

Increase The Value of Your Retention Pools, Not The Amount – How To Ensure Merger Success Includes Retention & ROI

A merger, acquisition (M&A) or restructuring is one way to bolster a business with instant access to technology, market share and resources. Human capital is often an organization's biggest asset and this is especially true during a deal integration. As such, businesses tend to put a great deal of effort into creating a positive, supportive environment in order to retain acquired and existing employees.

Retaining critical talent and ensuring the right people are in key roles are essential to a successful merger, acquisition, or business transformation.

35%

increase in M&A deals
by value in H122 ^(EY)

Charting The Uncertain Waters of a Deal Integration

M&A can lead to uncertainty and significant 'shake up' within all companies involved. It can be a jarring time when people begin to feel unsure of their value and position, and question their job security. To counter this, companies often put together lucrative retention packages, but despite that, most still see ongoing attrition of talent, sometimes the best ones are the first to leave.

This happens due to limitations of the compensation packages

- Deferred (or vesting) cash that is not accessible up front does not have immediate value for the employee and their personal goals.
- Equity/stocks are hard to comprehend and sometimes have negative impact based on market fluctuations.
- It is a challenge to keep employees motivated and performing when they know money is guaranteed to come in the future.

A 2020 McKinsey M&A Retention Survey showed that ...



Pay-stay approach

The most common retention tool remains a straightforward pay-to-stay approach, used by 84% of survey respondents, typically in the form of a time-based cash bonus, denominated as a percentage of base salary.



Many are not budgeting for retention

Consistent with findings in 2014 (but higher than in 2017), the median retention budget is 1% to 2% of total purchase price. However, over one-quarter of acquirers do not set a retention budget.



Retention outcomes are assumed but not tracked

Respondents are optimistic about retention outcomes and effectiveness of retention agreements, but a third of acquirers do not track retention rates. Even among survey respondents, use of retention awards was not universal; 16% of respondents who had recently completed deals did not use retention agreements.

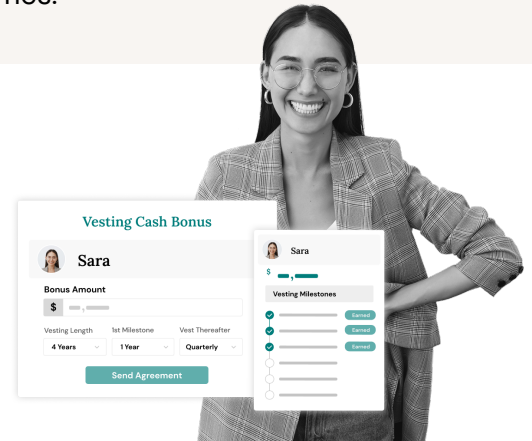


The Keep Solution

It's time to take a new look at compensation.

Vesting cash bonuses, if used effectively alongside comprehensive compensation, can be a powerful tool to show appreciation and the value of critical talent – driving retention during uncertain times.

Keep's Employee Engagement Platform (KEEP) is customizable, easy-to-use, and offers human resources professionals the flexibility to deploy and track innovative compensation strategies that dramatically improve hiring and retention metrics across the organization.



KEEP Benefits Include



Turn-key onboarding allows HR teams to instantly leverage the platform for a merger with no dependence on IT integrations.



Bonus management dashboard gives HR teams an integrated view of their merger portfolio with real-time notifications and updates (for employers and employees) about key milestones.



Employee self-service portal lets employees manage their KEEP account and view their bonus vesting schedules.



Governance and compliance features including robust auditing and reconciliation for the finance and FinOps teams to track every bonus (and tax payments) and respond to any question or audit request.



Embedded fintech enables seamless bonus delivery and funding execution for increased efficiency with an intuitive user interface (UI) for any sized organization and for employees at all salary levels.

The Keep Advantage

Keep Financial is revolutionizing how companies engage and retain talent through an M&A or business restructuring providing an easy-to-use platform to create and deploy usable cash to employees that is earned over their tenure.

- ✓ Easy to implement and scale
- ✓ Retain top talent by rewarding employee longevity and performance
- ✓ Build a performance culture and improve morale
- ✓ Create pay transparency, create future oriented compensation, encourage long-term wealth generation