

# Axis HR Solutions LLC | 2023 White Paper

## Mergers and Acquisitions: The Complete Guide for Sellers



*Human resources and human capital integration is the greatest challenge in any M&A transaction. We can help.*

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## Who is Axis HR Solutions?

Axis HR Solutions LLC supports **buyers and sellers** through every phase of a merger or acquisition, from **pre-bid and pre-closing due diligence** to **post-merger and post-acquisition integration**, we ensure Day 1 readiness, preserve value, and drive future growth, operational efficiency, and legal compliance.

# 1 Deals Can Fail for All Kinds of People-Related Problems

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Modern industry has had its share of underperforming deals. They failed not only for strategic fit or financial reasons, but also for **people-related ones**.



The management team differed on the future direction of the new company, **creating a breakdown in communication to employees and company culture** and ultimately leading to an environment of instability.



**Redundancies and layoffs** created anxieties for employees, resulting in **low morale, decreased productivity, and increased attrition**.



**Company cultures clashed**, which lead to disengagement, reduced morale, lack of productivity, high turnover, and a loss of key personnel.



**Legal complexities**, coupled with new risks presented within the environment, went unresolved, leading to a myriad of negative consequences for the company and its employees.



**A lack of HR integration** resulted in incongruent policies, procedures, and benefits, which lead to increased frustration for employees, lack of productivity, and increased turnover.

## 2 The Biggest Obstacles to M&A Success? Effective HR Integration.

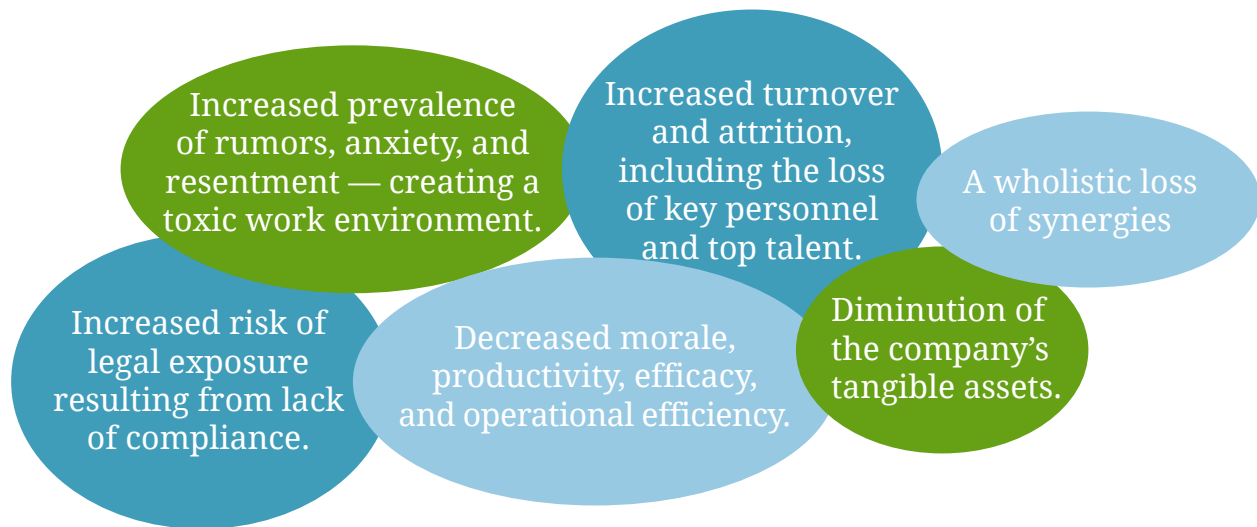


A survey of more than **450 senior HR executives** from large companies involved in mergers, acquisitions, or joint ventures sought to **identify the major obstacles to M&A success**. The top 7 obstacles all related, directly or indirectly, to people issues.

### The Number One Hurdle:

**The inability of the combined organizations to sustain financial performance due to human capital issues** — translates into a loss of productivity and revenue and fosters uncertainty and confusion in the workplace.

The risks of poor execution of human resources and human capital integration abound, including:



How companies deal with these obstacles reveals a major difference between those that achieve their M&A goals and those that do not.

**Companies that focus on human resources and human capital integration issues position themselves for success.**

# 3 HR: Ready or Not?

Most companies assume that HR is the unit best equipped to help the new company manage the people-related issues of a merger or acquisition

But how does HR *really* function during a merger or an acquisition?

HR can function in 2 ways.

1. In deals gone bad, HR generally did not get involved in the M&A process until after the pre-bid and pre-closing due diligence phases.

2. In successful transactions, HR was involved much earlier.

Is your HR team up to the task of playing a strategic role in a merger or acquisition?

## The Problem

HR may have traditionally served as a technical expert (e.g. focusing on hiring programs and benefits administration), and its leaders are not likely equipped to play a strategic role.

## The Solution

Axis HR Solutions can step up to the challenge. We advise on various integration essentials: performing HR due diligence, retaining key talent, communicating to employees, combining cultures and developing processes for managing different benefits programs.

One of the most important ways that a CEO or an M&A team can improve the probability of success is **by getting Axis HR Solutions involved early** — as soon as the organization begins thinking about its acquisition criteria and possible targets, well before integration planning begins.

# 4 Axis HR Solutions Solves Human Resources and Human Capital Integration Problems

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Our expertise at every stage of any merger or acquisition ensures the success of the transaction.

## Pre-Deal

In addition to defining the financial and business aspects of a good merger or acquisition candidate from the HR/HC side, we **help define the cultural aspects, identify bench strengths and key employees, mitigate potential talent acquisition and retention issues, and solve other HR/HC strategic hurdles.**

## Due Diligence

Once a partner has been identified, we **assess its culture and perform a due-diligence deep dive into potential pitfalls** associated with, but not limited to, non-compliance; potential employment law risk and exposure; and problems affiliated with performance metrics, compensation, benefits, and retirement plans, among other things.

## Post-Deal Integration Planning

We **execute strategic integration-planning activities and develop effective employee communication strategies**, programs to retain key talent, organizational and staffing plans, and change management plans.

# 5 Change Management

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**Change management can be one of the most difficult and arduous processes for any HR team, let alone a department with little or no change management experience. The demand is exponentially greater during a merger or acquisition.**

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## **Axis HR Solutions supports change management through various initiatives:**



We develop HR initiatives to **inform employees** and **give them the opportunities to ask questions.**



We create and administer surveys to **measure emotions, engagement, and satisfaction.**



We **facilitate training workshops** to help employees deal with change, focusing on specific needs in the new context.



We **provide individual support** to the HR and Employee Assistance Programs to support customer- and client-facing staff.



We support line management with **the creation of specific tools so they can lead** during the time of change.

# 6 Optimizing and Maximizing Workforce Mobility

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In addition to change-management expertise, Axis HR Solutions also optimizes and maximizes mobility among the workforce, including the following:



Assist with necessary right-sizing in a professional manner.



Provide a variety of strategies to manage required staff reductions.



Create strategies to enlarge career development opportunities.



Monitor and forecast natural attrition.



Advise on milestones by which to consider incentivizing voluntary attrition.



# 7 Empowering People and Creating a Positive Corporate Culture

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At Axis HR Solution, we enact strategic workforce planning, **which will calibrate HR efforts, recruitment strategies, and overall human capital integration.** We proactively stimulate and manage human capital to **increase performance, motivation, efficacy, and operational efficiency.**

We help you **develop and build a common culture that fits with the new organization.** A company cannot capitalize on a newer, stronger, or more visible brand without its people.

We respect inclusion, so we develop a Corporate Social Responsibility Policy that integrates local employees and their communities, and **we develop and share common values that are inclusive of change,** among others.



A merger or an acquisition provides enormous potential for growth **that cannot be achieved as quickly through organic, incremental development.** The rates of success for a merger or an acquisition are not very high, making them a risky and expensive way to grow a business.

When companies pay close attention to the people aspects of the transaction, **they dramatically increase the chances that the deal will both fulfill its promise and be successful.** That's why human resources and human capital integration can make or break any deal.

**Let us help. Our success is defined solely by yours.**

## 8 Contact Us

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If you have questions or want to discuss what it would look like to work with Axis to prepare your business for a sale, contact us today. We would love to work with you.



### **Matt Lockaby**

Matt is the founder and CEO of Axis HR Solutions. As a labor-and-employment lawyer, Matt advises businesses of all sizes, from start-ups to Fortune 500 companies, on the full range of employment issues facing employers and management. Matt also helps buyers and sellers manage the complex employment issues that arise during a merger or acquisition, helping clients achieve the desired transaction goals and minimize integration risks.



### **Mike Newman**

Mike is the COO and Partner of Axis HR Solutions. He has over 27 years of HR/OD experience. He has overseen executive level strategic full life-cycle human resources support to executives, managers, and employees of all levels in several different international industries.



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