culture that drives deal value.

Culture matters to deal success

While achieving operational efficiencies is still an imperative in deals, today, alliances are built on finding the right companions—ones you can trust, whose values you share—to join together on a journey where the destination may not be predetermined.²

Nurture vs. nature

A nimble, innovative company doesn't just happen when your deal is sealed. It needs to be nurtured. To keep people focused on the new business and its opportunities, it is important to engage them early in the process. When you accelerate the establishment of trust among all the employees in your new organization, you can unlock new sources of strategic talent advantage.

¹ Academy of Management Journal

² PwC's 18th Annual CEO Survey, 2015



Enter a new time zone

In traditional deal timelines, companies spend the first 18 to 24 months on integration—typically focused on achieving operational efficiencies and other short-term benefits of the deal. But that approach leaves deal value on the table.

It's common for organizations to simply adopt the predominant talent practices from each company in an attempt to minimize disruption. However, this approach can result in a disjointed employee experience—and prevent the company from developing the capabilities it needs to achieve its new business goals and objectives.

On the other hand, organizations that consciously innovate when it comes to talent—creating new approaches that engage all employees and align with the new business strategy—achieve measurable performance results.

There is a clear and direct link between the speed at which certain integration activities are pursued and the success of achieving strategic, financial, and operational goals. Those reporting higher levels of deal success also report a tendency to³:

- Align leadership within the first three months after close.
- Achieve stakeholder communication objectives in three months or less.

3 PwC's 2014 M&A Integration Survey Report

Next release: Talent Acquisition



Talent at-a-glance

A deal is a critical inflection point...and a time for a major rethink on the old approaches, processes and technologies at both companies.

Culture and integration vision



Take the talent test

To gain long-term competitive advantage and deliver on your promise of value to internal and external stakeholders, align your talent strategy with your new business strategy. Then ask yourself these four questions:

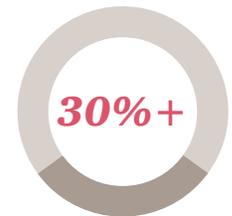
- Are our talent-related functions connected to each other and to our C-Suite priorities?
- Will our new company's employee experience foster commitment from top performers to deliver on the deal's strategic value?
- Will our new enterprise have the agility to recognize and respond quickly to new opportunities for innovation and growth?
- Will we have the right people with the right skills to drive new customer experiences and innovations while completing the integration work with speed and quality?



improved process
turnaround times



higher
profitability



uptick in
innovation ideas

How PwC can help

For a deeper discussion about accelerating deal value through your talent, contact the PwC Talent Innovation team:

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