



# Mergers with the benefit of hindsight

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8 | Hindsight

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## WHAT DID WE LEARN?

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With the gift of hindsight, what was learned in the process? All the firms we spoke to were happy to share the good, the bad the shockingly unexpected and the exhaustion that comes in the merger process, so we have given priority to their thoughts throughout the report.

At the start of the research, we wondered if anything different would be raised because so many firms have gone through the merger and acquisition process. Many weighty tomes have been written and we wanted this to be about personal experiences that others can benefit from and certainly distinct themes emerged, and yet we all carry on making the same mistakes. Someone told us very clearly that ego got in the way of what was needed and perhaps we all have that voice in our head that says we can do it better, but do we?

Robin Sharma the Canadian writer stated, “The real trick in life is to turn hindsight into foresight that reveals insight.”

We hope this research helps you do just that.

If we listen to our peers, we can benefit from their gift of hindsight. They have given their time to save you hours of your time because they have faced countless problems and they have learned from them and so can you. Firms that stated that it went well and there were no learning points we believe could have done better because we have the benefit of hindsight.

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### **Many of the issues we heard are avoidable.**

- If staff do not believe you, there is a communication issue regardless of if you recognise it or choose not to.
- If partners decide to disrupt the merger integration once the deal has been signed, what did they not believe and why did they not trust you? You did not convince them that the merged firm would be better than the two individual entities.
- If staff are doing their level best to cause issues, they either do not believe anything you have told them, you have not communicated well, or perhaps they had no-place in the new entity and you should have tackled that early in the process.
- If one side continually refers to you as “that lot” they have not been shown the value of the merger and what it could mean to them, so they had no sense of unity.
- If teams do not cross-sell it is because you have not integrated them fully and they simply do not understand what they can cross sell so you are missing opportunities that would benefit both you and your clients.
- If your Operational Directors cannot cope with the requirements of the new firm, that is not their fault, you should have considered what staff you needed at the start of the process.
- If any of your operational staff are arguing because you have two Finance Directors, two HR Directors and two IT Directors, this is an issue you should have owned and had the right people in place on day one of the merger.
- If you have lost clients instead of gaining the new business streams you hoped for, you simply did not communicate well enough with them.
- If you lost staff, you really wanted to keep, why did you not give them the vision of their place and career path in the merged firm, was it because you assumed everything was alright?

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Cost savings imagined or real came up. We could do it as well as an external project team and without the cost. Major firms can and do, but the smaller and mid-tier does not have the resource necessary and smaller firms learn quickly how utterly exhausted they became trying to deal with business as usual, bill, ensure staff issues are dealt with and then muster the energy needed to deal with the endless details of the merger. Once the deal is done, mergers fail so often because partners running it cannot face the barrage of decisions that have to be made and the constant need to keep everyone on side.

Clearly central cost efficiencies are important after a merger but there are always integration costs which must be considered with a clear financial plan.

- Cost savings on marketing and PR, swept aside because clients know and trust the firm. They did, but will they be moving forward or are you assuming they will? Did you communicate with them or did you just tell them you were merging and assumed they would be impressed?
- “It was not as successful or as profitable as we had hoped” was a common refrain. Did you have a strategy beyond the merger and how did you plan to drive it forward?
- IT costs not thought through and not costed by an outside expert. As a result, two systems are run, each side proclaiming theirs is better. Often two IT Directors fighting for different concepts. The cost of a new system is often seen as prohibitive to partners who do not have the appetite to invest. Perhaps it is because that “hidden cost” was not explained to them and they now see it as a cost they do not need or want, and which impacts their equity.
- Ensure that the costs of the merger do not outweigh the benefits.

Mergers with the benefit of hindsight

## 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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