



Mergers with the benefit of hindsight

6 | Challenges

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OVERVIEW

There are numerous studies that highlight why mergers fail. The reality is that the number of challenges is pervasive and must be faced throughout the process. Partners and lawyers are front and centre of those challenges. How you secure partner buy-in will come down to how you champion the vision and benefits of the combined firms from the beginning of potential merger talks. Their expectations need careful management and this starts at the onset of merger talks.

Partners must really understand what it is they are signing up for and how that impacts them and how it benefits them. You must work hard to ensure partners buy into the vision and benefits of the new entity or they will not support it.

Client quotes

“I’m visionary, not an integrator or operational, they have their place, but a leader needs to be visionary.”

“We worked hard to ensure partners bought into the vision of the new firm. We lobbied powerful partners to help bring others in line.”

“We were helped because we had robust processes in place, and it becomes hard for partners to reject a process if it was logical, fair and had been voted for by them.”

6 | Challenges

POINTS OF INTEREST

- Show people the reason for the merger and do not let lawyers get involved in the detail because they will argue about the detail not the principle. Merger is not a time for consensus because decisions must be made. Show them what it is you want to achieve with the merger.
- Remind partners of their duty to the partnership above their personal interests. Give them a vision of what the new firm would look like. Facilitate with meetings and workshop.
- Put in effort early to stop people being disgruntled. You must have clarity and inclusiveness. Power players can de-rail the process if they feel they are being treated poorly.
- Partners will agree and then walk out and sabotage the deal if their concerns have not been met.
- Partners need to see fair and proportionate change.
- Partners are often concerned about giving up autonomy and being less involved in decisions that affect the firm.
- The reality in a new firm is that partners may have to cede control, and this must be debated and not hidden.
- Ensure that partners know what it is they are voting for with the merger.

Client quotes

“In a room partners would vote for whatever was being asked but would go out and behave differently in their own office, which caused friction.”

“The biggest sticking point was partners ceding control and moving from a place of having autonomy to different leadership team.”

“It is easier if there is mutual strength, and the merged firm outstripped the financial objectives set at the start massively.”

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KEY HINDSIGHT

- Merger fatigue is not imagined. There are quite literally hundreds of decisions to be made, whilst you energise those around you and constantly use key messages to ensure that they are still engaged with the process and the outcome.
- Really listen to issues that your partners bring up at the start of the process and ensure you deal with them. Discuss billable time targets, profit, and margin targets early on to avoid future major conflicts.

Client key hindsight

“I didn’t realise the total exhaustion.”

“The key reason strategic initiatives fail is because they are not sufficiently exciting to generate the energy and commitment needed to overcome the problems that will arise on the journey.”

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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.

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