



# Key Person Retention

The success of your PMI and of your investment depends on people. Yet the people in the acquired company are full of insecurities of what their new shareholder will bring. Their perception will be based on their own culture, but for anglo-cultures they will want answers to the questions; who is my boss, what will be my responsibilities, how will I be measured, how much will I be paid, and what are my promotion and career prospects. Without clear answers (and sometimes with), you can expect employee turnover. In this transition phase retention of employees is more important than ever, and especially in cross-border deals it is common to pay bonuses (often in cash) to encourage key employees to remain with the company. The process for retention begins with identification, assessment by interview, and plan design. The interview process is also very important to providing indicators of soft people issues to build into your HR planning.



## Common retention bonus metrics

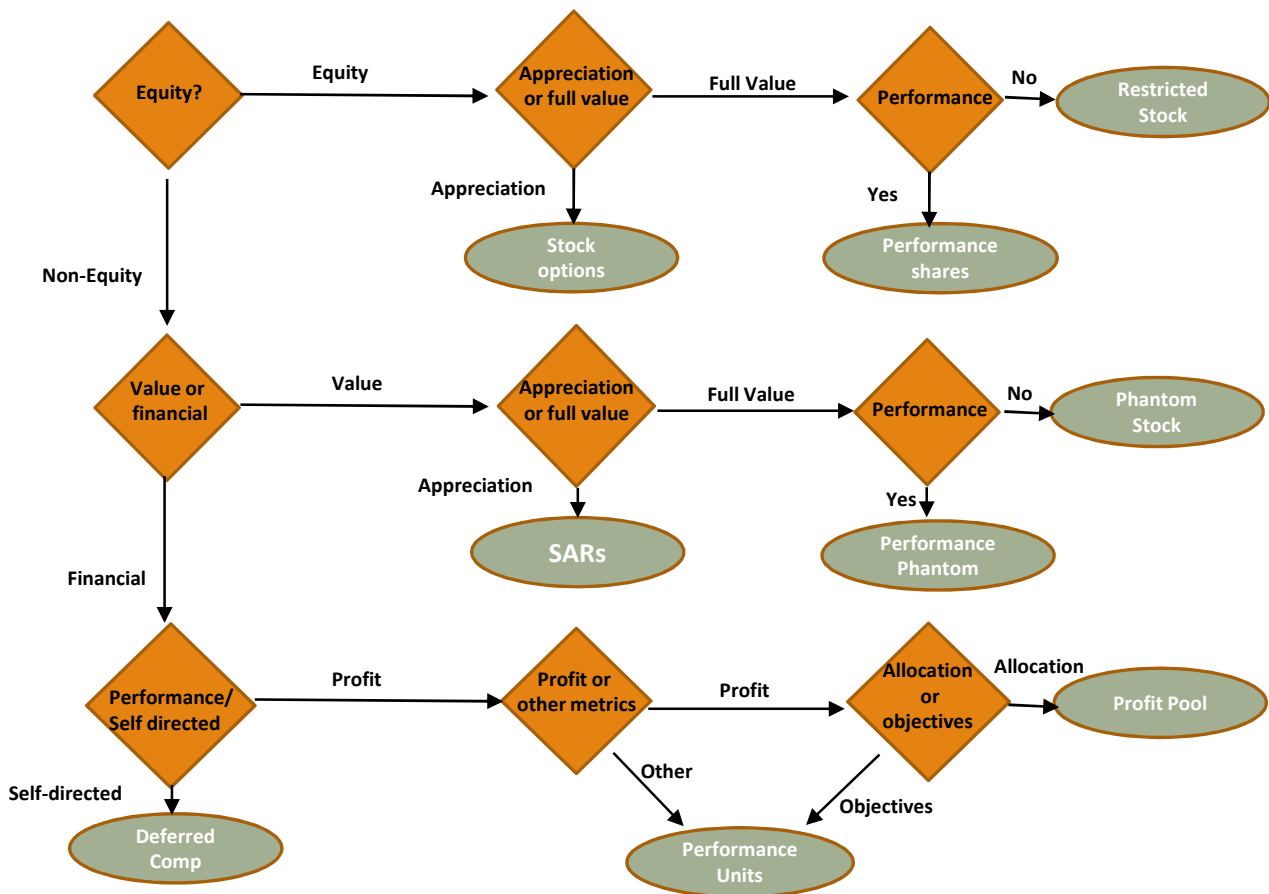
a) Median retention bonus eligibility, amount and Vesting period	%Eligible	% of base			Vesting Period
		USA	EC	Asia	
Executives for long term success	80%	95%	25%	45%	12-24m
Senior Managers	80%	55%	30%	30%	12-18m
Employees for Integration	60%	30%	25%		6-12m
Other Employees	5%	25%			6-9m

b) Bonus conditions	
Stay through close	55%
Stay for period post close	75%
Integration milestone	36%
Financial milestone	22%

c) Payment type	
Cash	64%
Cash & Equity	27%

d) Bonus pool as % of deal value	
< \$100M	2.00%
\$100M-\$1B	1.25%
> \$1B	0.25%

Retention bonuses are a temporary fix. For long term talent retention, market based benefits and long term incentives should be considered, including equity, stock appreciation, performance units and profit pools



### How we can help

Crossborder PMI Advisors puts people issues at the center of its support to clients. We support our clients in all aspects of people retention, from identification, to interviews package design and communication. In particular, in cross-border deals we also identify the cultural drivers to retention and offer practical advise tailored to the specific local environment of our clients deals.

For further information or RFP, please contact us at: [info@xbpmi.jp](mailto:info@xbpmi.jp)

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