

*Successfully navigate
the intersection
between HR and the
M&A process.*



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Insperity

About Insperity[®]

Insperity serves more than **100,000 businesses** with more than **2 million employees** nationwide.

Founded: April 1986

Headquarters: Houston, Texas

Locations: 60 U.S. offices

2015 Revenue: \$2.6 billion

Corporate Employees: 2,400



Today's Presenter



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Agenda

- Identifying HR pitfalls prior to the M&A process
- Establishing HR scorecard and assigning financial value to the HR process
- Identifying and incentivizing key employees to lead the company through the M&A process
- Develop an effective communications strategy



HR Audit

5 areas the audit should evaluate



HR Audit

1. Record Keeping
2. Recruiting & Selection
3. Employee Development
4. Employee Relations
5. Compensation & Benefits



HR Scorecard



Strategy Map Overview



Integration between Corporate and Division Scorecards

Vision, Mission, Values, Strategy

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graph TD; A[Vision, Mission, Values, Strategy] --> B[Corporate Scorecard]; B --> C[Division Scorecard];
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The diagram illustrates a top-down integration process. It starts with a box containing 'Vision, Mission, Values, Strategy'. A downward arrow points to a second box labeled 'Corporate Scorecard'. Another downward arrow points from the 'Corporate Scorecard' box to a third box labeled 'Division Scorecard'. The boxes are arranged in a descending staircase pattern from top-left to bottom-right.

Corporate Scorecard

Division Scorecard

KPI for HR Manager - Example

No.	Key Result Areas	KPI	Weight of KPI	Target	Actual	Score	Final Score
1	Employee Retention & Productivity	# of highly productive employees that leave in a given time period; in a year; employees rated at an A level	20	8	15	53	11
		Profit per employee	15	3.5M	2.1M	60	9
2	Recruitment	Ave lead time to recruit employees	10	45 days	35 days	129	13
		New hire failure rate for first 6months of hire	10	8%	21%	38	4
3	Career Mgmt and Employee Performance	% of trained employees below performance standards	8	25%	40%	62.5	5
		Rate of internal job hires - trained employees promoted within the year	7	10%	6%	60	4.2
4	Training & Development	Training Hours per Employee/Year	15	15	15	100	15
		% of trained employees that move up one tier of performance; C to B, B to A	15	25%	7%	28	4

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KPI for HR Manager - Example

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Key Result Areas are the main goals that the HR Mgr need to accomplish.

KPI for HR Manager - Example

No.	Key Result Areas	KPI	Weight of KPI	Target	Actual	Score	Final Score
1	Employee Retention & Productivity	# of highly productive employees that leave in a given time period; in a year; employees rated at an A level	20	8			

KPIs are measurable indicators used to evaluate your performance level.

Every Key Result Area must have at least one KPI.

Total # of KPIs should be 8-10

KPI for HR Manager - Example

No.	Key Result Areas	KPI	Weight of KPI	Target	Actual	Score	Final Score
1	Employee Retention & Productivity	# of highly productive employees that leave in a given time period; in a year; employees rated at an A level	20	8	15	53	11
			15				
			10				
			10				
			8				
			7				
			15				
			15				

Weight of each KPI should be defined and based on scaled of priority.
Should equal 100.

KPI for HR Manager - Example

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Targets are based on historical data and future expectations.

Targets can be percentage, number or score depending on KPIs.

KPI for HR Manager - Example

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Actual is the actual results.

A reporting system should be in place to capture these results.

KPI for HR Manager - Example

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1	Employee Retention & Productivity	# of highly productive employees that leave in a given time period; in a year; employees rated at an A level	20	8	15	53	11

Formula to calculate KPI used to maximize:
 $(\text{Actual}/\text{Target}) \times 100$

Formula to calculate KPI used to minimize
 $(\text{Target}/\text{Actual}) \times 100$

KPI for HR Manager - Example

No.	Key Result Areas	KPI	Weight of KPI	Target	Actual	Score	Final Score
1	Employee Retention & Productivity	# of highly productive employees that leave in a given time period; in a year; employees rated at an A level	20	8	15	53	11
							9
							13
							4
							5
							4.2
							15
							4
							65

Formula for Final Score:
 $(\text{Score} \times \text{Weight}) / 100$

Final score used to determine bonus allocation, salary increases, bonuses

Next Steps

No.	Key Result Areas	KPI	Weight of KPI	Target	Actual	Score	Final Score
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Identifying and Incentivizing Key Employees



Look Beyond the Obvious

High: Likelihood of the employee leaving

Low/High

High/High
Critical
Employee

Low:
Difficulty
replacing
the
employee

High:
Difficulty
replacing
the
employee

Low/ Low

High/Low
Ideal

Low: Likelihood of the employee leaving

Moving Key Employees from Critical to Ideal



The Communication Strategy



You are Ready to Begin





Questions?

Thank you for joining us

For more information, or to speak with an Insperity® business performance advisor, visit insperity.com/acg or call us at **866-814-6817**.

