Effective Onboarding at BMS Following an Acquisition

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Presentation Objectives

• Share our approach to assessing talent at a newly acquired organization
• Share our change management-focused integration model for new employees; a self service model focused on both cultural integration as well as logistics

Setting the Context:
• In September 2009, BMS completed an acquisition of Medarex
  • BMS – 29,000 employee pharmaceutical organization,$19.5B sales
  • Medarex – 500 employee biotech organization, $2.4B sales, 3 locations

Integration Approach:
• Kept the CA site / organization in-tact
• Identify ~100 employees to integrate into the BMS NJ facilities
• Shut down the remaining Medarex sites after work transition completion
Talent Review Process
Phase I (started pre-close): collect information needed to make early post-close retention decisions and understand each employee’s role in the organization

Phase II (starts post-close 0-90 days): once work transition plans are decided, collect information needed to determine ultimate disposition of each employee

Note: Timelines will vary by department/function, and are dependent on business decision timing
Talent Review Process – *Two Phases of Work*

**Phase I Goals:**
- Map employees to function, site, programs and processes
- Identify short term and long term key talent for retention incentive consideration
- Identify specific short term retention risks
- Collect & confirm basic information to be used in other talent processes

**Portfolio & Work Review:**
- Necessary line led step to evaluate what incremental work from the acquisition company will be absorbed into the acquiring organization
  - Will drive incremental headcount decisions
  - Will prioritize retention decisions

**Phase II Goals:**
- Define an ‘end state organization’ including how many incremental headcount BMS functions were going to retain
- Select employees to transition with Medarex work to BMS
- Determine start date, release dates & termination timing
- Match displaced employees against BMS openings and retention incentives
### Phase I Talent Review – Breakdown / Process Steps

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Brief Pre-Meeting w/HR</th>
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<tbody>
<tr>
<td></td>
<td>• Review names, org charts, data collection template, and key questions for discussion</td>
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<tr>
<th>Step 2</th>
<th>Gather Data through facilitated review session</th>
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<tr>
<td></td>
<td>• BMS leaders guide Medarex leader discussion of talent – BMS HR facilitation where needed, Medarex HR invited</td>
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<tr>
<td></td>
<td>• Confirm pre-populated information and collect additional data</td>
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<tr>
<td></td>
<td>• BMS HR completes data template</td>
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<tr>
<th>Step 3</th>
<th>Quick Debrief</th>
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<tbody>
<tr>
<td></td>
<td>• BMS Leaders &amp; HR confirm assessment of data elements for BMS context</td>
</tr>
<tr>
<td></td>
<td>• Determine other key information or input needed to confirm collected info. (e.g. input from other leaders)</td>
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</table>

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<thead>
<tr>
<th>Step 4</th>
<th>Data Consolidation &amp; Retention Incentive Planning</th>
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<tbody>
<tr>
<td></td>
<td>• Report-out &amp; review with Integration leadership</td>
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<td></td>
<td>• Review with key BMS project team leaders</td>
</tr>
<tr>
<td></td>
<td>• Retention incentives finalized</td>
</tr>
<tr>
<td></td>
<td>• Flag follow-up actions for Phase II decisions</td>
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</tbody>
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Phase II: End State Organization Design (to absorb future work based on portfolio decisions)

- Department X: Current State
- Department X: Future State
Phase II: Employee Disposition Decisions  
Template Used for Staffing Incremental positions

Position: Project Manager  
Minimum Yrs Experience: 3  
Minimum Technical/Functional Skills:  
1. Demonstrated critical thinking skills. Drives discussions and resolution of issues…  
2. Demonstrated ability to lead team operations. Coordinates team meetings, including…  
3. Demonstrated ability to engage and influence others. Builds strong working relationships …

<table>
<thead>
<tr>
<th>Employee Names</th>
<th>Tenure (yrs)</th>
<th>Most Recent Performance Rating</th>
<th>Has Minimum Unique/Technical Skills (Y/N)</th>
<th>Has relevant years of experience needed (Y/N)</th>
<th>Selected? (Y/N)</th>
<th>If not selected, objective criteria based rationale:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Candidate 1</td>
<td>5</td>
<td>3</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Lacks experience in XYZ and ability to …</td>
</tr>
<tr>
<td>Candidate 2</td>
<td>7</td>
<td>4</td>
<td>N</td>
<td>Y</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Candidate 3</td>
<td>11</td>
<td>4</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td></td>
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</table>

- In situations where there were the same or fewer # of qualified employees at MDX than required BMS positions, we placed all; when more qualified employees than positions, line leaders conducted networking meetings to learn more about the candidates in order to make an appropriate selection.
Key Takeaways from the Talent Process

• Explain the **whole** process to the leadership up front so they don’t get ahead of you
  – Clearly articulate who owns (HR vs. Business) each step in process
  – Spell out clear approval processes, as needed
• Include the acquisition company’s **HR team** in planning and execution from the start
• Create retention schemes and get general budget approval in advance
• Prepare yourself and the leadership for the unavoidable **anxiety**
  – Decide on some general guidelines to address “emergency” retention issues
Our Onboarding Approach

- HR (MDX & BMS)
- IT (MDX & BMS)
- Facilities (BMS & MDX)
- BMS Hiring Managers
- BMS Compliance
- Finance (MDX & BMS)

A True Team Effort
## Activities focusing on the Employee Experience:

<table>
<thead>
<tr>
<th>Before Start Date</th>
<th>On Start Date</th>
<th>After Start Date</th>
</tr>
</thead>
</table>
| • Transition Checklist  
  • Preparation Checklist  
    • Employee  
    • Hiring Manager  
    • One-Over Leader  
  • “What to Expect Guide”  
  • Hiring Manager Tool Kit & Info Sessions | • Preparation Checklist  
  • New Employee Integration  
  • “Guide to BMS”  
    • Key Contacts, etc… | • Preparation Checklist  
  • Cross-Cultural Training  
  • Networking Activities  
  • Ongoing Engagement |

<table>
<thead>
<tr>
<th>Before Move Date</th>
<th>On Move Date</th>
<th>After Move Date</th>
</tr>
</thead>
</table>
| • Transition Checklist  
  • Packing / Boxes Support  
  • Workplace Tool Setups  
  • Space Planning Support | • Move support, Boxes arrive  
  • Receive computer, etc…  
  • Access to email, calendar, etc… | • IT Resources Orientation |

### Timeline:
- **Start Date**
- **Day 1 Orientation**
- **Orientation - Part 2**
- **Logistics / Set-Up Support**
- **IT Orientation**
- **Culture Awareness Lunches**
- **6 months**
Sample Preparation Checklist

Checklist Objective:
- Provide managers and employees with a set of actions (end to end set of activities for before, during and after start/move date) to be taken to support a successful Onboarding experience

<table>
<thead>
<tr>
<th>#</th>
<th>Action Description</th>
<th>Owner</th>
<th>Action linked to which date</th>
<th>Lead/Lag Time (days)</th>
<th>How many days will be needed to complete this action?</th>
<th>Checkpoint?</th>
<th>What date should this be started?</th>
<th>What date should this be completed?</th>
<th>Complete?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Receive &amp; Review New Hire “What to Expect” Information</td>
<td>Employee</td>
<td>Start Date</td>
<td></td>
<td></td>
<td></td>
<td>12-Dec-08</td>
<td>13-Dec-08</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Review Manager Integration and On-boarding Toolkit</td>
<td>Hiring Manager</td>
<td>Start Date</td>
<td>(30)</td>
<td></td>
<td></td>
<td>12-Dec-08</td>
<td>13-Dec-08</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Include employee to important Staff Meetings, Team Meetings, Weekly Updates, etc., as needed (Not through Outlook, but just include them as appropriate)</td>
<td>Hiring Manager</td>
<td>Start Date</td>
<td>(30)</td>
<td></td>
<td></td>
<td>12-Dec-08</td>
<td>13-Dec-08</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Create position in HRConnect (Use special Medax Process)</td>
<td>Hiring Manager</td>
<td>Start Date</td>
<td>(30)</td>
<td></td>
<td></td>
<td>12-Dec-08</td>
<td>13-Dec-08</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Email position ID, cost center info, etc to Staffing</td>
<td>Hiring Manager</td>
<td>Start Date</td>
<td>(30)</td>
<td></td>
<td></td>
<td>12-Dec-08</td>
<td>13-Dec-08</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Review Senior Leader Integration Packet</td>
<td>One-Over Manager</td>
<td>Start Date</td>
<td>(30)</td>
<td></td>
<td></td>
<td>12-Dec-08</td>
<td>13-Dec-08</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Attend one of two Manager Integration and Onboarding Information Session facilitated by HR &amp; IM</td>
<td>Hiring Manager</td>
<td>Start Date</td>
<td>(30)</td>
<td></td>
<td></td>
<td>12-Dec-08</td>
<td>14-Dec-08</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Review Pre-Employment Process with Staffing, Complete Employment Application for background check</td>
<td>Employee</td>
<td>Start Date</td>
<td>(30)</td>
<td></td>
<td></td>
<td>12-Dec-08</td>
<td>14-Dec-08</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Complete Drug Screen (as directed), and if applicable, Medical Exam</td>
<td>Employee</td>
<td>Start Date</td>
<td>(30)</td>
<td></td>
<td></td>
<td>12-Dec-08</td>
<td>17-Dec-08</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Identify opportunities to engage New Hire before start date (e.g.: Function Global Calls, Townhalls, R&amp;D Symposium)</td>
<td>Employee</td>
<td>Start Date</td>
<td>(30)</td>
<td></td>
<td></td>
<td>12-Dec-08</td>
<td>6-Jan-08</td>
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</table>
Hiring Manager Information Session - Sample Agenda

• Welcome, Introductions & Attendance
• Basic Info: Key Terms and Details
• “The Employee Experience”
• Manager Tool Kit: What You Can Expect
• Preparation Checklist: How to Use this Tool
• HR Transactions
  – Creating positions in organization units

• IM Transactions / eSetups
• Review Action Items
• Q&A
Hiring Manager Onboarding Tool Kit: Sample Table of Contents

• Introduction, Key Information, Preparation Checklist
• Transactions: Getting your New Hire into our BMS HR & IT Systems
• Integration Activities: Ensuring Successful Integration
  – Your New Hire
  – Your Current Team
• Cultural Change Overview: Biotech Vs. BioPharma
  – What’s the difference?
    • Support Function Example: IM
  – What can hiring managers do to ensure a smooth transition?
• People Processes
  – BMS
  – Medarex Employee-Specific
• Additional Resources
Our Quick Business Case:
Why support employees through cultural integration?

• Companies with high performance cultures demonstrated 8 times the increase in revenue, employment and share price over companies without such cultures during a 12 year period (Source Kotter & Heskett)
• Organizations being impacted by the integration are as follows:
  – California Research:
    • Long-term value creation for BMS is predicated on retention and effective collaboration with this free-standing west coast site.
    • Goal to leverage “best of biotech” while becoming “biopharma”
  – NJ R&D and Tech Ops:
    • Medarex employees are being mapped to different BMS organizations – this will create a significant disruption to them and potentially the accepting teams
• Important to create a shared vision, processes and governance operating model, to assist in shaping culture to support our BioPharma model
<table>
<thead>
<tr>
<th>Culture Dimension</th>
<th>Change Impact Hypotheses</th>
<th>Potential Manager Onboarding Actions</th>
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</table>
| Governance & Decision-Making    | • Medarex employees may feel overwhelmed when navigating within the matrix organization | • Educate employees on the BMS matrix structure, highlighting organizations, governance, key success factors, etc.  
  – Leverage BMS internal experience and training on matrix org  
  • Leverage existing collaboration approaches used within BMS, particularly in the Research group, to facilitate knowledge sharing |
|                                 | • Medarex employees may be frustrated by seemingly slow decision-making processes at BMS | • Educate MDX employees on relevant decision-making processes, outlining the required steps, timing, and decision rights  
  • Educate specific MDX managers on their decision rights for go-forward roles  
  • Encourage employees to provide input into decision-making process, where appropriate, so they feel that they are contributing as part of the decision-making process instead of just waiting for decisions |
| Performance, Accountability & Rewards | • Expectations on performance and accountability may be different at MDX  
 than at BMS – a resetting may be required to get alignment | • Communicate performance expectations, including any resetting of goals and alignment with compensation and incentives |
| People & Communications          | • Communications flow will likely be improved, over time, but some learning curve for MDX employees who need to operate in matrix org | • Educate employees on the BMS matrix structure, highlighting organizations, governance, key success factors, etc. |
Desired Performance Outcomes for NJ employees

• Leverage experiences from colleagues that have successfully made the transition from biotech to BioPharma to assist in their integration to BMS
• Recognize the important components of the BMS cultural transformation journey
• Identify the parts of the Medarex culture that are consistent with what BMS is doing to accelerate BMS's BioPharma transformation
• Create a personalized action plan to help navigate change and leverage successes of integration
### Culture Awareness Program Overview

<table>
<thead>
<tr>
<th>Segment</th>
<th>Content</th>
<th>Length</th>
<th>Delivery mode</th>
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<tbody>
<tr>
<td><strong>Building Excitement/Preparation: Audio Cast (April / May)</strong></td>
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</table>
| Audio-Cast | Communicate how work gets done  
Audio-Cast | Communicate successes of integration | 2 min  | Recorded / Sent by Integration Leaders |
| **Module 1: Breakfast & Learn: Cross Cultural Experiences Panel** |                                                      |         |
| Panel Discussion | Senior leaders share success and challenges they have experienced during integration  
Senior leaders from BioTech company discuss journey and how influenced change | 60 mins | MC – Integration Leader  
Leadership Panel  
Broadcasted / Recorded on BMS TV |
| **Module 2: Lunch & Learn: Sharing the BMS Transformation Journey** |                                                      |         |
| Lecture Session: Where are we today? Where are we Heading? | Communicate how we are ‘all’ on a transformation journey to becoming a BioPharma Organization  
Culture Journey (where we are and where we are heading) | 45 mins | OD Team Leaders  
Cultural Ambassador Partner  
Broadcasted / Recorded on BMS TV |
| **Action: Navigating Personal Change Integration Worksheet** |                                                      |         |
| Worksheet Tool | Discussion Guide for how to discuss the personal impact of the cultural change with your hiring manager | 2-4 weeks to complete | Deliver in Module 2, Employee to complete on their own |
Onboarding Evaluation / Feedback & Metrics

Talent Process Metrics:
• 97 NJ employees were placed.
  – 7 declined placement, 3 accepted and resigned prior to onboarding
• 87 placements on boarded thru selection process, another ~20 thru staffing process
  – 2 were terminated (2%), 13 resigned (12%)

Onboarding Metrics:
• Electronic evaluation sent out 30 days after employees start date
  – Positive Feedback:
  • Appreciated additional support from the HR and IT teams during their set up and enrollment (had a person to call for help in addition to the 800 #s)
  • Having a mentor or buddy increased how much employee felt welcome
  • Networking events with their MDX colleagues were needed and appreciated
  – Continuous Improvement Opportunities:
  • Felt overwhelmed with the amount of training required in first months
  • HR system issues caused some benefit enrollment problems
Questions?

Thank You!

Learn More: