

**Baker
McKenzie.**



Managing Business Change Globally

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Presenters



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Agenda

Topic	Speaker(s)
Welcome and Introduction	Susan and Scott
Current Litigation Trends	Christina
Planning for HR Reactions to Market Changes <ol style="list-style-type: none">1. Cost-realignment Strategies2. Reductions in Force3. Workforce Reorganizations	All
Wrap-up and Takeaways	Susan

Welcome

Torn from the headlines in April . . .

Bay Area IPOs to add some fuel to hot housing market

Lyft, Uber, Airbnb, Pinterest IPOs could boost market for upscale homes

In IPO-mad San Francisco, a crisis of wealth



China's IPOs Could Finally Break Out After a String of Flops

Why Recession Fears Are Overblown



Global economy is close to stalling as trade falls

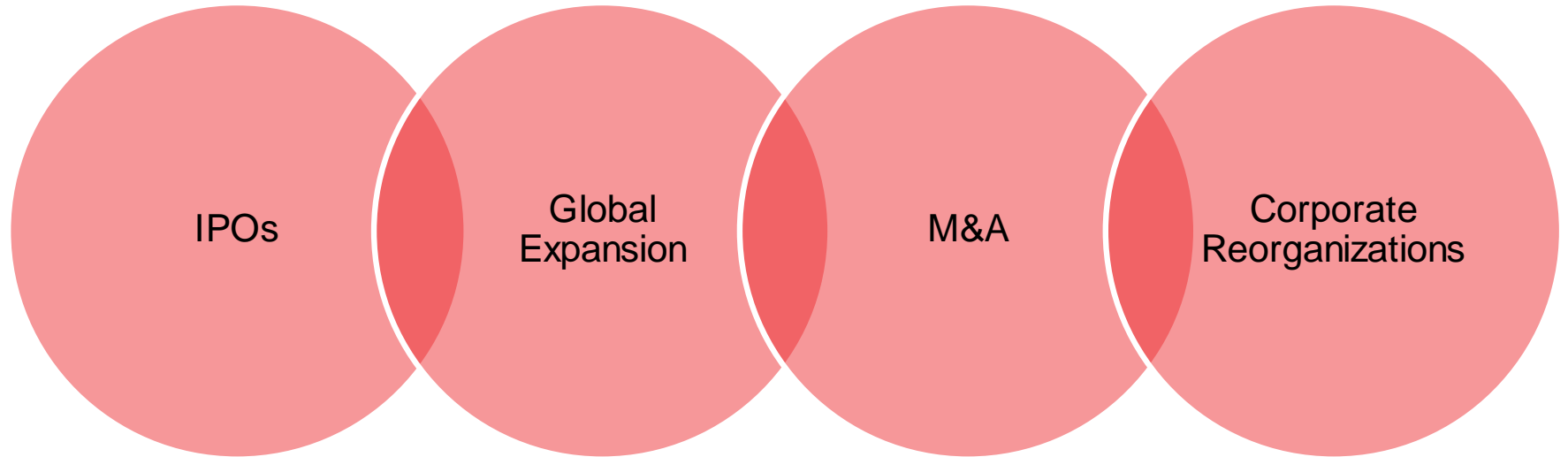
Global economy enters 'synchronised slowdown'

Disappointing indicators show similar picture in US, China and Europe

Despite robust jobs report, some sectors are cutting staff in anticipation of a recession

Only one thing is certain: Nothing is certain.

Be prepared ... for anything and everything.



Litigation Trends

Learning From Recent History



The Dot Com Burst (March 2001 to November 2001)

- Increase in litigation, primarily securities litigation



The Great Recession (December 2007 to June 2009)

- **2008-2010:** Increase in litigation year-over-year
- **2011:** Slight decrease in litigation, but uptick in regulatory actions
- **2012:** Increase in labor and employment cases

Review Contracts

- Check indemnity provisions
- Specify expedited resolution procedures

Ensure Regulatory Compliance

- Robust compliance and training programs
- Whistleblower programs and speedy investigations

Implement IP Protections

- Review trade secret protections (NDAs, inventory IP, etc.)

Check Insurance Policies

- Legal Expense Insurance
- D&O Policies

Planning for HR Reactions to Market Changes

Three Actions to Consider During Uncertain Times and Mitigating Risk

1. Cost-realignment Strategies

2. Reductions in Force

3. Workforce Reorganizations




Cost-realignment Strategies


Short of layoffs, what other measures can be considered?




- Reducing working schedules



- Forcing unpaid time off or vacation



- Temporarily shutting down certain operations



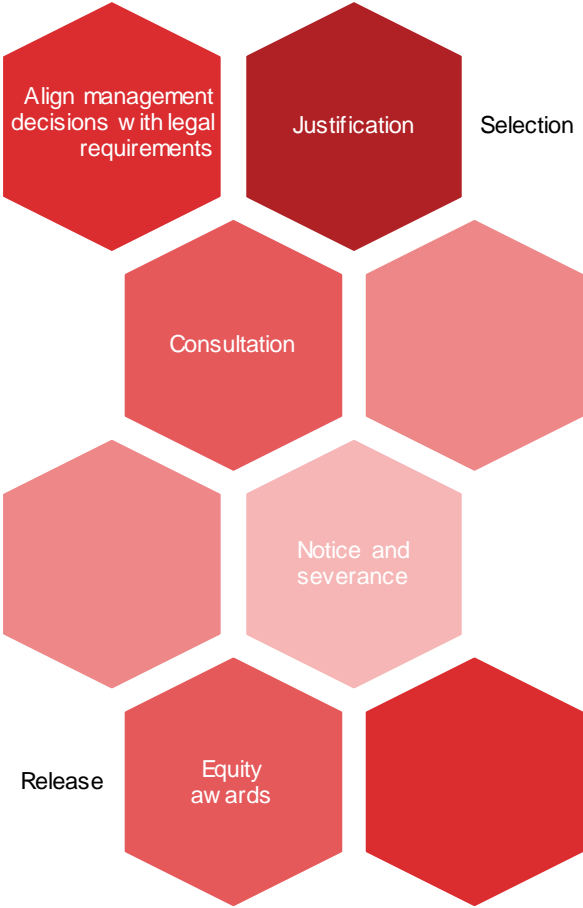
- Implementing compensation reductions or benefit forfeitures

Address these themes at the outset:

1. Consider the source
2. Identify the process
3. Think locally about global communications
4. Paper the changes
5. Plan ahead for potential disruption

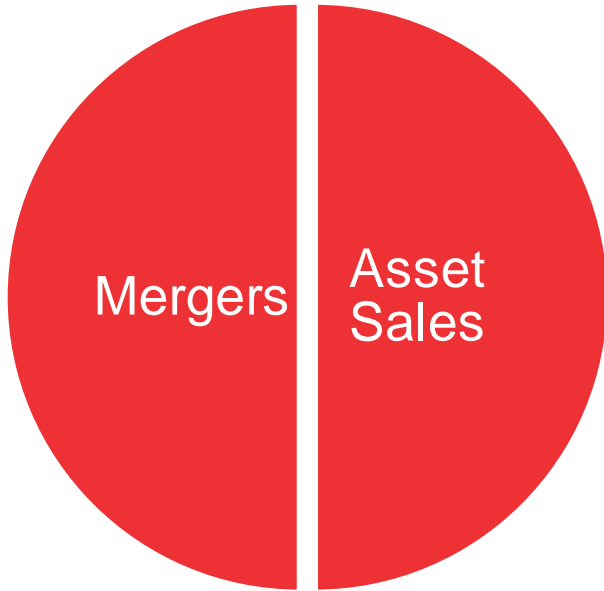
Reductions in Force

Considerations



Reorganizations

Drivers and Options



Cost Savings

- Eliminate expenses from unnecessary / duplicative entities
- Reduce overall corporate administration burden and complexity
- Consolidate operations in one location (one lease)

Streamline Operations

- Simplify payroll administration
- Manage employees as one group
- Simplify purchasing and invoicing (one IT system)
- Sell full product range to customers through one local subsidiary

Tax Benefits

- Take advantage of existing tax attributes
- Avoid deemed sale of assets which can trigger taxes and penalties
- Eliminate certain types of transfer pricing risks

Reorganizations

Preparing for a global reorg

Cross-functional planning

- Transferring employees between legal entities
- Arranging the permanent relocation of employees
- Seconding employees between entities
- Creating, adapting, or merging employee consultative bodies
- Impact of employee transitions on equity compensation and benefit plans
- Senior management changes
- Coordinating and harmonizing terms and conditions of employment
- Restrictive covenants

Your Checklist

part 1

Employees and jurisdictions

- Which jurisdictions are involved?
- How many employees in each entity/jurisdiction?
- What type of employees? (Employees, contractors, temps, managerial, non-managerial, exempt/non-exempt, Employment Act, non-Employment Act, workman, non-workman, etc.)
- How much time do they spend in the target business?
- How will employees transfer in each jurisdiction?

“Special status” employees

- Employees with the “wrong” employer?
- Shared service employees?
- Expatriate and internationally mobile employees?
- Employees on work visas/immigration issues?
- Directors? (Who are they, and what are the future plans for them?)

Planned business changes

- Cost-cutting and flexible comp strategies?
- Reductions in force?
- Reorganizations?

Your Checklist

part 2

Employee bodies

- European, national and local works councils, trade unions, labor unions, employee representatives, etc. What is their remit?
- Will elections be needed?
- How are existing industrial relations?
- What is the effect of notifications to and conduct consultations/ negotiations with employees, works councils, and labor unions concerning the transfer of employees and employee benefit plans, where necessary?

Benefits

- Which benefit plans are impacted?
- Review benefit plans and determine what is permissible and what requirements apply.

Equity awards

- Do any impacted employees hold equity awards?
- Review relevant terms of equity plan and award agreements and past practices.
- Note that the equity awards may (and, in some cases, should) be treated differently from other employment terms and conditions under the right circumstances.

Your Checklist

part 3

HR

- What HR measures are anticipated?
- Changes to terms and conditions?
- Dismissals?
- Severance plans or practices?
- Are there any parallel HR projects ongoing?
- What is the likely impact on consultation/industrial relations?
- Are localized settlement agreements needed?

Communications

- How will changes be communicated within the company and publicly?



Thanks!