

Vision 2024: In Depth

# Getting Talent Right: Three Key Factors to a Successful M&A

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**According to [Vision 2024, Teneo's annual CEO and Investor Outlook Survey](#), 68% of both CEOs and investors expect a sizable M&A uptick in 2024 despite tougher regulatory oversight and higher cost of capital.<sup>1</sup>**

M&As are typically focused on achieving synergies, adding capabilities, acquiring IP and gaining access to more customers and market share, but what leaders seldom account for are the people who possess the necessary capabilities, knowledge and relationships.

As a consequence, the majority of M&As never achieve their intended outcomes, leading to significantly diminished value for the organizations involved. Additionally, with 70-90% of acquisitions failing, this further emphasizes the crucial importance of not overlooking or leaving employees behind.<sup>2</sup>

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<sup>1</sup> [Teneo Vision 2024 | CEO and Investor Outlook Survey](#)

<sup>2</sup> <https://hbr.org/2020/03/dont-make-this-common-ma-mistake>

We have all seen this story unfold: two companies come together with lots of promise only to see high levels of attrition and disengagement. According to research from the University of Pennsylvania, around 34% of acquired employees leave within the first year post-acquisition.<sup>3</sup>

The departure of such a significant amount of talent from a newly merged organization is detrimental to the success of the M&A.

The top reasons employees leave include poor communication during the M&A, not seeing their place in the new organization and challenges adapting to the new company culture. At Teneo, we believe there are three key actions executives can take to increase the likelihood of a successful M&A. These include:

- 1. Knowing Your People**
- 2. Bringing Your People Along on the Journey**
- 3. Getting the Culture Right**

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## Knowing Your People

While synergies and capabilities are easy to identify, understanding the talent landscape is not as straightforward. A successful M&A considers the different types of talent pools executives must account for and retain. These include top talent/high potentials, key talent with a knowledge base essential to keeping the business running, and influencers who motivate and connect with people across the organization.



### Top Talent

Ensuring you have the correct placement of individuals in key leadership roles across the merging companies is crucial and should be addressed right from the beginning. Carefully considering the organizational structure and selecting the people who will drive the future of the company and ensuring the realization of synergies, capabilities and customer objectives is also paramount. This must be executed meticulously by talking to leaders across the organizations to understand who they see driving performance today and who will ensure the new company is successful in the future. Once these people are identified, you must alert them of their importance and give them a role in the integration.



### Key Talent

These are individuals who “keep the lights on” and have institutional knowledge that must be passed between the organizations. It is important to identify them along with the top talent group and be transparent about the role they will play in the integration. One key consideration is establishing a timeline and incentive structure that retains them for the required duration. Additionally, setting goals, such as documenting and sharing their profound knowledge throughout the organization is crucial.



### Influencers

These are the employees others rely on for truthful information, new ways of working and motivation. Influencers are essential to bringing talent along the integration journey and connecting people across the combined organizations. To identify the influencers, companies must apply a data-backed approach, known as Organizational Network Analysis (ONA). This quantitative method identifies the connectors and motivators, while eliminating bias, to ensure all employees are reached across the organizations. Once they are identified, they should be brought together as a network of change agents who share information, excite employees about the future, connect people across the companies, and act as a feedback loop to the leadership team on what actions to take to ensure the success of the M&A.

<sup>3</sup> [Startup Acquisitions as a Hiring Strategy: Turnover Differences Between Acquired and Regular Hires by J. Daniel Kim.: SSRN](#)

## Bringing Your People Along on the Journey

Too often companies take the same standard approach to M&A. They inform employees through a communication strategy with standard artifacts (e.g., emails, posters, town halls), which makes employees feel the M&A is being done to them, but never clearly explains what it means for them. Instead, executives should include employees throughout the entire M&A process through an engaging listening strategy to collect employee feedback and reactions to understand what words, stories, content, channels, etc. will resonate with them the most. Once leadership has this information, they should apply a marketing mindset to the rest of the journey by creating and deploying a campaign that connects everything about the M&A, including a rallying cry, look-and-feel, messaging, materials, channels, recognition programs, performance management, processes, etc. This should all be aimed at creating an emotional connection for employees that excites them about the new direction and allows them to see how they fit into the future organization. In creating the campaign, companies should identify “moments that matter” by recognizing when and where different segments of employees will be impacted throughout the integration. This ensures targeted actions are built into the campaign.

## Getting the Culture Right

Time and time again studies have shown that the number one reason why M&As fail is due to the culture. Employees at all levels spend a tremendous amount of time living a company’s culture. Whether it involves defining a new combined culture that incorporates the best of both, creating an entirely new culture, or having one company adopt the other’s culture, there is no shortcut to getting the culture right. Individuals must identify with the new culture, ensuring that their values align with the values and behaviors of the new company. The most effective approach to ensure alignment is to collaboratively define the culture with them. Successful change is most often achieved when people feel it is done with them, rather than to them. Even if the new executive team defines a new set of values, it’s crucial to test them with employees to make sure they resonate so they can create excitement and gain buy-in.

## Conclusion

While M&As are inherently challenging, initiating the process with a focus on talent strategy significantly enhances the likelihood of attaining the value of the investment and expediting the executive team’s transition to lead the new company towards a bright future.

## People Advisory Capabilities

Teneo’s global People Advisory team is well positioned to assess your current organizational needs and identify what and who is needed in the future to build a thriving, sustainable and diverse organization.

We help CEOs, Boards and C-suite functions solve their most complex talent and organizational challenges, providing advisory services across Executive Search, Board Search & Effectiveness, People Strategy and Organizational Performance.

Leveraging our global network of relationships and proven track record across sectors and disciplines, our team of industry experts is ready to work with you to develop the right strategy and connect you with the best leaders to ensure that your organizational needs are met for today and well into the future.



## **Teneo is the global CEO advisory firm.**

We partner with our clients globally to do great things for a better future.

Drawing upon our global team and expansive network of senior advisors, we provide advisory services across our five business segments on a stand-alone or fully integrated basis to help our clients solve complex business challenges. Our clients include a significant number of the Fortune 100 and FTSE 100, as well as other corporations, financial institutions and organizations.

Our full range of advisory services includes strategic communications, investor relations, financial transactions and restructuring, management consulting, physical and cyber risk, organizational design, board and executive search, geopolitics and government affairs, corporate governance, ESG and DE&I.

The firm has more than 1,600 employees located in 40+ offices around the world.

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