

Mergers, Acquisition and Investment

A Guide to Building and Protecting Engagement and Talent



By Victoria Bond,
CEO Ten Space

Mergers, Acquisition and Investment

Guide to Building and Protecting Engagement and Talent

Intro and Context

In this guide we look at the impact of mergers, acquisitions and investments on employee engagement.

We've grouped these "transactions" together because they tend to be a time of intense focus and change in a business. A time where employee engagement, performance and retention of talent is absolutely key – but when it can be easy to see it take a hit.

In 2022 there were around 290 mergers and acquisitions in the UK

A transaction of any kind is an incredibly exciting time in any organisation. Not just for Founders and CEOs, but the entire organisation. A time of renewed energy and intense pace.

A merger, acquisition or significant investment can be a time where an incredible amount of hard work cumulates. The start of a new beginning, recognition of success in the past.

70% – 90% of mergers and acquisitions eventually fail after completion

For employees, it can also be a time of uncertainty and change. Employees can easily lose their place in a much bigger or rapidly changing organisation. Transaction events can be a time where your best talent re-evaluate their options and become very vulnerable to leaving, or being poached.

During this time, it really pays dividends to stay close to employees, ensuring that you understand what they are experiencing and how engagement levels are being impacted. It really can make the difference between retaining your key talent, or not.

In this guide we'll share with you some of our experience and ideas on how you can maximise success at these critical times.

UK businesses saw £22.7billion in funding in 2022 through investments

Employee Engagement – why it's important

1 Engagement can be critical to success after a transaction. You need the best team, performing at their best to deliver on the full potential of the transaction (remember those failure stats)

2 We know that high employee engagement, leads to high employee performance – so a focus on employee engagement is essential



3 There is likely to be an initial drop in engagement. This is natural, whilst people find their new place in the world. If you are taking the right actions, you'll then see a steady recovery over time. But it won't happen on its own.

Here's some key things to think about that shift when it comes to a transaction and how you might need to adjust your engagement plan.

(Our engagement model is included at the back of this document if you want to check it out in full)

Communication



Getting this right is key to the success of any transaction. Employees will naturally have questions. The most immediate ones are likely to be around "what's in it for me?". But the sentiment is likely to change as time moves on.

Keeping ahead of what your employees want to know and when they want to know it, can keep engagement high with excellent communication flow.

It also pays to make sure your communication is landing well at key points. Continually checking in, using feedback surveys for example, to ensure the messages are landing – so that you can adjust and revisit if needed.

Employee Voice and Feedback

During periods of high change and uncertainty, it's critical to create a safe and accessible place for employees to share their ideas, concerns and feedback.

Ensuring that people know that leaders are always willing to answer questions and take on feedback is important. Alongside that should be an anonymous employee feedback survey.

Providing an anonymous way to provide feedback creates a safe space for those employees who don't feel able to raise their concerns or share their ideas in any other way.

It can also give you vital data and insight that can be really useful in providing context and trends. Tracked over time, this can give you fantastic insights into the progress you're making and where additional focus is needed.

Equally as important is being able to create a feedback loop. So that employees know they have been heard and their feedback makes a difference. Let the team know about any changes their feedback has driven to help them feel their voice is being heard.



Vision, Mission and Goals



If your company story has changed – you need to mobilise people behind your updated story and where you're going next.

Have your goals changed? Have you adopted the values of another organisation? Is the mission different?

You'll need to help teams find their place in the new landscape and understand how they can contribute to your new future.

Values

How do the values of the organisation translate to this transaction? Have you adopted new values? Or do you need to revisit how your values apply in this new situation?

Don't underestimate how important values can be in a transaction situation. They can be a really great vehicle to drive through change if they are used effectively.



Recognition and Performance Management



If your goals and vision have changed, you may need to realign how you recognise and celebrate success. Helping your team to have full clarity on what great performance looks like going forwards means there are no mis-understandings and you can just focus on supercharging your talent.

You may even have processes or schemes that are no longer fit for purpose. Consider if your bonus schemes align to your new goals and team, or if your performance review process is still consistent and fit for purpose.

Career Paths

For those who are ambitious in your organisation, a massive change such as a transaction can be a really unsettling and confusing time. Being part of a bigger organisation, it can take time to understand how career paths might be impacted and how their intended career course may need to change.

You may find that you need to wrap your arms around your top talent and help them to understand how they can build a career in the new organisation. Help them to build their network and understand who the new influencers are, so they aren't slowed down by any changes.



Wellbeing, Mental Health and Access to Support



Transactions can be a time of high-stress and pressure. Supporting employee's wellbeing and mental health during this time can be critical to success.

Ensure that your employees know how they can access the support that they need – this may be a great time to remind people about your EAP, or support services if you have them. Ensure that leaders know how to support their teams and how to access support. Monitor trends of absence and sickness, to ensure that no problems are emerging that you may need to address.

Make sure that employees know that the organisation is there to support them and will help them to navigate the change.

Psychological safety

Finally, arguably the most important thing you can do for your employees and teams during this time is to help them feel psychologically safe. Employees are never going to perform at their best if they are always looking over their shoulder at whether their role is safe. Or they aren't sure if they are able to be their authentic self in the workplace anymore, with new people joining.

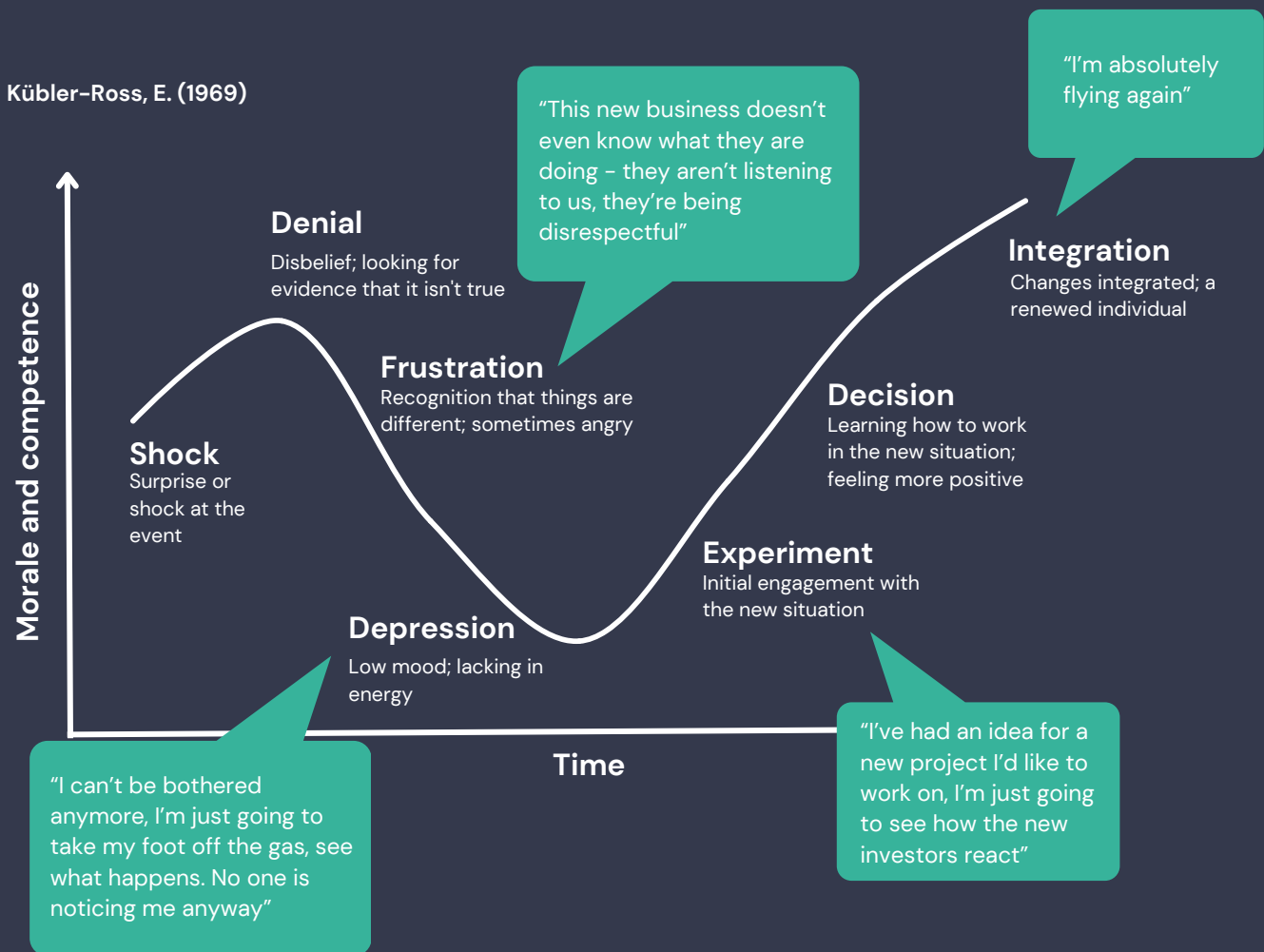
Leaders can help reassure them and make them feel safe in the workplace, so they can concentrate on performing at their best.



Change Management

It's likely that you'll see a dip in engagement in the early parts of a transaction. Whilst people find their feet and get used to the news.

You may see people move through the typical change curve, here's what that can look like in a transaction.



Working through a change programme with a sound strategy helps an organisation rebuild itself much quicker and emerge stronger.

The consequences of not thinking 'what happens next' can have a long-term, detrimental impact on a business.

Change Management

Here's a quick snapshot of what you might notice after a change programme is carried out unchecked:

1

Major and prolonged drops in performance both in individuals and the business as a whole

2

Valuable talent leaving the business

3

Unintentional change in work culture

4

Sickness and absence increasing

5

Decreased wellbeing

6

A breakdown in relationships amongst team members and between leaders

7

Paranoia about future change

8

Signs of change fatigue

Having an awareness of the change curve and some of the reactions you may see can certainly navigate change more effectively, as you can be more prepared for what to expect.

It may also be beneficial to invest in the people management change skills of your leaders, to ensure that those who are most responsible for protecting talent and driving through change have the skills and confidence they need to do this effectively.

Employee Experience – tracking and following

If we want to get really serious about change management, employee engagement and retention during a transaction, we might want to look at tracking and following employee experiences during this key time.

At Ten Space, we create “employee journeys” to anonymously survey employees on a regular basis following the same group of people as they go through a particular experience in your organisation.

The insight this data and feedback can bring is really powerful and especially useful in a high-change situation such as a transaction.

Here’s some examples of where tracking employee journeys can provide you with insight and feedback to make your transaction a success:

General transaction-focused experiences

Following a cohort of people experiencing the transaction over a period of time, e.g. 12 months. Checking in with them every 3 months during that period, capturing their feedback and data to help you understand how engagement is rising or falling and how employees are feeling.

Key talent experience

Following key groups of talent through the transaction, to ensure that you are protecting the people most valuable to your organisation.



Onboarding experience

Tracking the onboarding experience of new starters, to make sure you have adapted to the new shape of the organisation effectively and you’ll hold on to the new talent.



Leaders experiences

Specifically focusing on your leaders to ensure that they have everything they need to deliver change effectively and are themselves engaged.



By building up a detailed picture of employee experiences in this way, you can really elevate employee engagement, impacting hugely on retention and performance of individuals.

Locking in Key Talent and Succession Planning

We'd always recommend that you put particular focus on your key talent during transactions. It is when they are most likely to be vulnerable to leaving or being poached.

Whilst of course you should be ensuring the population is highly engaged, to make sure that they are less likely to leave, you might also want to take some additional steps to lock them in:

Reviewing reward, recognition and packages

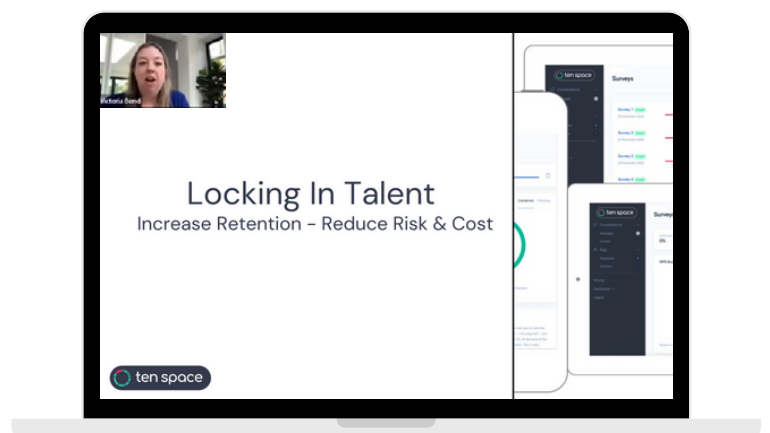
Reviewing contracts of employment and notice periods

Reviewing specific career paths and development plans

A transaction can also be a great time to review your succession planning. If you did lose someone, what would you do? What talent have you acquired, or will you hire, that can strengthen your succession plans?



Check out our
webinar on
Locking in Talent



Engaging Leaders – change agents

We've mentioned leaders a few times in this document, but it's worth calling out again. The people leaders in your team are your key change agents.

You need to ensure that you are helping them in every way possible to drive through change and progress, to maintain or even increase momentum.

This can sometimes be through ensuring that they have everything they need to succeed.

Here's some things to consider:

- ▶ Are they personally engaged?
- ▶ What is likely to be impacting them from the engagement topics identified above?
- ▶ Do they have all the skills they need to drive through change?
- ▶ Do they know how to engage a team and support them through the change curve?
- ▶ Where are they personally on the change curve?
- ▶ Do they personally feel informed and supported?
- ▶ Do they have the support they need and know how to access it?
- ▶ Are you keeping them up to date and connected?
- ▶ Do they have the support they need and know how to access it?
- ▶ Do they understand what their future looks like and how they fit in?
- ▶ Do they feel safe and secure in the future organisation?

Some ways you can help:

Don't neglect to spend time with your leaders during this time – your 1 to 1s are likely to be more important to them than ever

Reset their goals and career objectives to help them understand clearly the contribution they make and where their future lies

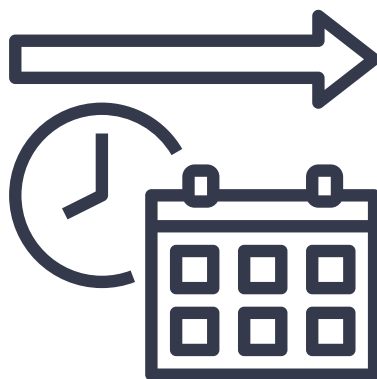
Keep an eye on their engagement data, to ensure that you understand what they are experiencing and can keep ahead of any shift in feeling and tone

Consider additional coaching, learning or support for them, as they are going through the change process

Long-term Success

Whilst there may be lots of change in focus initially, it's easy to move on to other projects and ideas and assume that the change has been a success once the noise dies down.

But this is often far from the case and implications of challenges such as lack of collaboration, or difficulty in retaining or replacing key talent can often last for a long time after the initial signatures have been made on a transaction.

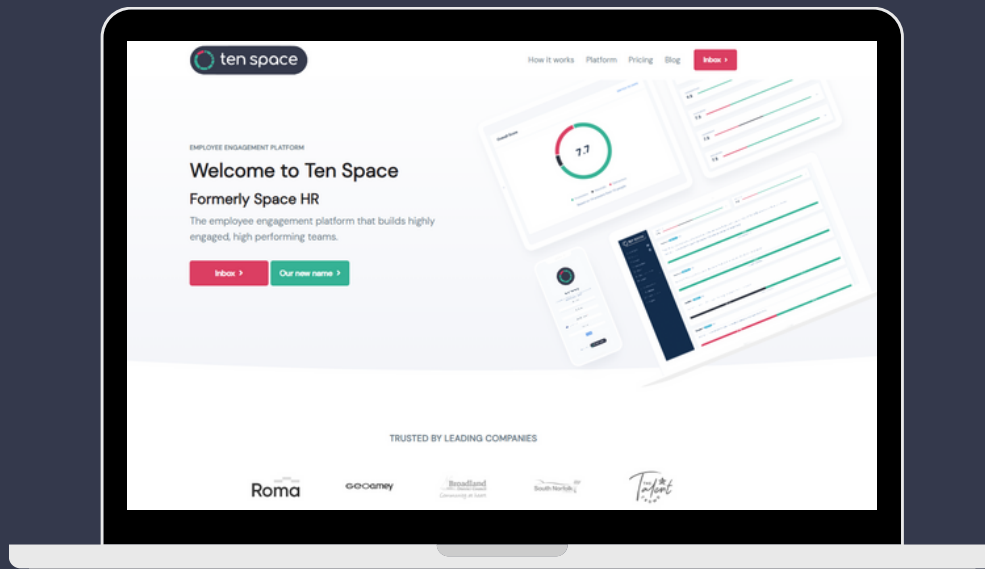


We recommend keeping a close eye on engagement in any organisation that has gone through this type of change for at least 12 months, if not longer.

Building up a picture of how engagement builds and drops in this way gives powerful data and insight for people decision-making, limiting risk and maximising success.



We're here to support you



At Ten Space we work with our clients to amplify employee engagement, retention and performance.

We can provide you with the tech and service to easily capture anonymous employee feedback that can support your success and help you navigate this period of change.

Our action-focused employee survey platform makes it easy and engaging to capture employee feedback when and where it really matters.

For People teams, it reduces months of work into minutes, with built in tools to help you understand your feedback and quickly action it. For employees, it offers a simple, trustworthy & engaging way to provide anonymous feedback – via WhatsApp, SMS and email.

We are here to enable you and your teams to deliver the future of your business.

To find out more visit:

<https://www.tenspace.co.uk/>

Or contact Bethan Cawley:

bethan@tenspace.co.uk

Follow us:



Employee Engagement Model

Connection

How connected they feel to the business
– employees feel informed, heard and
bought into the vision

Employees share the vision
Employees feel their voice is heard
Employees feel well informed

Leadership

How confident employees feel about
their leaders & managers and how
inspired they are by them

Bringing out the best in the team
Providing great recognition
Creating great working environments

Fulfilment

How well roles meet employees needs –
personally & professionally

Rewards match the contributions made
Employees enjoy the challenge of their roles
Employees are proud

Wellbeing

Employees feel safe, secured and
supported – emotionally & physically

Employees feel safe & secure in their role
Employees feel supported by the business
Employees feel able to be themselves at work

