



# Unlocking Value Through M&A: A Strategic Guide for HR Leaders

Mergers and acquisitions (M&A) have the potential to transform businesses - accelerating growth, diversifying capabilities, and driving long-term value. Yet, many transactions fail, or fall short of expectations due to execution missteps, cultural misalignment, or the failure to involve critical enabling functions early enough in the process. At a recent learning session hosted by BMS Group, Rohit Swaroop (Head of M&A Strategy), Charley Davies (HR Director, DR&P Group), and Ali Trauttmansdorff (Group CPO, BMS Group) shared their expertise on how HR can play a vital role in shaping successful M&A outcomes. This brochure captures their insights, and presents a practical M&A Playbook for HR leaders seeking to elevate their impact during the deal lifecycle.

# 1 Strategic Framing of M&A

Led by Rohit Swaroop

M&A is often misunderstood as a strategy in and of itself. In reality, it is a mechanism for delivering a broader strategic ambition—whether that be expanding into new markets, acquiring capabilities, achieving scale, or improving financial performance.

During the session, Rohit highlighted that successful deals are anchored in clarity of purpose. The rationale must be tightly linked to the long-term group strategy. Executive teams and investment committees assess whether a proposed acquisition fits strategically, whether it can be integrated successfully, and how value will be realised post-acquisition.

## Why M&A Fails to Deliver

The majority of M&A transactions fail to create lasting value, not because of flawed intent, but due to poor execution. Common pitfalls include unrealistic synergy assumptions, weak cultural compatibility, and lack of leadership alignment. Equally critical is the absence of early cross-functional planning, especially the exclusion of HR and other enablers until too late in the process.

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## How Deals Are Sourced and Structured

Deals often originate through personal relationships, founder networks, or trusted advisors (brokers, banks, lawyers). Whether the process is bilateral (exclusive) or competitive (auction-based), structuring the deal requires thoughtful decisions around earn-outs, retention mechanisms, and post-acquisition leadership incentives. The seller's motivations - whether to exit quickly or remain involved - can greatly influence both the terms and integration plan.



# 1 Strategic Framing of M&A

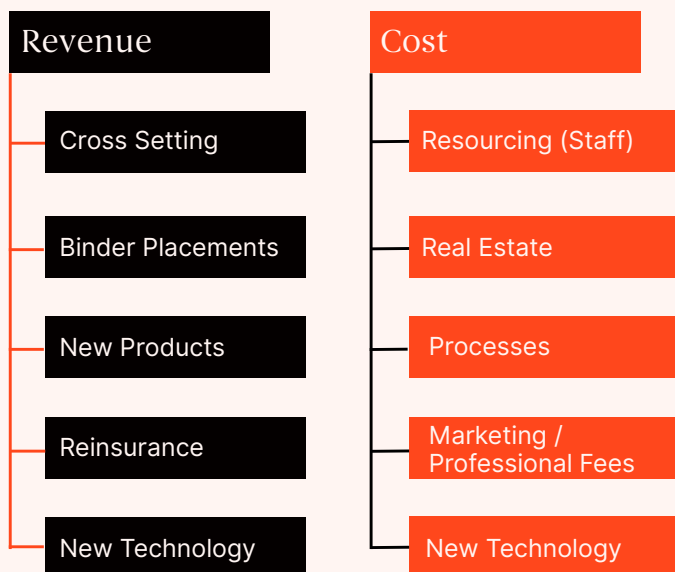
Led by Rohit Swaroop

## Valuation Considerations

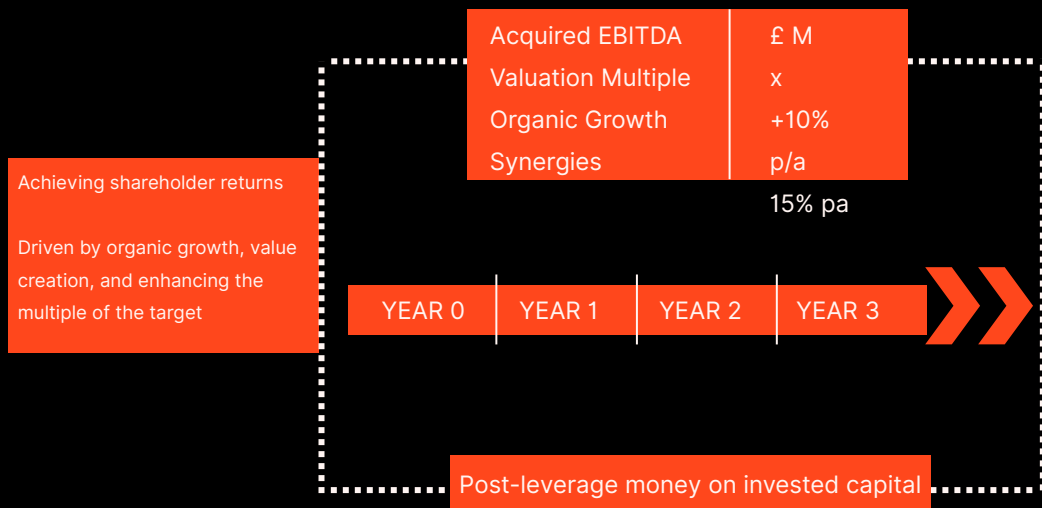
Valuation methods differ by sector:

- People-centric businesses (e.g. consultancies, brokers) typically use EBITDA multiples.
- Regulated entities such as insurers and banks use price-to-earnings or net-of-tax earnings.
- High-growth, pre-profit tech or fintech businesses may be valued on top-line revenue.
- The deal structure, integration approach, and leadership retention strategy all feed directly into whether the valuation can be justified—and sustained.

*This table shows value creation and consideration as it relates to M&A in the insurance sector*



# Shareholder Returns



This slide illustrates how shareholders evaluate the return potential of an acquisition over time — specifically how returns are generated post-acquisition through a combination of organic growth, synergies, and value creation.

At the heart of the model is the concept of enhancing EBITDA (earnings before interest, tax, depreciation, and amortisation) and increasing the valuation multiple of the acquired business. From Year 0 to Year 3, investors look to achieve returns through:

- Organic Growth (e.g., +10% per annum), representing the underlying performance improvement of the acquired business.
- Synergies, such as cost efficiencies or revenue enhancements, which are often a key justification for M&A.
- Multiple expansion, where the business becomes more valuable relative to its earnings.

The outcome is a 15% per annum return on invested capital (after considering leverage), which is typically the kind of performance private equity or strategic shareholders are targeting. This timeline highlights how value isn't realised immediately, but rather built and captured over several years.





# The HR Contribution to M&A Success

Led by Charley Davies and Ali Trauttmansdorff

Charley and Ali framed HR not as a post-deal integration administrator, but as a proactive enabler of long-term value. HR's remit in M&A spans due diligence, cultural diagnostics, leadership assessment, and post-close integration—all of which must begin early to succeed.

## Getting In Early

Waiting until Day 1 to involve HR limits its ability to spot people risks, influence integration design, and retain key talent. HR should be part of pre-deal discussions to evaluate organisational structure, leadership bench strength, employment liabilities, and cultural alignment.

## HR Due Diligence Priorities

- Workforce census and employment terms
- Leadership succession and retention risks
- Pensions, post-retirement obligations, and control clauses
- Known and hidden liabilities (e.g. pending claims, misclassified contractors)

## Integration is Strategy in Action

HR must prepare an integration roadmap before the deal completes. This includes workstreams around people systems, performance management, comms, onboarding, and cultural alignment. Quick wins such as harmonising benefits or co-hosted town halls can build early momentum.





# The HR Contribution to M&A Success

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## Culture: A Deal Maker - or Breaker

Cultural friction is among the top reasons integrations falter. Success depends on shared values, clear leadership narratives, and mutual respect. HR leaders must assess cultural fit upfront and co-create the post-deal culture with leaders from both organisations.

## Common Pitfalls

- Underestimating leadership churn and gaps
- Treating integration as a checklist, not a transformation
- Failing to engage other key functions (IT, compliance, risk) early enough

# 3

## The M&A Cribsheet for HR

### Assessing the Pre-Deal Landscape: HR Due Diligence

HR plays a vital early role in assessing organisational risk and opportunity. Core focus areas include:

- **Structure & People:** Review org charts, headcount, leadership capability, and succession risks.
- **Compensation & Benefits:** Compare salary structures, bonuses, pensions, and statutory entitlements.
- **Employment Contracts & Compliance:** Ensure contracts, handbooks, and policies align with labour laws and collective agreements.
- **Culture Compatibility:** Identify red flags in leadership style, communication norms, and decision-making.
- **Talent Risks:** Flag key person dependency, union issues, or any ongoing HR litigation.
- **Data & Systems:** Collect and analyse workforce data, HRIS platforms, and performance metrics.

*Tip:* Don't underestimate cultural due diligence. Misalignment here is a top cause of post-merger failure.

### Building Integration Success: HR's Post-Deal Responsibilities

Once the deal is done, HR leads people-focused integration and value realisation:

- **Strategic Priorities**
- **Transparent Communication:** Plan communications early to reduce uncertainty and resistance.
- **Retention & Leadership Continuity:** Use retention plans and leadership alignment to safeguard business continuity.
- **System Integration:** Align HR tech, payroll, performance, and onboarding platforms.
- **Comp & Benefits Harmonisation:** Rationalise offerings while managing fairness and cost.
- **Org Redesign:** Structure for scale, synergy, and clarity of roles.
- **Onboarding & Change Management:** Deliver a compelling employee journey into the 'new' organisation.

*Tip:* Treat people and culture as assets to be protected and grown — not liabilities to be rationalised.



# 3

## The M&A Cribsheet for HR

### Championing Strategic Impact: HR as a Value Creator

The most effective HR leaders are embedded early and help drive the deal, not just respond to it.

#### Key Roles for HR Leaders:

- Risk Manager: Ensure compliance, mitigate liabilities, manage people-related risk.
- Change Leader: Enable successful transitions with clarity, pace, and empathy.
- Culture Architect: Proactively design and embed shared values, behaviours, and engagement drivers.

#### Pitfalls to Avoid:

- Late HR involvement
- Underestimating cultural differences
- Poor communication
- Misaligned incentives
- Losing key talent during uncertainty

*Tip:* Be at the table — not just for integration, but during deal evaluation and strategic decision-making.





# Final Reflections

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M&A activity represents both a challenge and an opportunity for HR leaders. It is a proving ground for commercial acumen, change leadership, and strategic influence. This session underscored the importance of HR securing a seat at the deal table - not just to manage change, but to shape it.

As the business landscape continues to shift, those HR leaders who can confidently navigate M&A will be seen not just as functional experts, but as true business partners delivering value beyond the deal.





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