

## **Integrating Merged Firms**

Integrating a merged group of attorneys into a "new" firm's culture, practice environment and organizational structure so that attorneys from both firms work as one is frequently a great challenge.

### **General Areas for Integration:**

There are at least seven general areas for integration that need to be considered: These include:

#### **1. Culture:**

The integration of cultures calls for meetings and exchange of materials designed to introduce partners to each other and to enable attorneys in the merged firm to gain an understanding of the culture(s) of the respective firms. Notwithstanding that one of the firm's culture(s) may be predominant, the fact that partners in both firms make an effort to better understand the guiding principles and values of the partners in each firm is important for partners in both firms to better understand the reasons that partners adhere to certain values.

#### **2. Governance:**

Our experience shows that it is beneficial to develop concise descriptions of the governance including how policies are determined and implemented for both firms. The development of a plan for the integration of Firm #1's governance into Firm #2's governance scheme, including any appropriate modifications of Firm #2's governance scheme will be beneficial.

#### **3. Performance and Billing Rates:**

Even though performance standards, expectations and billing rates may be discussed during the pre-merger due diligence process, it has been our experience that it will be beneficial to develop and articulate performance standards and expectations of partners in the merged firm. Also, it is worthwhile to develop a strategy for integrating the billing rates of the various levels of partners and associates from both firms. In the event the hourly billing rates of particular partners and/or associates in Firm #1 are higher than the hourly billing rates of their peers in Firm #2, it may be desirable to phase in higher hourly billing rates of partners/associates over a two year period.

#### **4. Practice areas:**

The development of concise descriptions of practice areas and specialty groups in both firms is recommended. Developing outlines for meetings between Firm #1 and Firm #2 partners in the same or related practice areas will foster a greater sense of cooperation between and among the two groups. Further, the opportunity for partners in the same or related practice areas to begin to identify the best opportunities for the immediate expansion of Firm #1 and Firm #2 practice groups, the development of joint marketing plans and materials for industry and specialty groups and the development of strategies for promptly exploiting such opportunities frequently produce the desired results.

#### **5. Clients:**

Communications with clients about the merger is the lifeblood of the merged firm. Partners in each firm should develop strategies for communicating with those clients (and lawyers) who may feel threatened by business conflicts resulting from the merger. Personal one-on-one meetings with key clients are essential, and recommended before the merger is consummated. Strategies should be developed for communicating with common clients. The identification of existing clients where cross-marketing can be done profitably should be undertaken, and strategies should be developed for the exploitation of high priority client development opportunities.

Firm brochures, modifications of Web sites to reflect the combination, preparation of additional newsletters, client alerts and other communications will be beneficial for the integration process.

#### **6. Internal Communications:**

All lawyer meetings should be scheduled with particular emphasis on immediate opportunities for leveraging the strengths of Firm #1 and Firm #2 in their served markets.

Our consulting firm has had particular success when retained by merged law firms to design interactive relationships building activities to enable partners from both firms to get to know each other, learn about each other, have some fun while spending time working together on a joint project(s) while getting some important work done growing the firm's practice(s) and integrating the partners of the combined firm. Such activities, when properly conceived and implemented begin to enhance the development of trust and personal relationships among and between partners in the same or related practice areas.

Presentations by specialty groups and the identification and development of cross-marketing strategies and opportunities have proven to be extremely beneficial.

### **7. Administration:**

Action plans for integrating the administrative functions need to be developed after analyzing the support requirements of attorneys in both firms.

The administrative organizational structure of both firms that identifies each of the administrative functions, the supervisory complement, staffing and reporting relationships for personnel in each firm must be analyzed to determine the most appropriate staffing requirements and structure for the merged firm. To accomplish this, a position description should be drafted and reviewed for each position that lists the functions, responsibilities and reporting relationships for each position. This will allow the development and implementation of action plans to insure the integration of Firm #1 into Firm #2. Creating such an integration plan calls for the determination of the most appropriate staffing ratios. One major concern is the extent to which the current administrative support staff will be willing and able to integrate into the new structure within the merged firm. This is a key issue that should have been addressed by the partners early on during the due diligence process.

Time and billing and practice/litigation support technology, and communications technology and intranet systems must be integrated. Hardware and software have to be inventoried to determine whether the current systems are compatible and if either system has the capacity to handle the volume of additional work required for the merged firm. If not, the decision has to be made whether additional or different hardware and/or software will be required, and which vendor(s) will be best suited to be of service to the increased processing requirements of the merged firm. In addition to analyzing the hardware and software, the technological and organizational skills and know-how of the IT staffs of both firms must be analyzed to determine the most appropriate IT supervisory and staffing structure for the merged firm.

Human resources hiring, training and evaluation activities need to be planned and coordinated. The compensation structure must be explained to the members of the administrative support staffs. Benefits administration for insurances and retirement issues must be addressed.

Operational and human resource manuals have to be updated and distributed to attorneys and members of the support staffs. Common hiring and advancement policies and the development of an integrated compensation program for the partners, associates and members of the support staffs needs to be articulated. Training and development programs for attorneys and members of the support staffs have to be developed and implemented to insure consistency among all personnel who are working at comparable levels.

Professional development and pro bono activities for the firm including bar activities, pro bono legal practice, community service projects, charitable contributions, etc. have to be articulated.

### **Conclusion**

In conclusion, for partners in an increasing number of law firms, merging with another organization may be the only way to accomplish rapidly, or at all, their professional and organizational goals and their desired continuity of existence. However, integrating a merged group of attorneys into a "new" firm culture, practice environment, organizational structure for the business, substantive and administrative sides of the merged firm's practice so that attorneys and members of the support staff from both firms work as one, may realize the anticipated benefits of the combination, immediately and over the longer term.