Want a merger or acquisition to succeed? Don't ignore talent issues

Most M&As fail due to a lack of attention to talent

Imagine a world where you could gain extensive insight into pre-deal employee skills, one where you could develop a comprehensive talent strategy before people walked in the door.

That world is now possible. We now have enough data and rapid advances in artificial intelligence (AI) to solve the talent aspect of mergers. Mercer's M&A talent insights, powered by Eightfold AI, can take massive amounts of data and turn them into forward-looking intelligence on people, skills and roles, solving for some pressing questions in a deal context: What is the value/quality of the talent we're about to acquire? How aligned are the target's skills with those needed in the core and future business? Where do we have skill gaps compared to competitors? Eightfold AI has 1.5 billion profiles of the working world, examining more than one million skills. It uses deep neural networks to see patterns in that data.

The data and the technology have arrived. We simply no longer need to let mergers and acquisitions fail due to people issues.

60%
of deals fail due to workforce issues

Five questions to consider before a merger

1. Do you know what skills you have and what talent you are buying that fit the business's future needs?

2. Are you putting as much weight on the projected value of the skills you're acquiring in your deal calculations as you are on the valuation of other assets in the deal?

3. Do you have the right data to inform decisions on critical talent, skills to retain and relevance of skills for the future business to build a retention strategy for success?

4. How confident are you that your firm's decisions around leadership appointments and "day one" structure are informed by skills-based pay and market demand trends?

5. How robust is your people investment plan regarding future skills needs and the costs associated with continual talent attraction, development and agile deployment?

Five tips for succeeding at the people part of a merger or acquisition

Prioritize any critical skill sets you need to retain.

Examine data on what talent and skill sets exist in the organizations.

Move at speed and scale to validate people's skills quickly.

Know whether the leadership skills you are buying have (or do not have) the skills needed for the organization's future.

Help the acquired talent understand the future success criteria so employees can invest in targeted skill development.

Visualize a new reality

What if corporate development and leadership teams could:

- Have the ability to map out an organization's skills in the targeting phase?
- Assess the talent and skills being acquired and evaluate the people implications and risks pre-close?
- Make more informed decisions at speed and scale post-close?
- Have accurate information about the continuing skill investment needed to stay ahead?
- Define new roles and slot talent into those positions quickly?