



IEBA UK - Navigating multiple M&A transactions at the same time

On May 29th, the IEBA UK branch held a breakfast meeting with a guest speaker from GE.

Michelle Newton is a European Benefits Specialist in the European Compensation & Benefits COE of GE Corporate where she has been actively involved in managing the benefits' aspects of many of GE's material recent transactions including both acquisitions and divestitures covering multiple countries and many thousands of employees. At the full-house session Michelle shared her thoughts and practical advice for benefits professionals that find themselves involved in M&A deals.

The conversation focused around a number of key messages. Understanding the deal structure and objectives – whilst M&A conjures up images of large companies buying smaller targets and integrating them not all deals take this form. A target company may have employees in a country where you have no employees, or the target company's division may be larger than your comparable business division. And a sale or a joint venture exercise is very different again. All however have three core parties from the perspective of employee benefits, the buyer, the seller and the employee.

Understand the timeline

Whilst due diligence exercises often move fast, deals frequently change pace and alternate between acceleration and slowdown. As a deal team member it is essential to understand what is needed to get to closing, and to be adaptable as the process evolves.

Be clear on roles and responsibilities

On some deals benefits such as pensions can have a material impact on the deal, in others the role of the benefit specialist is to ensure there is no drama and benefit arrangements continue with as little disruption as possible.

Engaging with stakeholders

Staying connected to the deal team is essential, particularly in a deal environment when business decisions may be being made quickly by deal leads who are not benefit specialists and need to be advised on the key issues as part of deal negotiations.

Establish an operating rhythm

Deal teams will often establish a regular cadence of meetings, for example a weekly briefing on status across all areas. Being connected to that rhythm and in those meetings allows the benefit specialist to understand the status of the deal and to provide meaningful and timely input as the deal evolves.

Focus on the employee journey

Maintaining focus on the employee is essential. Understanding their mindset and concerns over benefit plan transition is central to deal success. Questions such as "Will my family still have medical cover?", or "What happens to my pension?" are natural and if left unclear will distract employees from maintaining the business focus at the heart of the deal.

Open communication with employees

Recognise that you may not have all the answers, or that you may not be able to share every detail with employees, but maintain open and frequent communication with employees. This frequently needs to be completed in cooperation with local management to help ensure that communications are locally appropriate and reflect the deal and business realities on the ground.

Understand what is needed to get to closing, and what happens after that

There may be a significant period from signing a deal to the date it closes and this period often includes a significant focus on benefits. There may then be a further

period after closing as any transition support is provided to help the new business stand up. Successful acquirers then include a further step of reviewing their own deal activities and understanding what lessons can be learned for the next deal.

We wound our conversation up with an open Q&A session where Michelle shared her views on a wide range of questions raised by the audience around the practical nature of her role and experience, and her views on the future of benefits within M&A.

It was an engaging and informative session, and we would like to thank Michelle and GE, for agreeing to share their experiences. ❖

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