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POINT OF VIEW | MERGERS & ACQUISITIONS

Where M&A value is **won or lost**

Protecting deal value through the people side of integration and separation

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THE PEOPLE SIDE OF THE DEAL

Every transaction changes the shape of an organisation. The value it promised is realised - or lost - through the people who carry it forward.

Up to

70%

of M&A deals fail to deliver expected value, mostly due to people and culture misalignment. (HBR, 2011)

CONTENTS

What's inside

1 **Introduction** 4
Why deals succeed on paper but fall short in practice

2 **Who this is for** 6
CPOs, CFOs, transaction teams and business leaders

3 **The challenge: why today is different** 7
The environment deals now land into

4 **Evidence from the field** 8
What the research consistently shows

5 **A three-phase workforce framework for M&A** 9
The LACE Workforce M&A Framework

6 **Phase 1: Pre-deal, understand workforce reality** 12
Test whether the deal is deliverable

7 **Phase 2: Prepare for Day 1** 16
Turn the view into a practical plan

8 **Phase 3: Sustain performance** 20
Realise deal value beyond Day 1

9 **Where to start: build a workforce risk and value baseline** 24
A simple, evidence-backed starting point

10 **What makes LACE's approach different** 26
Six ways we help you deliver, not just plan

11 **A call to action** 27
Five questions, and where to focus first

INTRODUCTION

Value is won or lost after the deal

Many M&A deals succeed on paper but fall short in practice because leaders, talent and the wider workforce are not set up to deliver change at the pace required.

M&A value is shaped by many moving parts. This paper focuses on the people, leadership and workforce factors that determine whether the deal's value is realised in practice.

The point of failure is rarely the transaction itself. It is what happens immediately afterwards, when leadership is not fully aligned, critical talent becomes unsettled, decision-making slows and Day 1 issues begin to undermine confidence and momentum. In practice, this is where value is won or lost.

Organisations that get M&A right act early on the workforce factors that affect operational delivery, performance and deal confidence. They make clearer decisions sooner, stabilise leadership and the wider workforce through transition, and stay focused on execution once the transaction is complete.

What are the problems to solve for?

1 PRE-DEAL

PRE-DEAL ASSUMPTIONS

Capacity assumptions do not hold: the organisation cannot absorb change at the pace assumed, creating a gap between deal timelines, synergy plans and real-world capacity.

Critical talent becomes unsettled as uncertainty rises, increasing retention risk and exposing dependencies on key roles, relationships and specialist knowledge.

Culture, reward and workforce fit are under-tested pre-deal, leaving gaps in behaviours, ways of working, reward, incentives and terms.

2 DAY 1

DAY 1 EXECUTION

Leadership is not aligned at the point execution needs to accelerate – slowing decisions, diverging priorities and reducing momentum.

Decision-making and accountabilities are unclear at Day 1, causing work to stall, duplication to increase and execution to slow.

HR operational readiness is incomplete, with HR, payroll, policies, contracts, systems and access not fully functional from Day 1.

3 POST-CLOSE

POST-CLOSE PERFORMANCE

Culture creates friction: differing behaviours, leadership norms and ways of working create silos, slow decisions and erode value after close.

Reward, incentives and terms are not aligned to the deal intent, creating distraction and driving unintended behaviours.

Execution focus drifts after Day 1 as attention shifts too quickly to end-state design, weakening momentum and gradually eroding value.

INTRODUCTION

From uncertainty to clarity

These failure points are not new. They typically emerge in sequence: before the deal, at Day 1 and in the months that follow. Together, they determine whether value is realised or quietly lost in practice.

That is why leaders need more than a deal thesis or a Day 1 checklist. They need a practical people and workforce plan that starts before the transaction, tests key assumptions through scenario modelling, stabilises the organisation through transition, and sustains performance after close.

The hardest part of M&A is not completing the transaction. It is helping people move from uncertainty to clarity so the organisation can perform. Whether people are delivering the deal, managing the risks or experiencing the change on the frontline, a clear people view upfront helps protect business value downstream.

Too often, however, the people workstream is under-resourced and under-represented in deal teams. That is where risk accumulates.

In practice

The challenge is not completing the transaction. It is whether the organisation can execute what follows, at pace, with clarity and control.



WHO THIS IS FOR

Turning deal intent into operational reality

This paper is for leaders responsible for turning deal intent into operational reality, who recognise that value is won or lost through execution, not the transaction alone.

It will be relevant for...

CPOs / CHROs

- Accountable for workforce, reward, culture and change through integration or separation
- Looking to bring a clear, commercial workforce view into the deal early, including during due diligence
- Focused on stabilising leadership, protecting critical talent and sustaining performance

...and also helpful for:

CFOs and Sponsors

- Accountable for deal value, growth and cost synergy outcomes
- Building confidence that the organisation can actually deliver the plan
- Reducing execution risk and avoiding value leakage post-deal

...and also helpful for:

Transaction and Corporate Development teams

- Shaping deal assumptions, timelines and integration or separation plans
- Needing a clearer view of workforce risk, capacity and delivery constraints
- Strengthening the link between deal design and execution reality, so HR considerations are factored in early before they become execution risks

...and also helpful for:

Business and Functional Leaders

- Responsible for maintaining delivery continuity through integration or separation
- Managing teams through uncertainty, change and increased cost pressure
- Needing clarity on roles, decisions and how work will get done so performance is maintained

Our experience:

In practice, CPOs are often brought into deal teams too late, after financial and legal due diligence has shaped the deal structure, and without the budget or authority to resource the people workstream properly. Getting the CPO positioned correctly in the deal governance structure, with a clear mandate and access to the integration management office, is itself a critical early action.

What you will get from this paper

- **A practical framework to focus effort before, during and after Day 1**
- **A clear view of where people and workforce risks can affect value, confidence and pace**
- **Specific actions that stabilise the organisation, protect critical talent and reduce the productivity dip**

THE CHALLENGE

Why today is different

M&A is not new. What has changed is the environment deals now land into.

Most organisations are already operating through transformation, cost pressure and stretched capacity. Integration or separation is rarely the only change underway, and it often competes with existing priorities and programmes.

Running a business today also depends on tightly connected teams, specialist roles and tacit knowledge. Even small disruptions to critical people, data or decision-making can quickly affect performance.

At the same time, AI and automation are reshaping roles, skills and capacity assumptions. This creates opportunity, but also exposes where deal assumptions may no longer reflect how work will actually be delivered.

Expectations have shifted too. Sponsors and investors want faster time-to-value, with less tolerance for delay or under-delivery. The workforce is also more transient. Critical talent is quicker to leave when there is uncertainty, poor leadership or limited clarity on the future organisation and its purpose.

M&A events also carry an external reputational dimension that can be underestimated in the pressure of execution. Prospective candidates may withdraw from processes, job offers can be declined and competitors move quickly. Employer brand damage from a poorly handled integration or separation can take 12 to 18 months to recover, at exactly the point when the new organisation most needs to attract capability. Managing the external narrative, not just internal communications, is part of protecting workforce value.

Carve-outs and separations add further complexity, particularly where shared services, global operations and tightly coupled systems are involved. This increases execution risk and raises the consequences of getting it wrong.

The implication for leaders

The people and workforce dimension is central to whether the deal works in practice. Organisations that deliver value consistently do three things:

1. They test whether the organisation can actually **deliver the deal**, not just whether the deal makes sense
2. They **stabilise** leadership, decision-making and workforce confidence early
3. They stay focused on **performance and value** beyond Day 1.

EVIDENCE FROM THE FIELD

Deals rarely fail on logic. They fail on execution.

The evidence points to a consistent conclusion: M&A deals rarely fall short because the transaction logic is flawed. They fall short when execution breaks down, and when attrition, leadership misalignment, cultural friction and delivery disruption start to erode value.

Our experience...

Deals most often stall when the people agenda falls behind the transaction timetable. Leadership alignment takes too long, critical talent becomes unsettled, decision-making slows and the organisation loses confidence just as execution needs to accelerate.

Up to

70%

of M&A deals fail to deliver expected value, mostly due to people and culture misalignment.

HBR, 2011

Around

30%

of M&A transactions fail to meet financial targets due to cultural issues.

Mercer, 2024

Over

30%

Voluntary attrition increases by over 30% during M&A transactions.

Deloitte, 2025

62%

say that aligning culture posed a significant challenge when integrating acquisitions.

Mercer, 2026

Source note: The figures above are drawn from publicly available M&A research and commentary, including Harvard Business Review's 2011 article *The New M&A Playbook*, Mercer research on culture risk in M&A, Deloitte commentary on employee retention in M&A, and Mercer's 2026 Global Talent Trends research. These sources point to a consistent theme: people, culture, leadership alignment, retention and execution discipline are material drivers of whether deal value is realised in practice.

THE FRAMEWORK

A three-phase workforce framework for M&A



Addressing these risks requires a structured way to manage the people and workforce factors that matter before the deal, at Day 1 and in the months that follow.

We use a simple three-phase people and workforce framework to focus effort where it matters most: testing whether the organisation can deliver the deal before it happens, stabilising execution in the lead-up to Day 1, and sustaining performance and value after close.

The LACE Workforce M&A Framework

	1 PHASE 1: Pre-deal	2 PHASE 2: Prepare for Day 1	3 PHASE 3: Sustain performance
Mergers & Acquisitions	Conduct due diligence to identify any material risks or other considerations that would impact the feasibility, timing or valuation of the deal.	Stabilise the combined organisation by creating clarity on leadership, decision-making and ways of working, while protecting performance.	Sustain performance by aligning ways of working, incentives and structures to the deal intent, and delivering workforce-driven synergies.
Carve-outs	Test whether the organisation can operate independently from a people and workforce perspective, including capacity, dependencies and cost and identify where assumptions may not hold in practice.	Stabilise the standalone organisation by delivering Day 1 readiness, including pay, benefits, contracts and access and maintaining workforce confidence.	Sustain performance by embedding a stable operating model, aligning structures and delivering against the target cost base.

The framework sets out how organisations can protect and realise deal value through the people and workforce dimension of M&A. It starts with a clear pre-deal view of workforce risk and value, then moves into Day 1 stability and sustained performance beyond close.

THE FRAMEWORK

A connected approach

This is not intended to be another programme checklist. Its value is in connecting workforce risk, operational readiness and value delivery across the deal lifecycle, so leaders can see where assumptions may break, what needs to be true at Day 1, and how performance will be sustained after close.

The differentiator

Treating these as a connected approach, rather than separate activities, is what differentiates deals that deliver value from those that fall short.

The 100-day people plan

Many organisations also benefit from a focused **100-day people plan**. This bridges the gap between the pre-deal baseline and the sustained operating model, turning the framework into a sequenced set of actions. Used well, it is not a catch-all project list. It is a clear set of people and workforce priorities, with ownership, that keeps the organisation performing while change lands and helps prevent the drift that can follow Day 1.

The 100-day plan does not replace the three-phase framework. It is the execution mechanism that runs through it, translating the risks identified in Phase 1 into the stabilisation actions of Phase 2, then carrying those through into the performance focus of Phase 3. Organisations that build this plan before Day 1, rather than after it, typically manage the transition with more control and less reactive firefighting.

The following pages look at each phase in turn: the priorities that matter most, how LACE supports delivery, and the questions leaders should ask to test whether the deal is deliverable.





EXPLAINED

The LACE Workforce M&A Framework

“The deal model told us what value looked like. The workforce plan was what actually delivered it.”

Integration rarely fails on the numbers. It falters when leadership alignment slips, critical talent walks, and Day 1 readiness is assumed rather than proven. Getting the people side right is what turns a sound thesis into realised value.

PHASE

1 Pre-deal, understand workforce reality

Build a clear, evidence-based view of whether the deal is deliverable in practice.

Traditional HR due diligence often focuses on policies, compliance and known liabilities. Those areas matter, but they do not go far enough. Phase 1 needs to test whether the organisation can deliver the deal in practice, using the workforce, leadership, capability and operating model that actually exist.

The objective is to build a clear, evidence-based view of whether the deal is deliverable:

For an integration
whether the combined organisation can operate and deliver the intended value

For a carve-out or separation
whether the standalone organisation can operate independently and sustainably from Day 1

This means identifying where assumptions may not hold, surfacing workforce risks that could affect valuation or delivery, and defining what must be true for Day 1 to succeed.

People and workforce due diligence



1 Value

Identifies where the workforce creates or impacts deal value



2 Risk

Identifies what could undermine deal viability or value



3 Fit

Identifies whether the organisation(s) can work in practice



4 Readiness

Tests whether the organisation can operate and deliver from Day 1

PHASE 1 · PRE-DEAL

People and workforce due diligence

1 Value: where the workforce creates or affects deal value

Understand how the workforce contributes to revenue, cost, productivity and operational performance.

M&A: where value is created through synergies, scale, capability and more effective ways of working

Carve-out: whether the standalone organisation has a viable workforce cost base, capability mix and operating model

FOCUS AREAS INCLUDE:

- Workforce cost base, including remuneration, pensions and structural efficiency
- Productivity and business delivery capacity
- Revenue-critical roles and operational dependencies
- Alignment of reward and incentives to deal objectives
- Where automation or AI may change how work is delivered, and whether associated cost and capacity assumptions still hold

Our experience:

Where two organisations with different pay philosophies, grading structures or legacy arrangements are being brought together, the cost and complexity of harmonisation is frequently underestimated in deal modelling. Equal pay risk, in particular, should be identified early, as it can carry both financial and reputational exposure that affects deal valuation.

2 Risk: what could undermine deal value or delivery

Identify workforce risks that could affect valuation, delay delivery, create disruption or reduce confidence in the deal.

M&A: integration risks such as attrition, duplication, leadership misalignment or cultural friction

Carve-out: separation risks such as legal exposure, TUPE complexity, workforce transfer issues and operational gaps

FOCUS AREAS INCLUDE:

- Contractual and legal exposure (terms, liabilities, TUPE)
- Talent risk and key person dependency
- Employee relations issues, including disputes and disciplinary signals
- Misalignment between assumed and actual workforce capability or cost

Our experience:

In multi-jurisdiction deals, complexity intensifies quickly. What works in one country may not be legally permissible in another. Mapping jurisdictional exposure early, and building it into deal timelines and cost modelling, helps prevent it becoming an execution crisis. For CPOs operating internationally, getting this wrong can delay a deal. Getting it right early can protect it.

People and workforce due diligence continued

3 Fit: whether the organisations can work together in practice

Assess whether structures, behaviours, leadership norms and ways of working are compatible enough to deliver the deal.

M&A: whether the organisations can integrate effectively without slowing performance or increasing friction

Carve-out: whether the standalone organisation has the right structure, leadership and capability to operate independently

FOCUS AREAS INCLUDE:

- Organisational structure, role alignment and overlaps
- Culture, behaviours and decision-making norms
- Reward, performance and incentive alignment
- Leadership compatibility and ability to align quickly

4 Readiness: whether the organisation can operate from Day 1

Test whether the business can run, pay people, manage performance and make decisions from Day 1, not just whether the target operating model looks right on paper.

M&A: whether the combined organisation can operate from Day 1 without avoidable disruption

Carve-out: whether the standalone organisation can function independently of the parent from Day 1

FOCUS AREAS INCLUDE:

- Workforce capacity versus deal assumptions
- Readiness of HR systems, payroll, policies and governance
- Clarity of leadership, roles and decision-making
- Ability to maintain day-to-day business performance through transition

Our experience:

A consistent challenge at due diligence is that people data on the target organisation is often incomplete, inconsistent or structured differently from the acquirer's own systems. Headcount figures may exclude contractors. Role titles may not map to functions. Pay data may be held in multiple formats. Establishing a credible and comparable workforce data picture quickly and before deal assumptions are locked is one of the most underestimated practical challenges of Phase 1, and one where time invested early pays dividends throughout the deal lifecycle.

PHASE 1 · PRE-DEAL

The benefits of applying this connected people and workforce approach

- Tests whether the deal should proceed as planned, or whether assumptions need to change.
- Shows where cost, capacity, capability and delivery assumptions may not hold.
- Defines what needs to be true for Day 1 to be stable, credible and operationally ready.
- Clarifies whether the organisation can operate effectively post-integration or post-separation.
- Highlights where workforce factors may affect valuation, structure or the execution approach.

What differentiates LACE's approach

LACE's approach goes beyond identifying workforce risks. We test whether the organisation can run and deliver the deal in practice, and where assumptions on cost, capability or capacity may break under real conditions.

How LACE helps

- Identify the workforce risks most likely to impact deal value.
- Test whether assumptions on talent, capability, capacity and change absorption hold in practice.
- Model workforce scenarios to understand how different integration or separation choices affect capacity, cost, retention and delivery risk.
- Evaluate organisational and cultural fit, including alignment of reward, benefits and pay.
- Define clear implementation principles and Day 1 conditions to support a stable transition.

As the CPO, ask yourself whether the deal is deliverable in practice

1. Is the CPO in the room where deal assumptions are being made, or being handed a brief after the fact?
2. Which are the people, roles or teams we cannot afford to lose, and where will there be overlap?
3. Where are we most likely to see attrition in the first 100 days?
4. What are the biggest workforce risks, and what will we do about them before Day 1?
5. Where could AI automation change how work is delivered, and do our assumptions on capacity, cost and capability still hold?
6. How do different workforce scenarios (e.g. attrition, AI-driven role change, slower delivery) affect our ability to deliver the deal?

PHASE
2

Prepare for Day 1

Turn the pre-deal view into a practical Day 1 plan, tested against real conditions.

Phase 1 tests whether the deal is deliverable. Phase 2 turns that view into a practical Day 1 plan.

This is where assumptions are translated into actions, owners and decisions, and where plans are tested against real conditions such as capacity constraints, attrition risk, competing priorities and changes in how work is delivered.

The objective is to ensure the organisation can operate, make decisions and maintain performance from Day 1 with clarity and control, rather than disruption and reactive problem-solving.

Done well, Phase 2 prevents the points where value is most visibly lost: leadership misalignment when decisions need to accelerate, avoidable attrition in critical roles, unclear accountabilities, and failure of core people essentials such as pay, benefits, contracts, systems and access.

Preparing for Day 1: five key pillars

Five connected pillars shape this phase. These activities are often managed while conditions are still changing. Organisations must respond to workforce capacity constraints, employee attrition, operational pressure and the increasing impact of AI and automation on role design and delivery.

1

Leadership

Clear leadership alignment and prompt decision-making are crucial for effective governance and escalation.

2

Workforce Stabilisation

Protecting critical roles and managing attrition ensures workforce stability during integration.

3

Operational Readiness

HR, payroll, policies, contracts, and systems must be fully functional from Day 1 to avoid disruption.

4

Organisation Design

Organisation design and ways of working must be clearly established, including decision rights, accountability structures, and clarity on how work is delivered across teams

5

Managing Change

Communication and employee confidence play a vital role, as consistent messaging and engagement from leadership help maintain trust and performance during uncertainty.

PHASE 2 · PREPARE FOR DAY 1

Merger / acquisition: what to focus on

Successful integration is not just about completing activities. It is about stabilising leadership, protecting critical capability and maintaining delivery while two organisations come together.

Leadership and decision-making

At Day 1, clarity and speed of decision-making matter more than perfect design.

- Confirm leadership appointments and accountabilities
- Define decision rights, governance and escalation so decisions can be made at pace
- Align leaders around priorities to avoid drift, duplication and delay

Workforce stability and retention

Operational delivery depends on a small number of critical roles and teams.

- Identify critical roles and actively manage retention risk
- Align reward, incentives and benefits to reinforce deal objectives
- Monitor capacity and workforce risk in real time as conditions evolve

Operational readiness and ways of working

The organisation must be able to operate without friction from Day 1.

- Ensure HR and payroll systems, data, policies, contracts, benefits and vendors are operational
- Define how work gets done across the combined organisation in practice
- Adapt structures and ways of working where AI or automation is reshaping delivery

Our experience:

HR's capacity to support a deal is often underestimated. Most HR teams are already stretched before a transaction begins. Resourcing the people workstream, whether through redeployment, interim capability or specialist support, needs to be treated as a project cost, not an assumption.

Success in Phase 2 means leaders can make decisions at pace, the business continues to deliver, workforce confidence is maintained and the deal remains on track. In short, Phase 2 proves whether the organisation can execute the deal under real conditions.



PHASE 2 · PREPARE FOR DAY 1

Carve-out / separation: what to focus on

Separation is not just about standing up systems. It is about ensuring the standalone organisation can operate independently, credibly and without avoidable disruption from Day 1.

Standalone readiness

The new organisation must function immediately, with the core people infrastructure in place.

- Deliver Day 1 readiness across HR, payroll, systems, data and vendors
- Ensure pay, benefits, contracts and policies are in place and working
- Identify Transition Service Agreement (TSA) requirements, dependencies and exit plans, with clear ownership and timelines for transition to standalone services
- Clarify service ownership and accountabilities across the retained organisation, transitional arrangements and third-party providers
- Define the transitional operating model and interim arrangements between Day 1 and the target state, with clear ownership and exit criteria
- Confirm the organisation can operate independently of the parent

Workforce transition and risk

Employee transfer is often the highest point of complexity and execution risk.

- Execute TUPE, consultation and re-papering with control
- Actively manage employee relations, retention and workforce risk
- Protect critical roles, knowledge and delivery capability
- Identify critical knowledge dependencies and ensure knowledge is captured and transferred before parent-company or transitional support is withdrawn

Leadership, governance and confidence

Stability depends on visible leadership and clear direction from the outset.

- Establish interim leadership, governance and accountability
- Maintain clear, consistent communication to sustain workforce confidence
- Maintain delivery continuity while transition is underway

In short

Phase 1 tests whether the deal is deliverable. Phase 2 proves it can be delivered under real conditions.

How LACE helps

- Align policies, reward and performance frameworks to reduce disengagement and unintended behaviours.
- Design interim and future-state organisation structures, clarifying decision rights and accountabilities.
- Provide specialist capability and capacity across organisation design, change, employee experience, EVP, programme management, reward, payroll excellence and HR technology.
- Track how workforce assumptions are playing out in practice and adjust plans as risks emerge.

As the CPO, ask yourself whether the organisation can execute at Day 1

1. Does HR have the bandwidth and specialist capability to run this workstream without compromising business-as-usual delivery?
2. Are we staying true to the implementation principles we agreed pre-deal?
3. Is there a clear Day 1 plan for pay, benefits, contracts and policies, and who owns each part?
4. Do we know who makes which decisions and how issues get escalated quickly?
5. Which teams or roles are most likely to leave right now and what are we doing to retain them?
6. Do leaders have clear, consistent messages to maintain confidence at Day 1?



PHASE

3 Sustain performance

Realise deal value beyond Day 1, adapting as workforce conditions evolve.

Phase 3 is where the deal should begin to deliver its real value. Day 1 stability now needs to translate into sustained performance, with the organisation adapting as workforce conditions evolve in practice. The objective is to maintain momentum, align the organisation to the deal intent, and ensure value is realised, not just assumed in the deal model.

Done well, Phase 3 prevents execution from drifting after the initial intensity of Day 1. It keeps leaders focused on performance, aligns reward and accountability to the deal objectives, and helps address duplication, friction and capability gaps before they erode value.



EMBED

Ways of Working

Consistency and efficiency at scale, with duplication and friction removed.



ALIGN

People & Performance

Incentives, capability and management focus aligned to the deal intent.



TRACK

Value & Adjust

Value actively tracked, managed and adjusted as conditions change.

PHASE 3 · SUSTAIN PERFORMANCE

Merger / acquisition: what to focus on

Realising value requires more than completing integration activity. It depends on embedding how the organisation operates, removing friction and ensuring structures, incentives and ways of working support delivery over time.

Embedding ways of working and organisation design

Clarity at Day 1 must now become consistency and efficiency at scale.

- Embed new ways of working so teams can deliver the value drivers consistently
- Refine roles, spans and layers to remove duplication and reduce friction
- Integrate HR, payroll and service delivery models to drive efficiency

Aligning performance, capability and operational delivery

Sustained performance depends on having the right capability, incentives and management focus.

- Align performance, incentives and objectives to the deal intent
- Close capability gaps and reshape roles as needed, including where AI and technology change how work is delivered
- Build manager capability to lead through integration and maintain team performance

Maintaining performance and tracking value

Value is only realised if it is actively tracked, managed and adjusted as conditions change.

- Maintain productivity by breaking down silos through communication and feedback loops
- Track workforce-led value, including retention, productivity and delivery against plan
- Monitor and adjust workforce choices as assumptions evolve in practice

In our experience:

Line managers are the primary channel through which employees experience an integration or separation, yet they are frequently among the least supported group. They are expected to reassure their teams, maintain performance and manage their own uncertainty simultaneously. A targeted manager enablement programme focused on communication, decision-making confidence and team stability is one of the highest-return investments in Phase 3.



PHASE 3 · SUSTAIN PERFORMANCE

Carve-out / separation: what to focus on

For a standalone organisation, success depends on moving from initial stability to a sustainable, efficient and credible operating model.

Stabilising and refining the operating model

The organisation must move beyond Day 1 readiness to consistent and reliable delivery.

- Manage TSA exit and transition to standalone services, ensuring people, process, technology, data and supplier dependencies are understood, owned and exited without disrupting operational delivery
- Build the retained capability required to operate the standalone model sustainably once transitional support ends
- Avoid recreating parent-company complexity by simplifying services, processes, technology and accountabilities around what the standalone organisation actually needs
- Maintain and refine HR systems, processes and service delivery to ensure operational stability
- Sustain governance, policy and control frameworks as the organisation beds in
- Ensure the standalone model operates independently and reliably over time

Reinforcing structure, identity and ways of working

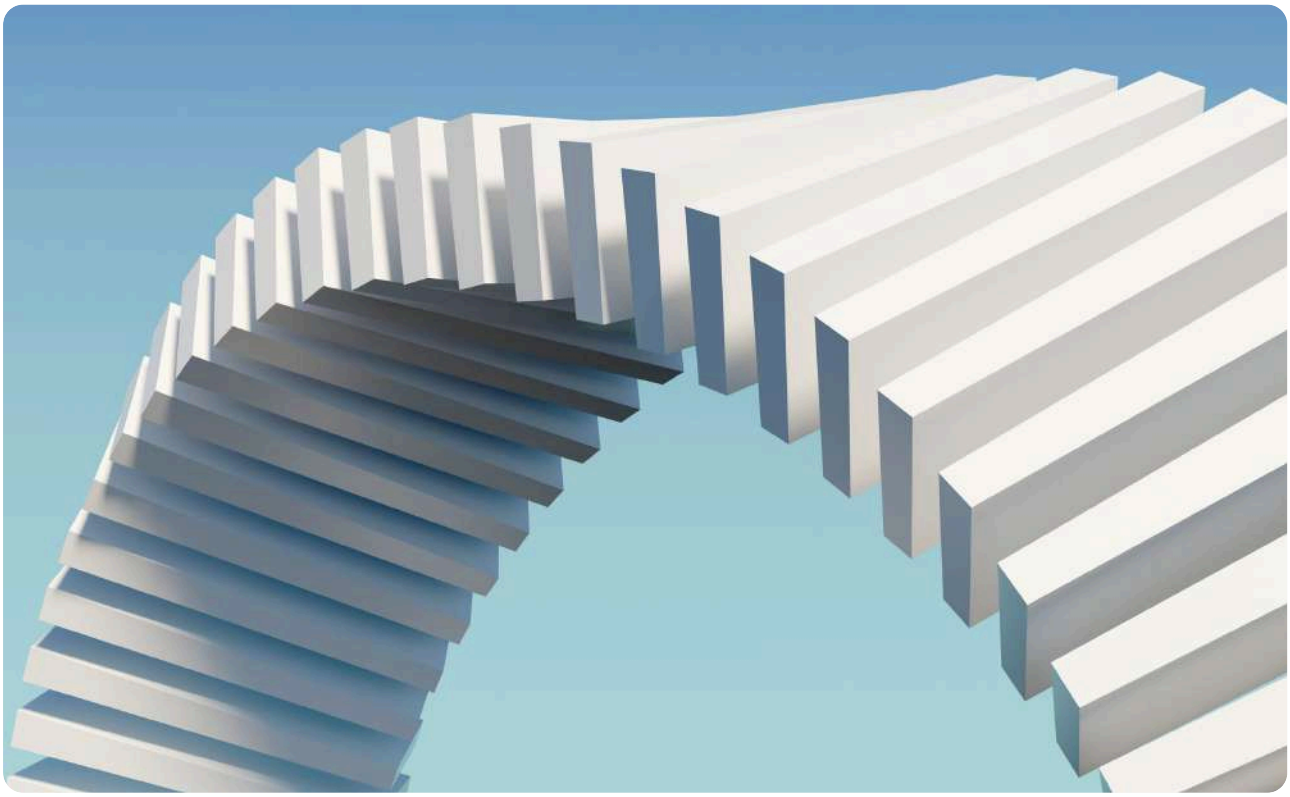
A new organisation needs clarity on how it operates, how decisions are made and what it stands for.

- Reinforce organisational identity, culture and ways of working
- Align structures and leadership to support delivery and accountability
- Maintain clarity in roles and operating rhythm as the organisation matures

Optimising performance and cost base

Once stable, focus shifts to improving efficiency and delivering the intended value.

- Optimise workforce structure and cost base as performance stabilises
- Align reward, performance and policy to financial and operational goals
- Continuously refine workforce decisions based on operational performance and evolving conditions



PHASE 3 · SUSTAIN PERFORMANCE

How LACE helps

- Build and deliver a sequenced workforce integration or separation plan tied to deal objectives and clear ownership.
- Design the organisation to deliver value, including spans, layers, role rationalisation and costed operating model options supported by workforce data.
- Align reward, performance and policy to sponsor goals, including incentive diagnostics and harmonisation.
- Track value realisation through workforce analytics, including retention, productivity, engagement and delivery against plan.
- Build internal client capability to sustain delivery and support future deals.

As the CPO, ask yourself whether the organisation is delivering deal value

1. Do we have a clear plan for what changes when, and who is accountable?
2. Where can we reduce duplication and layers without impacting operational delivery?
3. Are pay, incentives and performance measures driving the right behaviours?
4. Can we clearly see whether we are delivering the planned value, and act quickly if we are not?
5. Is the organisation building the capability to sustain performance and support future deals?
6. Which assumptions are no longer holding, and where do we need to adjust to protect value?

In short

Phase 3 keeps the organisation focused on what actually happens after Day 1, where value is either realised or quietly lost.

WHERE TO START

Build a workforce risk and value baseline

The best place to start is a simple, evidence-backed people and workforce baseline. This tests whether the deal can be delivered in practice, where assumptions may break, and which workforce conditions are most likely to affect performance, value and risk.

People & Workforce Baseline

Workforce cost, capacity and delivery

Understanding where value is created and whether the organisation has the capacity to deliver it.

- Workforce cost, structural efficiency and productivity
- Capacity to deliver against deal assumptions
- Revenue-critical roles and operational dependencies

Culture, behaviour and ways of working

How work actually gets done and where friction is likely to emerge.

- Decision-making norms, leadership alignment and behaviours
- Cultural compatibility and integration risk
- How work flows across teams and functions

Critical roles, capability and risk

Operational delivery is often dependent on a small number of roles, capabilities or relationships.

- Critical roles, leadership depth and retention risk
- Capability aligned to deal intent
- Areas of potential workforce or execution risk

Operational dependencies and infrastructure

Where delivery depends on systems, data and organisational connectivity.

- Reliance on HR systems, payroll and people infrastructure
- Cross-team and system dependencies
- Risks to continuity and operational stability

Run workforce scenarios

The baseline can be used to test how different workforce scenarios affect operational delivery, including changes in capacity, attrition and how work may be reshaped by AI and automation.

- Identify where deal assumptions are most likely to break
- Define what must be true for Day 1 to operate successfully
- Prioritise actions to protect value before issues surface

Building capability for future deals

Organisations that consistently deliver value embed this thinking into how they approach M&A.

- Develop a people and workforce M&A playbook tailored to the business
- Identify capability and capacity gaps that may limit delivery
- Engage deal sponsors early so workforce considerations shape the deal, not follow it

WHERE TO START

Turning the baseline into action

The six baseline areas give leaders a practical structure. Use the baseline to:

1 Test the deal assumptions

Challenge whether assumptions on cost, capacity, capability, leadership, culture and delivery will hold in practice.

2 Identify where value may leak

Pinpoint the workforce risks most likely to affect pace, operational continuity, talent retention or confidence in the deal.

3 Define what must be true for Day 1

Translate the baseline into clear Day 1 conditions, owners and actions across leadership, HR operations, communications, reward, retention and workforce stability.

4 Track and adapt post-close

Use the baseline as a live reference point to monitor retention, productivity, capability gaps, workforce risk and value delivery.

The compounding benefit

Used well, the baseline becomes a decision tool, not just a diagnostic. It shows where the deal is exposed, where assumptions need to be tested, and where action is needed to protect value. Over time, it also provides the foundation for a repeatable People and Workforce M&A playbook, strengthening the current transaction and future deals.



WHY LACE

What makes our approach different

Most organisations recognise the importance of people in M&A. The challenge is not awareness. It is execution under pressure. Our approach helps organisations deliver the deal in practice, not just plan for it.

1

We test whether the deal is deliverable, not just whether it makes sense

Many deals are built on assumptions about capacity, leadership and change absorption that do not hold in practice. We test whether the organisation can deliver the deal during due diligence, using the leadership, capability and workforce it has today, and surfacing risks before they become execution issues.

2

We connect the people agenda directly to deal value

The workforce is often treated as a supporting workstream. In practice, it is a core driver of whether value is achieved. We link workforce decisions to measurable outcomes, including retention, productivity and delivery against deal objectives, so leaders can see where value is being created or lost.

3

We bring expertise, capacity and accelerators to execute at pace

Organisations often lack the capacity to deliver a deal alongside business-as-usual priorities. We work with leadership teams to provide specialist expertise, additional delivery capacity and accelerators such as our People & Workforce M&A Playbook, ensuring plans translate into action.

4

We stabilise the organisation before we optimise it

Most integration or separation plans prioritise the end state. In practice, value is lost during the transition. We focus on stabilising leadership, decision-making and workforce confidence early, so the organisation can continue to perform while change lands.

5

We stay focused on delivery after Day 1

Day 1 is often treated as the finish line. In reality, it is where the most complex work begins. We maintain a clear focus on performance, adoption and value realisation beyond Day 1, helping organisations sustain delivery and avoid drift once the transaction is complete.

6

We build capability, not dependency

Our focus is not just on delivering a single transaction. We help organisations build the capability, operating rhythm and playbooks to deliver future deals more effectively.

Our approach

In practice, we are not just advising on the people side of M&A. We help leaders make it work, drawing on practical experience, know-how and accelerators to move at pace.

A CALL TO ACTION

Where are you now?

If you are preparing for a transaction, want a clearer view of execution risk, or need to strengthen delivery post-close, we can help you identify where to focus first. A short risk assessment and diagnostic can quickly show where workforce issues may affect value, confidence or operational performance.

Start by asking five practical questions:

1. Is the CPO in the room before the deal is shaped, or handed a brief once it is done?
2. Do you know which five people, if they left in the first 90 days, would put the deal at risk?
3. Can your HR function resource this deal without compromising everything else it is already doing?
4. If Day 1 arrived tomorrow, could you pay everyone correctly, confirm their contracts and answer their basic questions about what happens next?
5. Six months after close, how will you know whether the deal is delivering its people-dependent value and who is accountable if it is not?

The people agenda sits at the heart of our M&A offering, from shaping deal assumptions through to sustaining value after close.

Step 01
Build a People & Workforce M&A playbook

Step 02
Engage leadership early on the value of people

Step 03
Anticipate and act on people risks early

Step 04
Align leadership and stabilise critical talent at Day 1

Step 05
Redesign the organisation to support the deal strategy

Step 06
Execute a clear, 100-day people plan



LET'S TALK

LACE
HR | PAYROLL | REWARD

The difference between a deal that works on paper and one that works in practice is whether leaders and employees have the clarity, capability and confidence to perform through transition. That means acting early on workforce risk, leadership alignment and operational readiness, rather than waiting for people issues to surface once the transaction is under way.

Organisations that do this well protect talent, maintain productivity, deliver Day 1 with confidence and sustain value beyond it. If you are preparing for a transaction and want a clearer view of where workforce issues may affect value, confidence or delivery, we would be happy to talk.

Ready to undertake a people-focused M&A integration or separation?

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