

Cross-Border Workforce Reorganization

Overview

A U.S.-headquartered multinational faced a substantial global reorganization of employee benefits and employment terms when integrating two workforces following the acquisition of a major company. Covington coordinated and drove the multiple complex elements to deliver a sophisticated and flexible process which met the business' goals while addressing compensation and benefits planning and employment challenges.

Project Challenges

Our client, with a global platform, was acquiring a major business in a transformative transaction. Duplication of workforces in many areas was a known factor, and post-closing integration and reorganization was a critical component of the deal.

Our client needed help assessing the impact of migrating employees onto its employee benefits platforms and employment terms, and in implementing this simultaneously across many jurisdictions. Issues covered included severance and the treatment of equity awards (including tax planning), migrating benefit plans, collective employee consultation rights and redundancies, varying employment terms following transfer, and many complex expatriate matters (including cross-border equity awards and tax/recharge matters).

Broad global publicity added to the complexity because the centralized approach also needed to satisfy local requirements without causing significant negative consequences for employees or repercussions for the company. The implementation process also needed to navigate the two businesses' differing cultures.

60 Countries

Is Your Company Facing Similar Issues?

- Are you a multinational company contemplating the harmonization of employee benefits and employment terms following a recent cross-border merger or acquisition?
- Is your company regularly acquiring other smaller entities in jurisdictions around the world?
- Are you a multinational company needing to reduce current headcount or merge existing operations?

Strategy

A lean Covington team of global employment and employee benefits lawyers, combined with assistance from Covington global executive compensation, securities, data privacy, and tax lawyers, worked closely with the company to create an integrated strategy to ensure a successful reorganization and transition of the acquired workforce onto our client’s global employee benefits and employment platforms.

Our experienced lawyers played a key role in orchestrating the transition and in drafting the company’s country- and region-specific employee benefits and employment documents. This work involved direct coordination with the key stakeholders at the company who were executing the reorganization, including representatives from:

- human resources
- the legal department
- executive compensation team (strategy and administration)
- global payroll
- global mobility
- tax
- treasury
- accounting



Prior to this project, many of these internal stakeholders had not had the opportunity to work together across departments as a dedicated group

“Quarterback Role”

Covington advised strategically and led efforts to ensure a practical, integrated approach across jurisdictions that allowed for timing differences but would not solve a problem in one area only to create a new one elsewhere. Over the course of the project, we worked closely with in-house counsel, outside and local counsel, outside consultants, and business-side executives and staff, serving in a “quarterback” role in coordinating among these various stakeholders and other advisors.

Results



Our client successfully completed its workforce reorganization, and transitioned tens of thousands of employees onto its employee benefits and employment platforms.



Workforce relations were managed with minimum ongoing impact.

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