

Caribbean Acquisition Project



Thank you for participating in the Caribbean Acquisition Project – Jamaica. Your participation is critical to your company's effort to have this acquisition be successful. Ultimately, your responses will be included in results from other companies and begin to create a roadmap for any company that is undergoing a Jamaican acquisition.

The survey focuses on the activities and practices that make acquisitions and integrations successful, beyond the primary financial and legal concerns.

Please respond to every question and fax the results back to 954-212-2202, or email them back to francis@fwconsulting.com. If you have any questions, please direct them to 954-447-4412.

Francis Wade,
Project Leader

Your name: _____

Date: _____ Company Name: _____

Phone Number: () _____

Email Address: _____

Confidential
Solely for those having a need to know pursuant to company instructions.

Part I: Pre-Deal

The Pre-Deal phase refers to the time spent deciding on whether or not to do an acquisition, before a target has been decided upon. The search ensues for compatible targets or merger partners. Some of the goals for an acquisition are set, along with criteria for the acquisition.

Rate the following questions on a scale of 1-5, in which 1 indicates NO agreement and 5 indicates absolute certainty.

Disagree 1 2 3 4 5 Definitely Agree

About the acquiring/parent company: Please rate the following statements according to your agreement with them with respect to the pre-deal stage of the acquisition.

1. There is a process that will reliably develop managerial talent to ensure the success of future acquisitions **1 2 3 4 5**

2. There are sufficient policies to allow easy movement of personnel between current and future subsidiaries. **1 2 3 4 5**

3. There is sufficient talent for the company to undertake another acquisition successfully

1 2 3 4 5

a) How many acquisitions was the company prepared to handle given the talent levels at the time of this acquisition? (circle one)

0 1 2 3 more

On the next set of questions please use the following scale to answer: 1 indicates none and 5 indicates a great deal

None/Not at All 1 2 3 4 5 A great deal

Areas of concern to Either Organization (continue using the same scale)

4. How much value did your company place on the following items in the pre-deal phase?

a) Identifying issues and preparing a rigorous plan for conducting the due diligence stage **1 2 3 4 5**

b) Assessing the people. Organizational and cultural fit, and the related risks entailed in various combinations **1 2 3 4 5**

c) Educating the “deal team” about potential people, organizational or cultural risks

1 2 3 4 5

d) Developing specific guidelines for selecting target companies to acquire or merge/joint venture with regards people, organization and cultural fit

1 2 3 4 5

e) Assessing areas of ethics and business integrity for fit between the two organizations **1 2 3 4 5**

None/Not at All 1 2 3 4 5 A great deal

5. To what degree was the Human Resources Department in the acquiring company involved in the pre-deal phase? Specifically,

a) Identifying issues and preparing a rigorous plan for conducting the due diligence stage **1 2 3 4 5**

b) Assessing people, organizational and cultural fit, and the related risks of possible combinations **1 2 3 4 5**

c) Educating the “deal team” about potential people, organizational and cultural risks

1 2 3 4 5

d) Developing guidelines for selecting target companies to acquire or merge/form joint ventures with **1 2 3 4 5**

Disagree 1 2 3 4 5 Definitely Agree

6. The pre-deal preparation we did was adequate in all respects.

1 2 3 4 5

7. What, if anything, was missing or weak in the preparation for the due diligence stage?

Part II: Due Diligence Phase

1. Please rate the following due-diligence activities according to their ultimate value using the following scale:

Waste of Time	1	2	3	4	5	Imperative
a. Estimating people-related transaction costs						1 2 3 4 5
b. Estimating people-related ongoing costs						1 2 3 4 5
c. Identifying/assessing cultural differences						1 2 3 4 5
d. Estimating people-related cost savings						1 2 3 4 5
e. Recommending Human Resource policies and programs						1 2 3 4 5
f. Validating intangible assets						1 2 3 4 5
g. Assessing differences and compatibilities between legal and governmental aspects of the two organizations' countries.						1 2 3 4 5

2. According to the following scale, please state to what extent Human Resources Department was involved in the following aspects of the due diligence:

None/Not at All	1	2	3	4	5	A great deal
a. Estimating people-related transaction costs						1 2 3 4 5
b. Estimating people-related ongoing costs						1 2 3 4 5
c. Identifying/assessing cultural differences						1 2 3 4 5
d. Estimating people-related cost savings						1 2 3 4 5
e. Recommending Human Resource policies and programs						1 2 3 4 5
f. Validating intangible assets						1 2 3 4 5
g. Assessing the cost of integrating Human Resource systems						1 2 3 4 5
h. Assessing the cohesion of ethical and business integrity standards						1 2 3 4 5
i. Assessing differences and compatibilities between legal and governmental aspects of the two organizations' countries.						1 2 3 4 5

3. Which of the following Human Resource Programs were examined during the due diligence?

- | | |
|---|-----------|
| a. Benefits | 1 2 3 4 5 |
| b. Executive Compensation | 1 2 3 4 5 |
| c. Employee Pay | 1 2 3 4 5 |
| d. Employee Relations | 1 2 3 4 5 |
| e. Un-funded Liabilities (e.g. pension plans) | 1 2 3 4 5 |
| f. Employment terms and philosophies | 1 2 3 4 5 |
| g. Analysis of staffing | 1 2 3 4 5 |
| h. Sales Incentive Compensation | 1 2 3 4 5 |
| i. Performance Management | 1 2 3 4 5 |
| j. Validation of Synergies | 1 2 3 4 5 |
| k. Organization Design or Development | 1 2 3 4 5 |
| l. Recruiting and Retention | 1 2 3 4 5 |
| m. Learning and Development | 1 2 3 4 5 |

Disagree 1 2 3 4 5 Definitely Agree

4. Looking back, which of the following aspects of your due diligence were adequate?

- | | |
|--|--------------|
| a. Assessing ethical and business integrity standards | 1 2 3 4 5 |
| b. Cost of integrating Human Resource systems | 1 2 3 4 5 |
| c. Validating intangible assets | 1 2 3 4 5 |
| d. Identifying and assessing cultural, national and ethnic compatibility | 1 2 3 4 5 |
| e. Estimating people-related transaction costs | 1 2 3
4 5 |
| f. Comparing and assessing management styles and their compatibility | 1 2 3 4 5 |

5. Please add any comments you may have about the activities related to due diligence.

Phase III: Integration Planning

1. Using the following scale, please state the degree to which the Human Resources Department was involved in the integration planning of the merger/acquisition.

None/Not at All	1	2	3	4	5	A great deal
a. Developing a strategy for the new entity						1 2 3 4 5
b. Planning and leading integration efforts						1 2 3 4 5
c. Developing Employee communication strategies						1 2 3 4 5
d. Designing programs to retain key talent						1 2 3 4 5
e. Helping employees cope with change						1 2 3 4 5
f. Monitoring employee attitudes and engagement						1 2 3 4 5
g. Defining an organization and staffing plan						1 2 3 4 5
h. Acting as a thought leader						1 2 3 4 5
i. Determining personnel procedures such as retention and termination of employees						1 2 3 4 5

2. Which of the following communication strategies (if any) did you utilize during the implementation planning phase?

- | | |
|--|------------------|
| a. Wide delivery of overall rationale for the deal | 1 2 3 4 5 |
| b. Providing milestones and roadmaps for the integration process | 1 2 3 4 5 |
| c. Clearly establishing reasonable expectations for employee retention and termination | 1 2 3 4 5 |
| d. Two-way dialogue with all employees | 1 2 3 4 5 |
| e. Two-way dialogue with some employees (please state what departments were included). _____ | 1 2 3 4 5 |
| f. Addressing distinct information needs | 1 2 3 4 5 |

- g. Providing multiple stakeholder perspectives 1 2 3 4 5
- h. Addressing readiness for change 1 2 3 4 5

Phase IV: Implementation

Please use the following scale to answer the next questions:

None/Not at All 1 2 3 4 5 A great deal

1. Which of the following did you undertake during the implementation phase of the deal?
 - a. Performing an employee communications strategy 1 2 3
4 5
 - b. Using programs designed to retain key talent 1 2 3 4 5
 - c. Developing a total rewards strategy for the new entity 1 2 3 4 5
 - d. Systematically integrating contrasting or conflicting corporate cultures and/or management styles. 1 2 3 4 5
 - e. Systematically integrating contrasting or conflicting ethnic or national cultures, beliefs or styles. 1 2 3
4 5
 - f. Monitoring employee attitudes and engagement 1 2 3 4 5
 - g. Managing the selection and placement process 1 2 3 4 5
 - h. Outlining people goals and guiding principles 1 2 3 4 5
 - i. Reinventing mission and vision to reflect new entity 1 2 3 4 5
 - j. Retraining employees in synthesized values and mission 1 2 3 4 5
 - k. Helping to manage labor/union relations 1 2 3 4 5
 - l. Advising personnel on workforce/productivity synergies 1 2 3 4 5
 - m. Developing assessment methods for the new entity's employees 1 2 3
4 5
 - n. Orienting employees to changes in national, ethnic or government conditions where they had changed
1 2 3 4 5



- o. Communicating the overall strategy of the merger/acquisition to the personnel and what their unique roles were within it

1 2 3 4 5

None/Not at All 1 2 3 4 5 A great deal

- 2. Did the Human Resource Department play a role or perform the following activities?

- a. Performing employee communications strategy **1 2 3 4 5**
- b. Using programs designed to retain key talent **1 2 3 4 5**
- c. Developing a total rewards strategy for the new entity **1 2 3 4 5**
- d. Systematically integrating contrasting or conflicting corporate cultures and/or management styles. **1 2 3 4 5**
- e. Systematically integrating contrasting or conflicting ethnic or national cultures, beliefs or styles. **1 2 3 4 5**
- f. Monitoring employee attitudes and engagement **1 2 3 4 5**
- g. Managing the selection and placement process **1 2 3 4 5**
- h. Outlining people goals and guiding principles **1 2 3 4 5**
- i. Reinventing mission and vision to reflect new entity **1 2 3 4 5**
- j. Retraining employees in synthesized values and mission **1 2 3 4 5**
- k. Helping to manage labor/union relations **1 2 3 4 5**
- l. Advising personnel on workforce/productivity synergies **1 2 3 4 5**
- m. Developing assessment methods for the new entity's employees **1 2 3 4 5**
- n. Orienting employees to changes in national, ethnic or government conditions where they had changed **1 2 3 4 5**
- o. Communicating the overall strategy of the merger/acquisition to the personnel and what their unique roles were within it **1 2 3 4 5**

Disagree 1 2 3 4 5 Definitely Agree

3. State whether or not you agree with the following statements.

a. Human resource professionals should evaluate the risks of a merger or acquisition.

1 2 3 4 5

b. Cultural issues will affect synergies

1 2 3 4 5

c. Senior management believes that culture affects synergies and ultimate integration

1 2 3 4 5

d. Cultural issues should be measured and taken into account early in the deal process.

1 2 3 4 5

e. Issues of compatibility concerning business ethics and integrity are important to a successful merger/acquisition.

1 2 3 4 5

4. What, if anything, was missing or weak during the implementation phase?

Overall Acquisition Results

- | | Disagree | 1 | 2 | 3 | 4 | 5 | Definitely Agree |
|--|---------------|----------|----------|----------|----------|----------|-------------------------|
| 1. What goals did you hope to accomplish from the acquisition of the target company? | | | | | | | |
| a. Grow Market Share | | | | | | | 1 2 3 4 5 |
| b. Be a Leader in Industry Consolidation | | | | | | | 1 2 3 4 5 |
| c. Enhance Brand Strength/Reputation | | | | | | | 1 2 3 4 5 |
| d. Reduce Operating/Overhead Costs | | | | | | | 1 2 3 4 5 |
| e. Enter New Industry/
Expand Product-Market Portfolio | | | | | | | 1 2 3 4 5 |
| f. Access Talent/Management Capabilities | | | | | | | 1 2 3 4 5 |
| g. Access New Technologies/Know-How | | | | | | | 1 2 3 4 5 |
| h. Access Manufacturing/Operations Capacity/Expertise | | | | | | | 1 2 3 4 5 |
| i. Other (Please Describe) _____ | | | | | | | |
| 2. To what degree have you accomplished these goals? | | | | | | | |
| a. Grow Market Share | | | | | | | 1 2 3 4 5 |
| b. Be a Leader in Industry Consolidation | | | | | | | 1 2 3 4 5 |
| c. Enhance Brand Strength/Reputation | | | | | | | 1 2 3 4 5 |
| d. Reduce Operating/Overhead Costs | | | | | | | 1 2 3 4 5 |
| e. Enter New Industry/
Expand Product-Market Portfolio | | | | | | | 1 2 3 4 5 |
| f. Access Talent/Management Capabilities | | | | | | | 1 2 3 4 5 |
| g. Access New Technologies/Know-How | | | | | | | 1 2 3 4 5 |
| h. Access Manufacturing/Operations Capacity/Expertise | | | | | | | 1 2 3 4 5 |
| i. Other (Please Describe) _____ | | | | | | | |
| 3. What were/are the most significant obstacles you faced? | | | | | | | |
| a. Inability to Sustain Financial Performance | | | | | | | 1 2 3 4 5 |
| b. Loss of Productivity | | | | | | | 1 2 3 4 5 |
| c. Incompatible Cultures | | | | | | | 1 2 3 4 5 |
| d. Loss of Key Talent | | | | | | | 1 2 3 4 5 |
| e. Clash of Management Styles/Egos | | | | | | | 1 2 3 4 5 |
| f. Inability to Manage/Implement Change | | | | | | | 1 2 3 4 5 |
| g. Objectives/Synergies Not Understood | | | | | | | 1 2 3 4 5 |
| | Unable | 1 | 2 | 3 | 4 | 5 | To a high degree |
| 4. To what degree were you able to overcome these obstacles? | | | | | | | |
| a. Inability to Sustain Financial Performance | | | | | | | 1 2 3 4 5 |
| b. Loss of Productivity | | | | | | | 1 2 3 4 5 |

- c. Incompatible Cultures 1 2 3 4 5
- d. Loss of Key Talent 1 2 3 4 5
- e. Clash of Management Styles/Egos 1 2 3 4 5
- f. Inability to Manage/Implement Change 1 2 3 4 5
- g. Objectives/Synergies Not Understood 1 2 3 4 5
5. What were the some of the practices regarding HR and cultural integration?
- a. HR was involved in Addressing Cultural Integration Issues 1 2 3 4 5
- b. The Company Rewarded Behavior Supporting Culture 1 2 3 4 5
- c. Desired Cultural Behaviors Were Considered During Management Selection 1 2 3 4 5
- d. The Corporate Culture Was Aligned with the Vision 1 2 3 4 5
- e. Attributes of the Desired Culture Were Agreed To 1 2 3 4 5
6. Was HR deeply involved at the following phases?
- a. Identifying Issues/Planning Due Diligence 1 2 3 4 5
- b. Due Diligence People/Organization Cultural Fit 1 2 3 4 5
- c. Educating the Deal Team 1 2 3 4 5
- d. Developing Acquisition Guidelines 1 2 3 4 5
7. If HR was involved at this stage, how valuable was that?
- a. Identifying Issues/Planning Due Diligence 1 2 3 4 5
- b. Due Diligence People/Organization Cultural Fit 1 2 3 4 5
- c. Educating the Deal Team 1 2 3 4 5
- d. Developing Acquisition Guidelines 1 2 3 4 5
8. Level of agreement with the following statements:
- a. HR Professionals should Assist in Evaluating Risks 1 2 3 4 5
- b. Cultural Issues will affect Synergies 1 2 3 4 5
- c. Senior Management Believes Culture Affects Integration 1 2 3 4 5
- d. Cultural Differences were measured before pre-closing 1 2 3 4 5
- e. Today, the corporate culture of the acquired company is the way we want it 1 2 3 4 5
9. To what degree were the following HR activities valuable?
- a. Developing employee communications strategy 1 2 3 4 5
- b. Designing programs to retain key talent 1 2 3 4 5
- c. Planning and leading integration effort 1 2 3 4 5
- d. Developing total rewards strategy for new entity 1 2 3 4 5
- e. Helping new organizations cope with change 1 2 3 4 5
- f. Defining organization blueprint and staffing plan 1 2 3 4 5
- g. Monitoring employee attitudes and engagement 1 2 3 4 5
- h. Managing selection and placement process 1 2 3 4 5
- i. Managing de-selection/outplacement processes 1 2 3 4 5



- j. Outlining people goals and guiding principles 1 2 3 4 5
- k. Forming people integration team 1 2 3 4 5
- l. Helping to manage labor relations 1 2 3 4 5
- m. Advising on productivity/workforce synergies 1 2 3 4 5
- n. Recommending assessment / selection method 1 2 3 4 5

The following 2 questions relate to the M&A Communications Plan, or whatever activities were used to communicate with employees (if you had no Communications Plan, check here _____ and skip these questions.)

1. Elements of the M&A Communications Plan that were found to be valuable
 - a. Clear rationale for deal 1 2 3 4 5
 - b. Incorporating integration details 1 2 3 4 5
 - c. Providing milestones and road maps 1 2 3 4 5
 - d. Two-way dialogue with employees 1 2 3 4 5
 - e. Addressing distinct Information needs 1 2 3 4 5
 - f. Providing multiple stakeholders perspectives 1 2 3 4 5
 - g. Tiered change management 1 2 3 4 5
 - h. Balancing high-touch with high-tech 1 2 3 4 5
 - i. Addressing Readiness for Change 1 2 3 4 5

2. Results of Communication and Change Management Efforts
 - a. Employees are excited and engaged 1 2 3 4 5
 - b. We feel like a unified team 1 2 3 4 5
 - c. Employees know where the company is headed 1 2 3 4 5
 - d. We made better/faster decisions 1 2 3 4 5
 - e. People understand rationale behind decisions 1 2 3 4 5

Disagree 1 2 3 4 5 Definitely Agree

3. What is the right role for HR?
 - a. Strategic Business Partner 1 2 3 4 5
 - b. Advisor to Executive Management 1 2 3 4 5
 - c. HR Functional Expert and Implementer 1 2 3 4 5
 - d. Project Manager and Thought Leader 1 2 3 4 5
 - e. Steward of the HR Functions 1 2 3 4 5
 - f. Employee Champion/Advisor 1 2 3 4 5

None/Not at All 1 2 3 4 5 A Great Deal

4. What is the importance and current level of capability to accomplish M&A's? (circle a number in both columns)

<u>Capability</u>	<u>Importance</u>					<u>Current</u>		
a. Ability to evaluate another company	1	2	3	4	5	1	2	3
	4	5						
b. Advise Re: Employee Sensitivities/Attitudes	1	2	3	4	5	1	2	3
						1	2	3



- c. M&A Literacy and Integration Know-How 1 2 3 4 5 1 2 3
4 5
- d. Plan and Lead Complex Integration Projects 1 2 3 4 5 1 2 3
4 5
- e. Knowledge of Best People Practices/Systems 1 2 3 4 5 1 2 3
4 5
- f. Motivating and Retaining Critical Talent 1 2 3 4 5 1 2 3
4 5
- g. Expertise with people/organization/culture integration 1 2 3 4 5 1 2 3 4 5

5. Which approach best describes the model that this acquisition followed (circle one):

- a. **Model 1** – the acquired company became an equal member of a group of companies
- b. **Model 2** – the acquired company was absorbed into the parent company
- c. **Model 3** – a new company was made from the best of the acquired and acquiring companies
- d. **Model 4** – Both the acquired and acquiring company have come together to create a new company using the best of both, and also using outside best practices and new practices

National Cultural Differences

To what degree do you agree with the following?

Disagree 1 2 3 4 5 Definitely Agree

If you are non-Jamaican:

- When compared with my home country:
- a. Jamaica is harder to operate in 1 2 3 4 5
 - b. Jamaicans as a people are more difficult to deal with 1 2 3 4 5
 - c. Jamaica is more expensive to operate in 1 2 3 4 5
 - d. Unions in Jamaica are harder to deal with 1 2 3 4 5
 - e. Costs are higher in Jamaica 1 2 3 4 5
 - f. Laws regarding employment are easier on the employee 1 2 3 4 5
 - g. There is more corruption in Jamaican business 1 2 3 4 5
 - h. Business practices are more mature than in Jamaica 1 2 3 4 5

Other _____ 1 2 3 4 5

Other _____ 1 2 3 4 5

If you are Jamaican:

- When compared with the home-country of the new parent company:
- i. Jamaica is harder to operate in 1 2 3 4 5
 - j. Jamaicans as a people are more difficult to deal with 1 2 3 4 5
 - k. Jamaica is more expensive to operate in 1 2 3 4 5
 - l. Unions in Jamaica are harder to deal with 1 2 3 4 5
 - m. Costs are higher in Jamaica 1 2 3 4 5
 - n. Laws regarding employment are easier on the employee 1 2 3 4 5
 - o. There is more corruption in Jamaican business 1 2 3 4 5
 - p. Business practices are more mature in that country 1 2 3 4 5
- Other** _____ 1 2 3 4 5
- Other** _____ 1 2 3 4 5

General Questions

1. In your personal opinion, what should have been undertaken, done or addressed at any phase of the acquisition that was not?

2. What did this survey not address that is of importance or of concern to you at this time?

3. During the acquisition, what did your company not do well, or could it have improved?

6. **What do you personally see as the top 2-3 challenges going forward?**

7. **What are 1-2 of the major accomplishments of this acquisition?**



This survey was adapted in part from the book: *Making Mergers Work*, edited by Jeffrey Schmidt, and from a variety of other academic and business sources.