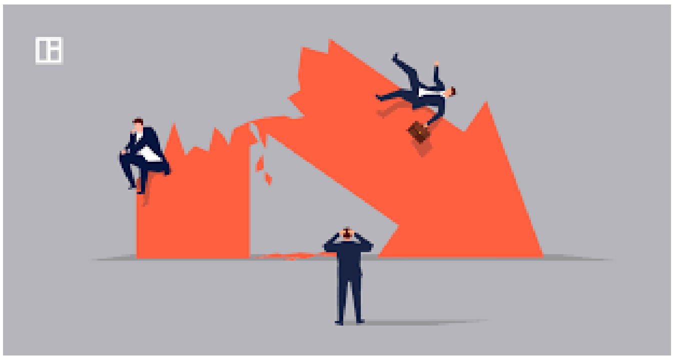
How to overcome financial integration challenges in a merging law firm

Merger integrations planning is vital because from day one the merged firms should know exactly who and what they are. For any chance of a successful merger, an integrated finance function is vital and should be a “must have” from the beginning. Whilst a project team will be in place to manage the integration strategy, but it must be effective. The integration process will always present challenges that if not handled properly can and will de-rail the integration process. You must have a well thought out plan on how will you manage business as usual financial activities, including monthly, quarterly, and financial year-end closures. If this diverts attention from the bigger picture of financial integration then you can lose momentum, taking your eye off the projects planned milestones.



Every stage of merger integration needs careful planning and in finance the project team will consider all technology related to finance, they will look at processes and staff. Working closely with the IT team to ensure that milestones are in place from day one for the “must haves” and they will plan what the function will be and work towards that goal, and of course they will look at risk associated with every change. Implementing the future strategy for the Finance systems landscape of a merged entity considerations will need to be made, which systems will be retained, which will be retired, and which will co-exist to arrive at an efficient system for the merged entity.

At every stage of the plan, they will have clear milestones in place and manage them, and they will communicate clearly what they are to all levels. This way they will:

- Define what the future operating model will be.
- Establish the “must haves “from day one.
- Establish the “like to haves” from day one.
- Establish exactly who will have leadership of the finance function in the new firm.
- Identify key people and the risk of them leaving and work towards minimising the loss.
- Ensure staff are in place full time to drive the process.
- Build momentum for the larger transformation of the finance function.

Relationships across departments need to be handled well. In pre-merger talks it may well be that only partners and finance directors have met. This is an ideal situation for teams to integrate with Finance and IT fully collaborating towards a shared goal, that the right systems are in place from day one to meet Finance integration imperatives critical for the newly combined firm. Considerations are likely to include:

- How compatible are the financial and other data currently housed in the legacy companies' existing systems?
- What will we need to transfer or exchange data essential for day one between the companies' systems?
- What will be the consolidations and reporting systems solution for day one and how does IT help enable it?
- What will be the future financial systems of record for the combined entity?
- How will we convert data from the old systems to the new systems?
- How will we manage any data that does not get converted to the new systems?
- What training will be needed to enable personnel to correctly use the new systems?

Working together Finance and IT can determine which systems to adopt, which need to be phased out and when the changes can be implemented.

One of the values of the merger will be gains in both efficiency and effectiveness and improved financial processes with enhanced reporting and analytical capabilities which in turn will benefit clients.

Ensure a successful integration strategy.

Decide what the potential obstacles might be to a successful integration and address them from the planning stage.

Lay out clear and strategically managed milestones.

Finance and IT should form a close partnership, so the firm can build on the momentum created by the merger and achieve transformations in the Finance function.

The next article in our series on merger integration will look at how partners can help or hinder the merger.