

# M&A Academy

HR integration after a merger:  
a practical example

29 April 2010



**BNP PARIBAS**  
**FORTIS**

| The bank for a changing world

# Aligning Human Resources to the business changes

## Staying a Source of Competitive Advantage

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29th of April, 2010

# Agenda

## 1. Context

## 2. What's the strategic added value of HR in times of change?

- 2.1. HR supporting the management of change
- 2.2. HR optimizing and maximizing the Mobility
- 2.3. HR continuing to attract & recruit talents in a controlled way
- 2.4. HR further linking reward to risk management
- 2.5. HR enabling people take the lead & responsibility for change.
- 2.6. HR creating a corporate culture to support the change.
- 2.7. HR supporting the Business strategy

## 3. Future challenges for BNP Paribas Fortis

## 4. Conclusion



# 1. Context

## 1.1. The overall crisis context of the banking sector

▪ **Subprime crisis**

▪ **Financial crisis**

▪ **Economic crisis**

▪ **Regulatory Requirements**

▪ **Changing strategy in HR**

2008

2009

2010

2011



# 1. Context

## 1.2. Changing strategy according to new HR challenges

- Sept2007 *Credit Crisis / ABN Amro acquisition*
- Jun2008 *Pressure on Solvency*
- Spet/Oct2008 *Pressure on liquidity (BNPP protocole d'accord)*
- Nov/Dec2008 *Pressure from Shareholders*
- March 2009 *BNPP Renewed deal*



### Link with Life Cycle of an organisation







	Stages			
	INTRODUCTION	GROWTH	SATURATION	TRANSITION
Strategy	Taking risks and Flexibility	Increasing market share	Maintaining market share	Rightsizing
Critical Factors of Success	Entrepreneurship	Marketing & Sales	Cost control	Reduction of costs
HR Strategy	Attracting	Attracting, Developing, Maintaining	Motivation Control	Rightsizing
HR Activities	- Attracting talent - Flexible dedication - Merit pay - Teambuilding - Informal	- MD - Assessment - Personnel planning - Education - Remuneration	- Formalisation - Collective labour agreement	- Stayers / leavers - Personnel planning - Social agreements
HR Organisation	Management	Small HR dept.	- Large HR dept. - HR special	Rightsizing special
	1990	2000	2008	2009 - ...
	Acquisitions		Integration and consolidation	International Growth strategy
				Rightsizing



# 1. Context

## 1.3. What is BNP Paribas Fortis?

BNP Paribas Fortis provides a total package of banking services to personal, business and institutional customers through its own high-performance channels and via other partners, with a strong presence in Europe.

	 	
<b>Number of FTE</b>	<b>85.000 FTE</b> 	<b>37.000 FTE</b> (17.000 FTE in Belgium)
<b>International presence</b>	More than <b>50 countries</b> 	Almost in <b>50 countries</b>
<b>Activities</b>	<ul style="list-style-type: none"><li>▪ Retail, Private and Commercial Banking Activities.</li><li>▪ Selected Merchant Banking Activities.</li><li>▪ Worldwide Asset Management Activities.</li><li>▪ Insurance activities.</li></ul> 	<ul style="list-style-type: none"><li>▪ Retail, Private and Commercial Banking Activities.</li><li>▪ Selected Merchant Banking Activities.</li><li>▪ Worldwide Asset Management Activities.</li></ul>



# 1. Context

## 1.4. A year of change within BNP Paribas Fortis

### Consequences of the changes BNP Paribas Fortis underwent

#### ▪ Changes to the organization (structure):

- Separation of FBN, ABN Amro, Fortis Holding, FIB
- Reduced scope of Fortis Bank: from 85.000 to 37.000 FTE
- Integration of BNP Paribas Fortis as Belgian part of BNP Paribas Group (205.000 FTE)

#### ▪ Long period of uncertainty due to:

- Awaiting outcome of Shareholders Meetings.
- Absence of clear long-term strategy.
- Anxiety & resistance from employees.

#### ▪ Focus on new short-term objectives:

- Re-structuring of the whole organisation; perform it in a socially acceptable way.
- Retention of key people for ST and LT for business continuity.
- New skills match to support the new business model
- ...

Impact  
on  
people



**Key role  
for HR**



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# 2.1. HR supporting the management of change

## HR initiatives to support change process

- **Communication:** HR initiatives to inform (HR) employees (weekly info sessions, Q&A on intranet, central mailbox ...) and to give employees opportunity to ask questions (breakfast sessions).
- **Pulse Survey/ Global People Survey:** Measuring emotions, engagement and satisfaction.
- **Training:** Workshops to help employees deal with change, update training offer focusing on specific needs in the new context.
- **Individual Support:** Individual support by Medical & Social Department, with special aid group to support client-facing staff as well as people suffering from anxiety.
- **Support of line management:** Creation of specific tools to support line management to 'lead' in times of change



## 2.2. HR optimizing and maximizing the Mobility

Net reduction of ~750 FTEs in BE (2009-12) → **Rightsizing in a social acceptable way** → **No forced dismissals**

### Many levers available to manage the staff reduction :

- Enlarged career development opportunities
  - Mobility within BNP Paribas Fortis
  - Mobility within the BNP Paribas Group
- Natural outflow (>2 000 FTEs between 2009-12)
- Individual measures based on voluntary choices

### Results to date :

- 147 p. redeployed
- 37 p. out
- 565 EDP
- 100% social peace

### Implementing and Running a Mobility Centre :

- **Based on Global Strategic Workforce Planning** (*Recalibrate mobility efforts, recruitment budgets, required profiles*)
- **Market maker of internal job market** (*match vacancies / available talent*)
- **Pro-actively stimulate and manage mobility** (*increase performance, motivation and employability*)
- **Internal Interim Agency** (*temporary missions / temporary available candidates*)
- **Redeployment** of people having lost their function due to restructuring (*incl. intake, coaching, training, ...*)
- **Gatekeeper for external recruitments** (*only possible if no suitable internal candidate is available*)

### Steering social dialogue & negotiation:

- **Constructive social dialogue** by continuous structured informal contacts and transparent agenda
- Translation of the Mobility Commitment in a **new «CLA»** : no dismissals, transition from one function to another (3y compensation guarantee)



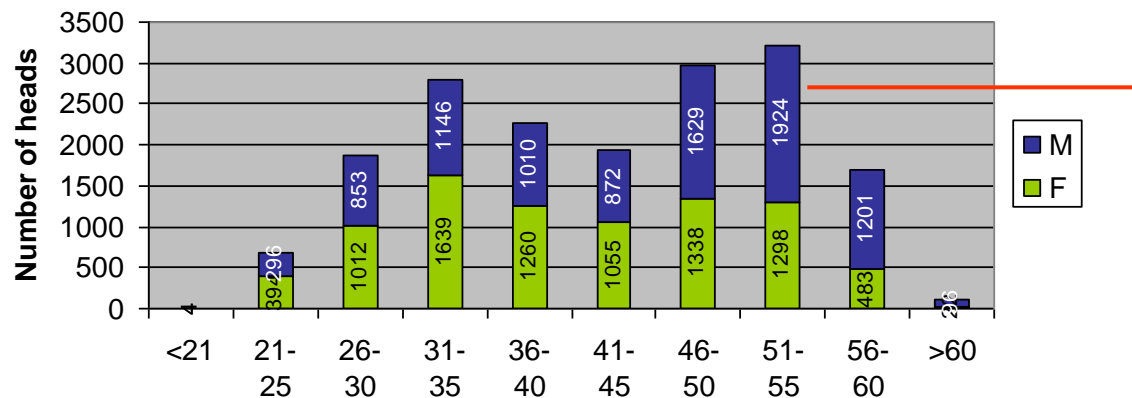
## 2.3. HR continuing to attract & recruit talents in a controlled way

### Recruiting new talents ....

- The Net reduction of ~750 FTEs in BE (2009-12) results from : gross reduction 2 000 FTEs / Increase FTEs through :
  - Strengthening of BNPP Fortis commercial position in BE (~650 FTEs)
  - BNPP Group International set-up (Steering Centers / shared SC / Competence Centers) (~550 FTEs)
- Recruitment needs & results :
  - New hires in 2009 : 1 200 p. (a.o. 700 for Retail, new campaign)
  - Recruitments in Belgium in the three coming years (>2 000 FTEs)
  - New Employer Branding under development

### ... Keeping aging-population on board

Age pyramid 12/2009 by gender



- Relatively old population
- Risk of having all those persons leave the company
- A global campaign to promote working till 65y will be launched. HR will continue to deepen the reflection and further analyze viable solutions and their consequences (link with CSR / Diversity).



# 2.4. HR further linking reward to risk management

## Regulators

## BNP Paribas Fortis alignment

### Context

The objectives of regulators are to ensure Financial Institutions have a compatible compensation policy with a healthy and effective management of the risks and which aligns itself with the strategy of company.

### New requirements :

- Shift towards longer term incentives
- More intensive focus on risk
- Shift from individual to more group-wide performance
- Better balance between variable and fix
- Disclosure on remunerations

### Our Fortis Reward Model is already in line with the regulator's requirements.

- Formalised and documented system
- Fair and transparent (known by employees / W.Council)
- Linked to performance objectives : qualitative and quantitative, risk- and long-term related, combined objectives of the Business / Company / Individual
- Independence of Remuneration Committee

### We will further improve following aspects :

1. Strengthened Governance (procedures, control functions)
2. Deferrals introduced for part of variable payment
3. Bonus calculation better linked to risks and cost of capital
4. Improved communication on compensation policy



# 2.5. HR enabling people to take the lead & responsibilities for change

## Winning back hearts and minds of our employees

### Short term : stimulate "realistic" sense of belonging

- Business "meet & greet" events
- Training "working effectively in Franco-Belgian context";
- Invite BNPP executives as guest faculty in FB seminars
- Invite FB in BNPP métier conventions / training
- ...

### Today : accelerate the new momentum and engagement

#### Re-engagement Program for BNPP Fortis

##### WHAT

- Belonging to a new Group but with autonomy and focus on CSR
- Focus on what is BNPPF standing for (values)
- Link with ethical choices and CSR (~ new Employer Branding)
- Focus on leadership in a changing world (integration, reorganization, One bank)

##### HOW

- Not a big classic program
- Based on the new reality where business can build on
- Not overlapping with business and local initiatives

**BNP Paribas**

connect Senior  
Managers  
of both companies

(International)  
**Business**  
specific  
initiatives



**BNP PARIBAS**  
**FORTIS**

| The bank for a changing world

# 2.6. HR creating a Corporate culture to support the change

## *Develop a common culture respecting local entities*

- Capitalize on a strong and visible brand.
- Develop a Corporate Social Responsibility policy integrating local realities and leveraging on local needs.
- Share common values to be “the bank for a changing world”: ambition, commitment, responsiveness, creativity.



Be proud to work for a demanding but fair and successful company and collectively be part of the unique and ambitious industrial project to build a Eurozone leader.

## - Lessons learned -

Build a culture which “is acceptable for / fits with” the Company !

- ✓ A well prepared field; take time to discuss it, to build it
- ✓ Not too fast, not too superficial
- ✓ Anchor in the mindset and behaviors
- ✓ Link to Business model/mindset

→ Solid foundations exist in current BNPP Fortis' culture : performance oriented, international/mobility mindset, act as one group, ...



# 2.7. HR supporting the Business strategy

**BNPP Fortis Bank (Rightsizing) Strategy**

**Retail & Private Banking Strategy**



*Translation into HR strategy and HR activities*



**HR (Rightsizing) Strategy**

**HR Business (as Usual) Strategy**

## HR Priorities (Short Term)

- 1. HR Re-structuring**
- 2. BNPP Fortis Successful Integration**
  - ✓ Rightsizing in a social acceptable way
  - ✓ Ensuring Business Continuity/ Retention
  - ✓ Organizing and maximizing mobility
  - ✓ Attracting & recruiting talents in a controlled way
  - ✓ Steering & Monitoring staff planning & staff costs
  - ✓ Managing relationships with Social Partners
  - ✓ Supporting leadership *to re-engage people*

## HR Priorities (Long term)



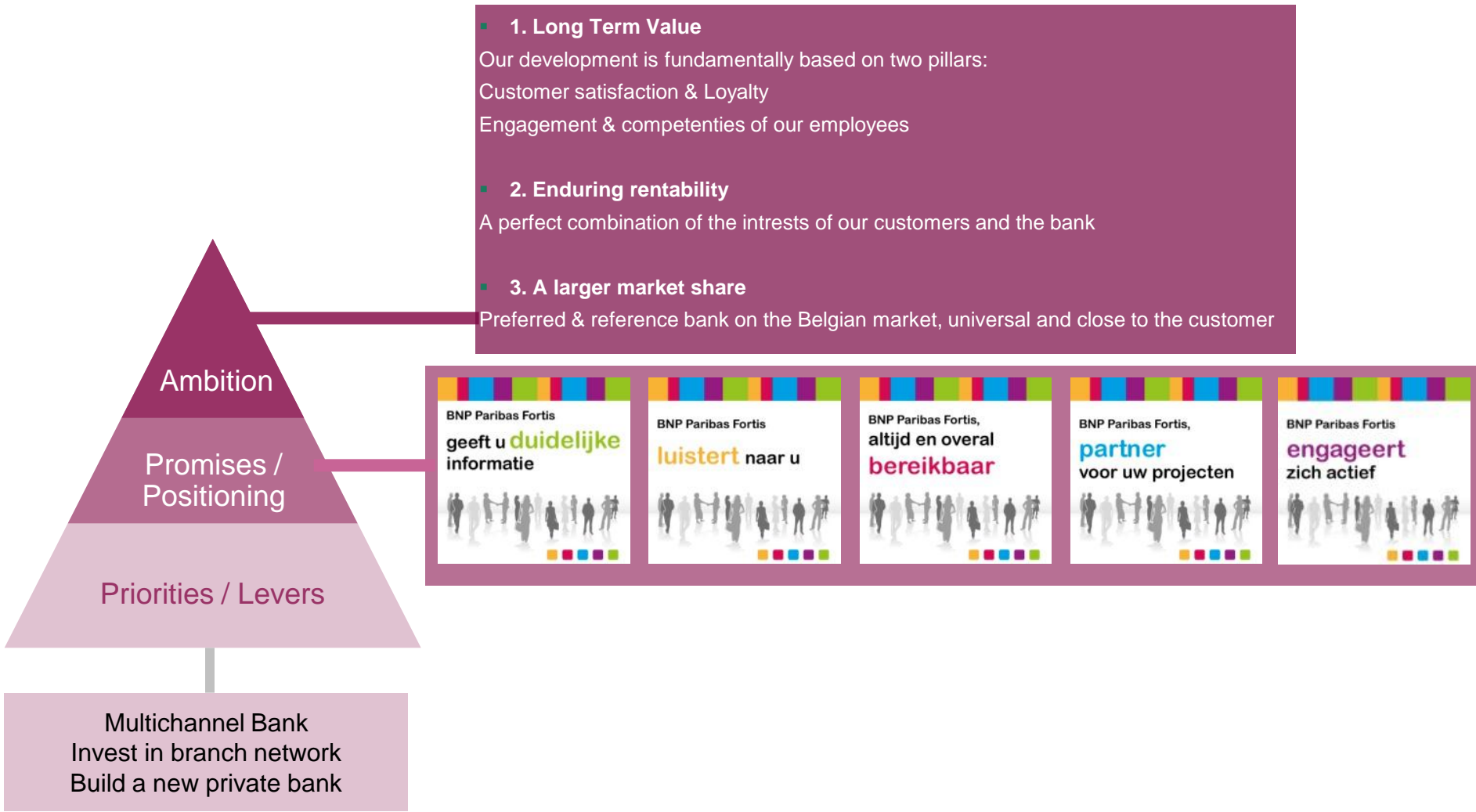
**Balance between Short & Long Term**



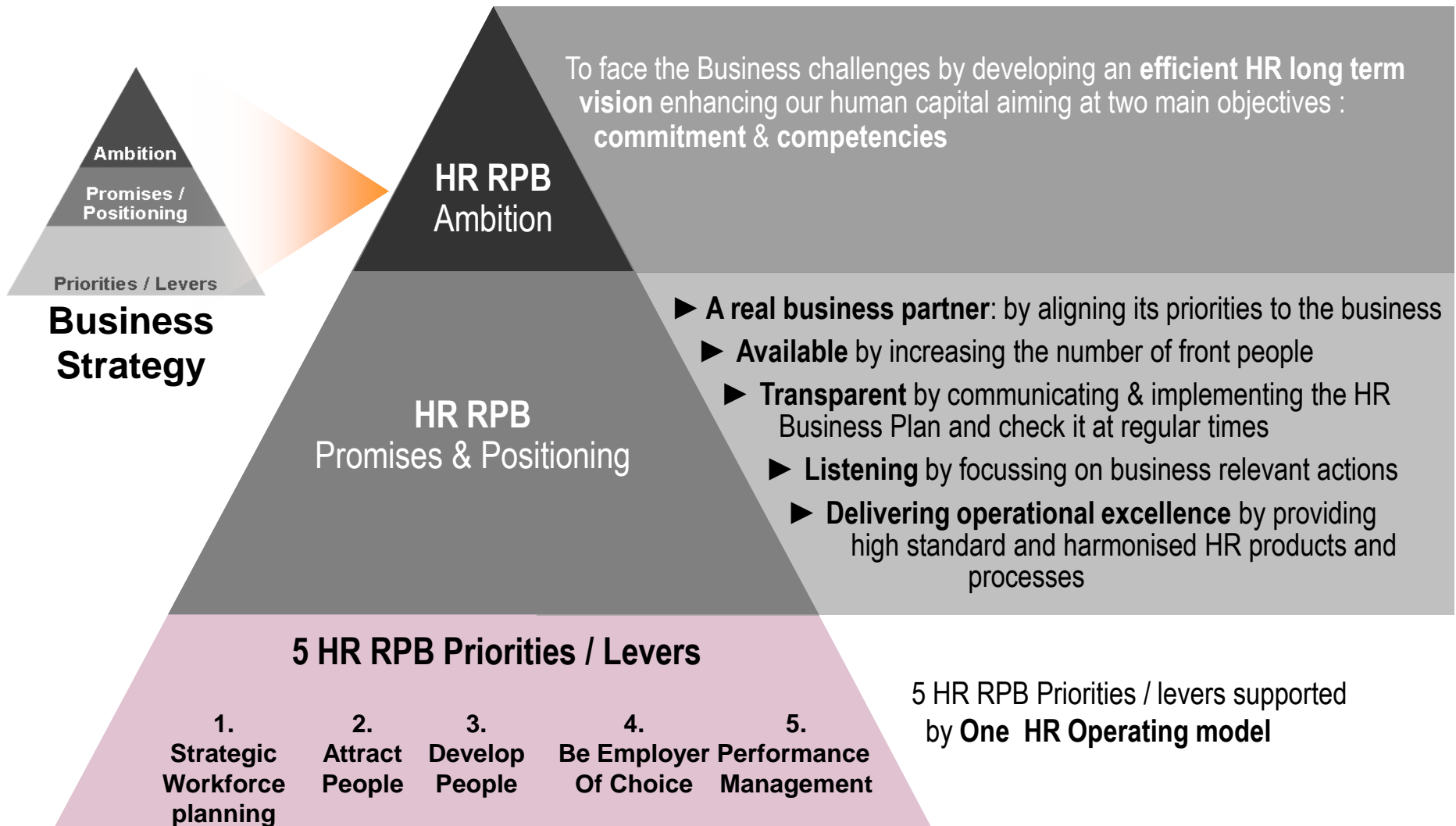
**BNP PARIBAS  
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# 2.7 From business Strategy...



## 2.7. ...to HR Strategy



# Priority 1. Strategic Workforce Planning

## Why a strategic workforce planning ?

### From our starting point...

- Reactive recruitment
- Focus on starters & juniors
- Exclusively budget oriented
- Limited view on our people



### To the realization of our ambition

- Pro-active recruitment
- Opening to senior profile
- Budget & Need oriented (gap analysis)
- Qualitative shared view (Business Managers & HR Manager on our people (on potential & performance))

Real added value of HR, as business partner , providing pro-activity on :

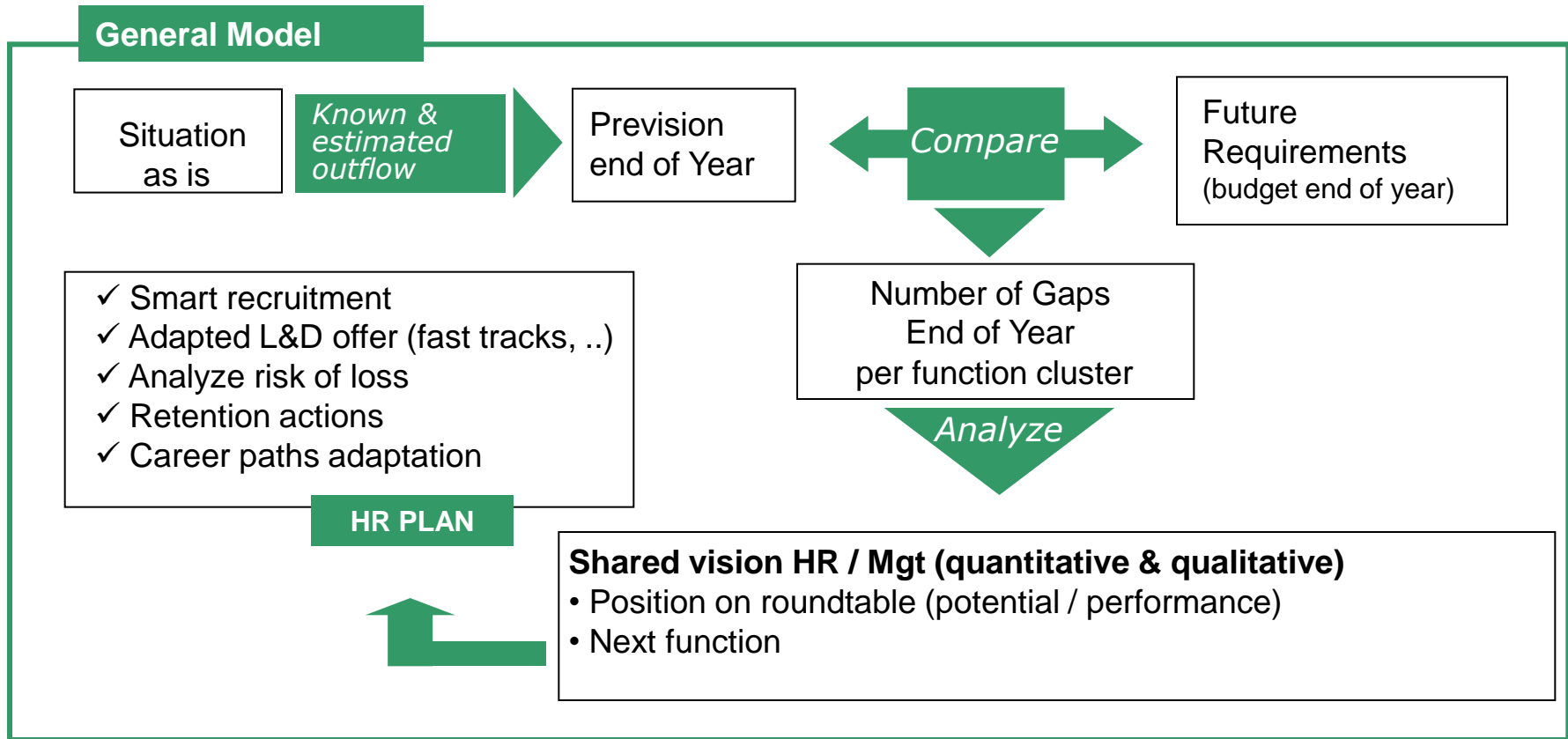
- ✓ Staffing
- ✓ Development
- ✓ Career planning

*Increasing stability and satisfaction of staff in the scope of improving customer satisfaction*



# Priority 1. Strategic Workforce Planning

## The right (wo)man on the right place



# Priority 2. Attract People

We need to recruit 700 new talents in 2010



**BNP PARIBAS FORTIS** | De bank voor een wereld in verandering

**BENT U EEN  
COMMERCIEËLE  
PRO  
MET ZIN IN EEN  
UITDAGENDE  
CARRIÈRE?**

Kies dan voor BNP Paribas Fortis. Want hier vindt u een carrière op maat van uw commerciële kwaliteiten. Bovendien komt u terecht in een dynamische en internationale onderneming, vol uitdagende loopbaanperspectieven. Ontdek onze vacatures voor commerciële professionals op [Jobs.bnpparibasfortis.com](http://Jobs.bnpparibasfortis.com)

The advertisement features a group of diverse professionals in business attire standing in front of a green background with white silhouettes of people.

## External Recruitment

- **450 talented starters**
- **100 Senior Sales & Management**
- **100 Direct Bankers**
- **50 Experts**

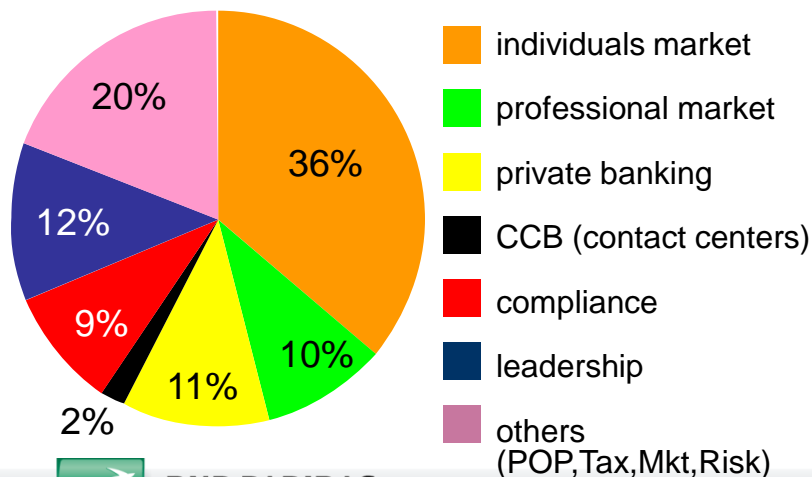
*Impact new recruitment campaign : from 100 to 200 CV per week to nearly 600 CV in one week*



# Priority 3. Develop people

HR Retail & Private Faculty	ONE L&D Plan Including 3 PDP extra sessions for YHIPO's	2009 32.000 man/days
<b>Partnership</b>		<b>Budget</b>
Sales Support RPB	Developing real bankers with Métier expertise	2010 61.000 man/days

Fair **share of L&D** support to each market to succeed the integration



All **talent development** areas and business integration topics will be covered

On-boarding	12.000
certificate programs	5.000
leadership	7.500
compliance	5.500
business continuity	31.000

Specific **tracks** aligned with career management

- ✓ Starters
- ✓ P&S (6 tracks)
- ✓ New BM
- ✓ Private Banker (certif.)

**Continuity with  
Tailor-made sessions**



# Priority 4. Be an Employer of choice

Actions Plans focus on Leadership & Support cultural integration with BNPP

360°

## Key milestones :

- Management Team Members from commercial & Central entities Done (200)
- Branch Managers (425) Ongoing

Team Motivation Barometer

5/year

Retail & Private Banking

covering the 5 promises

## Most positive score :

“Enjoyment”; “Feedback towards managers”; “partnership”;  
“transparency”

## Attention points :

“Feedback by management on the job”; “workload” &  
“professional Development”

Global People Survey

1/year

BNP Paribas Group

## Top items

“My job”; “Engagement”; “Integration”; “Immediate Manager”

## Bottom items

“Leadership”; “Customer Focus”; “Internal Communication”



# Priority 5. Performance Management: Target setting

## Role fulfilment (key tasks) – all employee

- ✓ Fortiomas replaced by four **BNP Paribas values**
- ✓ Introduction of “**Managerial Behaviour**” (for team leaders)
- ✓ **Risk/Compliance** (e.g. Mifid, ...) in job description network

## Role fulfilment (key tasks) – For each Manager

- ✓ “People Management”

### Individual Targets

- ✓ **30 % “Living the promises”**
- ✓ **20% Risk / Compliance**
- ✓ **50% to be defined by manager**

### Business Targets

- ✓ **50% Financials**
- ✓ **50% Customer Satisfaction**



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# 3. Future challenges for HR at BNP Paribas Fortis

Attract and recruit  
the best people  
In the market

Offer talented  
individuals  
a new world  
of opportunity

Develop a common  
culture respecting  
local entities

## Enhanced job challenges for employees in a dynamic Group

1. Be one of the most attractive employers in Belgium & Luxembourg
2. Pursue and develop close links with top universities
3. Provide a unique set of career opportunities and development scheme through its diversity in businesses and geographies
4. Talent development to manage the skills match
5. Fill the need for international managers for our international development
6. Capitalize on a strong and visible brand.
7. Develop a Corporate Social Responsibility policy integrating local realities and leveraging on local needs.
8. Share common values to be “the bank for a changing world”



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# 4. Conclusion

## Lessons learned

- Times of crisis and change = more than ever an opportunity for HR to play a key role in an organization.
- Communicate and manage the Change
- Keep in mind HR basics: human contact, capacity to comfort people ... deal with emotions
- Focus on leadership & culture : key for the company to manage that change (*“easy to outsource payroll, trainings, ... where culture is to be managed internally and on the long run”*)
- HR is not only supporting but also shaping the Business Strategy



*Thank you*



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