

# Mergers with the benefit of hindsight

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### OVERVIEW

How you integrate is critical and will have a direct impact on the success or failure of the merger or acquisition. It is easy to lose sight of the objectives and the benefits they should bring if you do not have a project plan and a project director to help implement the plan.

Combining two groups of people, their processes, and systems and their clients are a daunting task for any management team; but a well thought out and executed integration plan will dramatically increase the odds of success in transitioning two firms into the one firm envisioned during merger discussions.

Have a Project leader who is accountable with a job title that reflects what they are doing in a well-defined role, empowered by management on both sides to do the job at all levels, and it does need to be at all levels. Ensure they have the project team in place to work with them on the integration.

### Client quotes

“We wanted to ensure that we were zipping together not slamming together.”

“We created a merger team representing both sides with partners and multiple levels of both senior management and operational staff.

The project plan contained every single aspect of what the new firm would look like from day one of the merger. Everyone knew the name, number of offices, merger of offices where they were in the same location, who would sit where, what new teams would look like, systems and process and we started to build.”

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## POINTS OF INTEREST

- From day one of the merger everything must be in place and everyone must have a clear view of what the newly merged firm looks like. You must have one playbook, one set of rules, one set of values, standards, and expectations.
- Your new management team needs to be decided upon and in place as early as possible to aid decision making.
- In every merger integration there are unforeseen challenges, and you need a leader who can deal with them.
- To integrate and for those teams to see the benefit does not just happen. You need to educate people as to the benefits or the leverage of the merger gets overlooked. You cannot cross-sell if you do not understand what both sides do.
- The time it takes, and difficulties involved in integration are underestimated at best. At worst, the integration is not given enough attention or priority because the merger deal is all encompassing.
- Physically and emotionally instilling firms to ensure alignment needs to be decided right from the start. Both parties need to know and explore how it will work because hundreds of details must be discussed and decided upon so the combined firms can practice as one entity. Planning, cooperation, communication and patience are critical.
- New buildings featured highly for many firms after the merger and how moving firms from different sites to a new building made them feel and act part of something new, it made a monumental difference and there was real excitement. Staff became proud to be working for the firm in an environment they loved working in.

### Client quotes

“We should have had more clarity on the future direction of the firm after we merged. The strategy was to merge but there was nothing beyond that and we didn’t think enough about what the future might look like.”

“Appointments for senior roles were decided pre-merger. In some instances, staff competed for roles and were interviewed by a panel of partners from both firms. This process was acceptable to both parties. We ensured that those who were unsuccessful were well looked after.”

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### POINTS OF INTEREST

- Other firms held partner retreats and included key operational staff directors, so the message was consistent and stopped gossip and guessing games and replaced suppositions with facts, and as a result pre-supposed levels of uncertainty were reduced, and change became positive.
- Several firms we spoke to have a buddy system in place ensuring that staff had direct access to partners and help the transition to the new entity.
- Mix teams to help integration, do not leave them sitting in the same place in the same office in the same seats.
- All the firms we spoke to mentioned IT and the fact that IT integration could have been better. In some cases, one firm adopted the system of the other firm because they had already made significant investment, but the lack of planning still caused issues particularly in IT training. It was not always thought through so on day one of the merged firms no one knew how to open matters or set up new clients.
- Technology does not just contribute to efficiency, but it can also enhance communication, transparency, trust, and reliability both internally and externally.

#### Client quotes

“We had no actual integration. We took in new teams, but they all sat together as they had before, so we were still two firms, nothing had changed. We should have started with an empty building and replanned seating.”

“It is hard to juggle business as usual with integration and transformation. The work doesn’t stop, and you still have people issues.

“We could have found better ways to expedite people integration”.

“There was no appetite to integrate after the deal was done.”

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### KEY HINDSIGHT

- The best implementation programmes are well conceived and planned and every outcome considered. You need key people in place on day one of the merger.
- Do not underestimate the inevitable difficulties and period of destabilisation that accompanies a merger.
- Lawyers or operational staff do not like change and any merger brings huge change, with new colleagues, changed responsibilities, a change of office involving new systems and processes. To be successful a merger or acquisition needs a significant investment in management time.
- Integration will give rise to tough questions and they must be dealt with not avoided. Do not assume you will be able to deal with them once the deal has been brokered. Identify who your leaders will be, how management decisions will be made on legal and administrative issues because they are critical to success.

Client key hindsight

“We didn’t give enough focus to the people side of things and helping them get to know one another. We got disproportionately worried about technical issues and forgot people.”

## Contact us

If Jonson Beaumont Core can help you with any stage of the project plan pre- or post-merger or you would like to discuss the recruitment of new operation directors, please contact us.

### Anne Harnetty

020 7350 0800

[aharnetty@jonsonbeaumont.co.uk](mailto:aharnetty@jonsonbeaumont.co.uk)

### Martin Soulsby

020 7350 0800

[msoulsby@jonsonbeaumont.co.uk](mailto:msoulsby@jonsonbeaumont.co.uk)

[www.jonsonbeaumont.co.uk](http://www.jonsonbeaumont.co.uk)