100-Day Planning – Strategies to Maximize Synergies

By Sandy Hashima Stradley Ronon

Acquiring a company isn't just about getting the deal done. Acquirers also need to think about how to integrate the target company post-closing. Having a plan on how to tackle the first one hundred days and beyond can help manage expectations and provide a roadmap to a successful integration and maximum synergies.

Featured Speakers

- John Broderick, Operating Partner Argosy Private Equity
- Dr. Solange Charas Founder/CEO, HCMoneyball
- Chris Clark, Partner, Edison Partners
- Scott Whitaker, Partner, Global PMI Partners
- Todd Nice, Managing Director, CFGI (Moderator)

Approaching 100-Day Planning

Firms should start thinking about their 100-day plan early in the acquisition process. Scott Whitaker, Partner, Global PMI Partners, believes firms should start planning at the LOI stage and determine what the key deliverables are, whether it's day one, the first 30 days, or year one and beyond.

It is important for acquirers to understand the company in terms of talent, business model, and expectations. To Christopher Clark, Partner, Edison Partners, the 100-day plan is a way to seek out and align realities between management and the acquirer about where things will go over the next few years. Not having the early successes can cause business to go down and affect employee morale.

John Broderick, Operating Partner, Argosy Private Equity, believes that integration is easier if you understand the levers of the business model, capabilities of human capital, opportunities for growth and culture of the organization and management team. Building a solid strategic plan with the organization can provide a roadmap of how to get people engaged, productive and truly committed after the transaction. It's important to put a team together early in the process and to develop an early rhythm and rapport with the CEO.

Developing and Executing a Strategic Plan

In any acquisition there will be disruptions, so firms need to be prepared with a response. According to Solange Charas, Ph.D., Founder and CEO, HCMoneyball, communication and administrative integration are key. During integration, employees will be anxious about job security, management and compensation. Dealing with such fundamental employee issues will help build trust and lower anxiety among employees so that they can focus on the tasks at hand. The reason for this is to shorten the time that employees are unproductive post-acquisition.

Broderick suggested firms should complete a strategic planning session with the management team and act as a strategic and active facilitator. Allowing teams to build a multi-year strategic plan will create alignment and clarity for senior management as well as for the entire organization. Strategic plans can also be tied to EBITDA or have a matching compensation plan as a way to allow the acquirer and management to be completely aligned.

Acquirers should also look at the company at a holistic and analytic level, focusing on productivity, attrition, mobility and other factors, which will indicate whether human capital is going to produce economic value. A 100-day plan can help shape years 2-4 in terms of human capital against the strategic plan. Firms need to work cooperatively with the CEO to identify talent and build a team that can execute strategy.

Using Analytics and Assessments in Planning

Solange looks at financial metrics to transform the human capital experience into five financial benchmarks – Revenue Ratio, Expense Ratio, Income Ratio, Human Capital ROI, and Human Capital Value Add. In addition to examining the target from a “balance sheet” or static approach (a snapshot at a moment of time) as part of the due diligence process, what she finds more informative is to look at the acquisition from an “income statement” or dynamic approach (as trends over time). This allows the acquirer to fully understand the sustainable impact of human capital on operating results, and identify trends in fundamental human capital drivers of economic value creation. This informs the transaction due diligence findings, allows for the parties to adjust expectations and often results in the reduction of the purchase price as a more accurate estimation of human capital performance is revealed. Curating data that is typically found in a data room can lead to understanding how the company is run and the key pain points needing to be considered as part of the acquisition determination process.

The output from individual assessments can also be a useful tool in informing integration planning in different areas, although in Whitaker’s experience, it is a tough sell to HR departments that tend to be experienced but oversubscribed, or inexperienced and completely under water with respect to integration. Clark noted that IBM runs management teams through tests to determine scalability and matching individuals to management to help with shepherding the company through integration. He also noted that engagement is critical, especially in today’s world where everyone is mobile and dispersed. Broderick said it is important to be sensitive to the journey of the individual through organizational change and to try to understand through profile assessments how prepared and how eager is senior management to change and how they will operate accordingly.

Resource Planning During Integration

Firms need to be sensitive to demands on management, especially the CFO. According to Clark the biggest strain on management teams is 60 days pre and post acquisition, where every available minute of time is scaled to create enhanced productivity. Sometimes a third party needs to be brought in to help carry the load, and this can be the most disruptive time in terms of laying out the process, and getting people on board with how to run the integration.

Firms also need to support staffing functions, especially those with non-client facing roles. Getting pre-transaction knowledge on what drives employee engagement and value creation, and not letting that slip during integration is vital.

Most Important Things to Remember

- Plan early – at LOI
- Use data analytics about human capital performance to inform your decisions both pre- and post-acquisition
- Consistent key communications to all stakeholders
- Build alignment and clarity

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