

# TALENT STRATEGIES UPDATE



2009-1

International Association for Corporate & Professional Recruitment

## Managing Talent Through Mergers and Shakeups

*At the IACPR Global Conference 2008, we brought together a panel to discuss how to manage the recruitment and retention of talent during times of major change. Moderated by **Garrett Sheridan**, Managing Partner, Axiom Consulting Partners, the panel included **Sal Giambanco**, VP of HR and Human Capital, Omidyar Network/Former Vice President of HR and Administration, PayPal and **John Rice**, Vice President of Human Resources, Tyco Flow Control. It isn't business as usual or predictable - so how are companies dealing with the unexpected? How do you continue to recruit the top talent you need **and** retain your best people in a tough environment? And what can you do to maintain a strong and positive employment brand in the marketplace when your company is under fire?*

**Garrett Sheridan:** Each of our panelists brings a different perspective to our topic today, whether it's major merger activity or intense scrutiny after a corporate scandal. Let's start with Sal Giambanco. Merger integration can go either very well or very poorly. Sal, in the case of eBay and PayPal, the process seems to have been very successful.

**Giambanco:** We are very pleased with the integration - in fact, Harvard is using us as a case study as one of the most successful acquisitions in the history of the Internet. I think a large credit for the success of the acquisition absolutely rests with the senior leadership team at eBay at that time, particularly Meg Whitman.

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With the Internet, it's all about the intellectual capital of the individuals. You're not really buying buildings. The eBay leaders saw the potential in the acquisition and understood the need to keep PayPal's employees motivated so they would continue to contribute a high level of intellectual capital. Throughout, Meg said publicly that with eBay and PayPal, one and one makes five - and that's the way eBay handled the integration. They treated the acquisition not as a power relationship but rather as a true collaboration.

For example, an additional complication with the eBay acquisition of PayPal was that eBay had a competing payment service

called BillPoint, which eBay actually shut down when they acquired PayPal. That action showed real respect for what we are doing at PayPal.

**Sheridan:** With so many mergers and acquisitions, culture seems to be the stumbling point. What's your experience?

**Giambanco:** I'd define culture as a set of behaviors that are representative of values. But I do think that, within any global company, multiple cultures exist at multiple levels. The over-arching culture at eBay is maintaining a sense of integrity and doing the right thing; it's what we call living the eBay values. However, California differs from Nebraska, Ireland from Italy.

As HR professionals, we have to allow for diversity of thought, diversity of opinion. The more diversity you have around the table, the more likely you are to get the right answer to a particular question.

**Sheridan:** In mergers and acquisition situations, people can't help but be concerned about their jobs and their roles in the organization. This, of course, is exacerbated by the current weak economy. How do you identify early warning signs and intervene to keep those you want to stay with the company?

**Giambanco:** We all know that the number one reason someone leaves a company is because of the immediate supervisor. So we

## Weathering a Downturn

**Kathleen Gioffre, Americas - Head of Talent Acquisition for UBS Investment Bank, shares some key steps to consider as a company goes through a downturn.**

- **Reach out to your remaining employees, as well as those individuals who have been impacted by the downturn.** Don't underestimate how frequently management needs to communicate to address levels of angst and uncertainty and to try to minimize the distractions of those remaining - as always, honest communication is important.
- **Re-engage with those still at the company.** It is critical to re-instill a level of credibility and trust. Identify opportunities for personal interaction: plan focus groups or other initiatives to get people involved, show you still care and maintain or increase employee engagement.
- **Provide coordinated support across various regions and business groups** in the firm to assist employees. Have one-to-one conversations with each impacted individual; discuss appropriate roles elsewhere in the firm; share leads on external opportunities; partner with other companies to help place good talent against roles they may have open; offer a list of job board sites and search firm contacts; develop a guide on resume writing and interviewing skills. These initiatives can achieve many wins. The firm will save by not having to go to market to fill an open role. The individuals will appreciate the help with both internal and external career searches. Other firms may not be providing the same level of support, helping your firm maintain a good reputation internally and in the marketplace.
- **Learn from experience** to identify what works and how you may want to change the process so you're better prepared next time.

## The Need for Talent Has Never Been Greater

*"It's hard to be optimistic about recession but it truly is an opportunity. Marathoners and Tour de France racers will tell you that a race's hardest parts, the uphill stages, are where the lead changes hands. That is where we are. When this recession ends, when the road levels off and the world seems full of promise once more, your position in the competitive pack will depend on how skillfully you manage right now." (From **Fortune** magazine, "How to Manage Your Business in a Recession," January 19, 2009)*

What does recession mean for my organization? Should we pull back like everyone else seems to be doing on recruitment efforts? Should we move ahead with our training and development plans for 2009? Although it may seem counterintuitive, now is the right time to focus on these three strategies to effectively weather the recession:

- **Reevaluate people and steal some good ones.** Now is a good time to evaluate your workforce and identify your top performers. You need to reward your best workers and offer incentives to stay in these tough times. Others may not be doing the smart thing, which means this may be a good environment to recruit away top talent.
- **Develop the employees you have.** Think comprehensively about training and development and make it a requirement. Rely on internal resources and encourage sharing of information. There is a growing need for workers with the competencies that will be critical for future growth.
- **Determine how your talent will carry you in to the future.** Keep in mind the demographics of our aging workforce and plan for succession. The shortage of top talent reaches across many disciplines. Organizations that deal with the recession by drastically cutting back on talent management will find themselves unprepared for the future.

*Our thanks to **David Magy of Minnesota-based executive search firm Abeln, Magy, Underberg & Associates** for developing this article. Two sources were used for this article: *How to Manage Your Business in a Recession*, **Fortune**, Volume 159, Number 1, January 19, 2009 and *Recession or Not, Talent is More Important Than Ever*, **American Management Association, Leader's Edge**, Volume 3, Number 3, March 2008).*

need to focus on the quality of supervision throughout the company - using all the tools: 360 assessment, upward feedback, etc.

We do have fairly sophisticated tracking systems, the simplest of which is identifying our top 100 people within the company. John Donahoe, who succeeded Meg Whitman at eBay, says that he owns these top 100, regardless of the business unit - in other words, he has developed a personal relationship with each of them. And, really,

it does all come down to relationships - and if we have good relationships with our most valuable executives, they are going to stay.

**Sheridan:** John, there was a time when the Tyco name was known for all the wrong reasons. How have you rebuilt the employment brand so you can attract the top talent needed to move the company forward?

**Rice:** I'd say it's still a work in progress

because, as a conglomerate, Tyco doesn't always have consumer recognition for the various brands under our umbrella.

Our strategy was to recruit people who were looking for an opportunity to rebuild from the ground up. We told them to take their great HR, finance, marketing, legal experience that they gained at other multinational companies and come here and try it. We sold individual impact: the achievement motive, the power motive, the affiliation motive. Of course, there were some problems. Everybody came with their own agenda - and it was difficult to integrate those agendas as people went down their separate paths. But we felt that this was all part of a strong rebuilding process.

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We also narrowed down whom we used as search partners to firms that understood our culture, what we needed in an uncertain time. We were struggling with basic questions: Who are we? What do we want to be? What are our key values? Our search firms had to grasp the profile of the new Tyco executive. We were looking for people

for whom ethics and integrity were paramount, who had actually built and demonstrated leadership values, who had the intellectual horsepower to figure out how to get things done, who knew how to work internationally when a large number of management is U.S.-based.

**Sheridan:** What is Tyco doing to keep those people they have so carefully recruited?

**Rice:** I always listen for silence. If there's complaining and suggestions about what we should do differently, and then that dries up, it's a sure sign that someone has gone from being passive in the marketplace to being very active in the marketplace. So when the noise goes down, that's when I start worrying. And then we're very deliberate about finding out what's on that person's mind and what we can do to keep that executive at Tyco

I don't share the philosophy that you buy someone back. I think that if people make the decision to leave, they should go. That's right for them, for their families, for their careers.

**Sheridan:** I think the takeaway today is the importance of a planned-out approach: Who's going to be involved early on, especially from the leadership team? What are the right messages and who will deliver them? What do you learn each time to adjust the process? And how do you stay aware of what employees care about and factor that in? You need a thoughtful approach that incorporates those elements in order to have a recipe for success.



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