

Jabil Circuit

Benefit plan integration

“We were impressed with PricewaterhouseCoopers ability to implement our new pension and benefit plans around the world in such a short timeframe. PwC acted as a true strategic partner; I felt that they genuinely understood our business. It would have been difficult to complete the deal on time without them.”

Tom O'Connor
Senior director, human resources, Jabil Circuit





Jabil Circuit: Benefit plan integration

The issue

Jabil Circuit, a global leader in the electronic manufacturing services industry headquartered in Florida, was to acquire the majority of a division of a major global electronics company. This deal would double the number of Jabil's employees outside of the USA. Before they could complete the deal, Jabil needed to replicate employee benefit programmes in 11 countries around the world within a very short timeframe.

Jabil knew that after the deal, HR costs would increase in the new companies due to loss of economies of scale, but weren't sure where these costs would occur or by how much they would increase.

Our approach

Due to the limited number of Jabil HR resources outside of the USA, and the scale of the project, Jabil was looking for an HR adviser who would act as a strategic partner. PricewaterhouseCoopers was chosen to carry out all stages of the deal, including due diligence, negotiation support, post deal assistance and act as the actuary for the new company. Jabil told us they valued our proven M&A capability, delivery responsiveness, global reach and our ability to genuinely listen to them and partner with them.

We started by holding an integration planning meeting for the Jabil-PwC team in Paris, where we prepared a plan of action and agreed on status reporting tools to help us keep track of progress and issues within the 11 countries. Our team included specialists in the areas of reward, benefits and retirement.

At the implementation stage, we relied heavily on our global network, which was coordinated by leaders in each of the three regions: Latin America; Asia; and Europe. Firstly, we identified all the benefit and pension plans to be transferred – in certain countries, some of the existing plans were not even documented. We then established a realistic idea of the deal closing date for each country, so we could project manage the transition of

the plans. Uncertainty around the date of completion meant we had to be ready within a very short timeframe. In some countries, we only had six weeks before the deal was due to close.

After we had contacted the former plan providers for each country and, where necessary, obtained competitive quotations, we recommended to Jabil who should be the plan provider for each country and then negotiated terms and conditions with each country's chosen provider.

The outcome

By the end of the project we had successfully implemented new pension and benefit plans for approximately 6,000 employees to replicate those previously provided by the electronics manufacturer, and additionally enabled Jabil to:

- identify and manage the increase in costs associated with the loss of economies of scale for the acquired companies
- lower the effective purchase price of the new companies through our revaluation of the pension and benefits plans
- better protect themselves in the security purchase agreement through language we helped them develop.

Ultimately, Jabil Circuit was able to successfully complete the deal on time and our role was critical in helping to ensure all the HR systems were in place before closing.

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