



Surviving M&A

After the Deals Close, What Happens to Executive Talent?

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After several years of dormancy, corporate transactions in the mining sector have dominated business headlines in Canada in recent months. The numbers involved can be staggering, at least by Canadian standards, and the aggressive tactics of third parties, atmospheric golden parachutes, and shareholder activism all contribute to the intrigue and public interest in these multi-billion-dollar deals. The recent Newmont acquisition of Goldcorp for \$10 billion experienced all of the above before shareholders of both companies voted to accept the deal. Newmont Goldcorp is now the largest gold miner in the world, ahead of rival Barrick.



As Canada's second-largest mining centre, Vancouver has experienced its fair share of noteworthy M&A deals. 2006 saw Barrick acquire Placer Dome for \$10.4 billion and Goldcorp acquire Glamis Gold for \$8.6 billion. Vancouver's Redback Mining was scooped up by Kinross in 2010 for just over \$7 billion. These local deals pale in comparison to other Canadian mining transactions, including Rio Tinto's acquisition of Alcan for \$38 billion and acquisitions of Falconbridge and Inco by Xstrata and Vale, respectively, for over \$17 billion each.

Beyond the headlines, and long after the deals close, what is the aftermath of these mergers and acquisitions in the local market? What is the impact—pro and con—for the local economy and talent pool, and what opportunities emerge?

Jock Finlayson has witnessed several corporate transactions in multiple sectors over his nearly 30-year tenure with the Business Council of British Columbia. The celebrated economist understands the disruptive consequences when a local economy loses a corporate head office.

“When Vancouver loses a head office, the impact goes beyond the loss of high-paying executive and management jobs,” notes Mr. Finlayson. “It also impacts local vendors—legal, accounting, engineering consultancies, and even restaurants and caterers—and charitable organizations that lose sponsorship revenue.

“Vancouver's reputation as a world-class city also takes a hit. Nationally, we already punch below our weight in head office employment numbers compared to other Canadian

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cities. Metro Vancouver has over 2.5 million people and Calgary has just over a million, yet Calgary has more head office employment.”

From a talent perspective, losing a major head office can have a simultaneously positive and negative impact in the local talent pool. Lisa Ower, Vice President of Human Resources at Vancouver-based Eldorado Gold and a former executive in Calgary’s dynamic oil and gas sector, knows firsthand the impact on local talent resulting from corporate takeovers.

“With fewer head offices in Vancouver, the available executive talent pool in Vancouver will continue to diminish,” observes Ms. Ower. “We are at risk of losing talented people to other global cities and coupled with the pressure of escalating costs of living in Vancouver it becomes difficult to attract and retain talent.” Ms. Ower noted that Eldorado Gold recently welcomed new members to their executive team, and nearly all of the executives came from outside Vancouver.

Although the loss of Goldcorp means an exodus of some executive positions in the short term, one positive outcome is an infusion of available talent seeking new local opportunities, according to Michael Alexander, Managing Partner of Alexander Whitehead Executive Search.

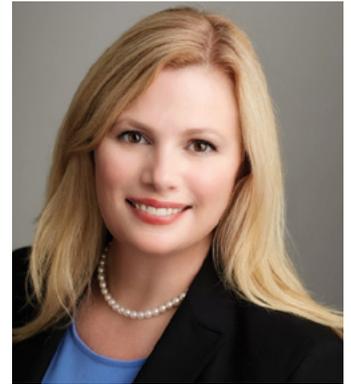
“Employees who accept severance packages in lieu of relocation rejoin the local pool of human capital and deepen the available expertise in the market,” suggests Mr. Alexander. Another notable benefit is the establishment of new companies by the senior executives who remain in Vancouver.

“We have seen this happen several times over the past decade. Recently, following the Endeavour Mining transaction in 2017, the executive leadership team re-grouped to form Leagold. This has resulted in a new company creating new job opportunities locally and at site.”

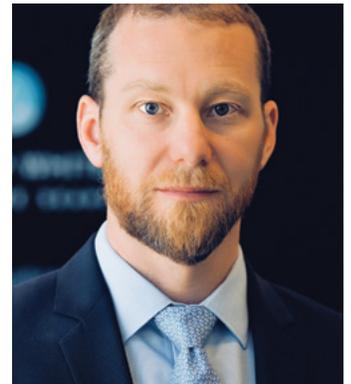
The dynamic nature of the Canadian mining industry suggests more transactions and disruptions will follow. As long as the demand for natural resources continues, the mining industry will evolve and companies will acquire others or be acquired themselves. History has demonstrated both the industry and the talent that support and advance it are resilient, and from this resilience comes opportunity for those who survive and recognize it.



Jock Finlayson • Executive Vice President & Chief Policy Officer, Business Council of British Columbia



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Alexander Whitehead Executive Search is a western Canadian boutique search and management consultancy firm providing advisory services to our clients in the areas of senior management, executive, and board search. Alexander Whitehead operates in Vancouver, British Columbia and Calgary, Alberta.



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