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Engaging the wider partnership in the merger process

The manner in which the leadership team engages, communicates and builds consensus with its wider partner group is one of the most important opportunities and challenges in any merger. Without a strong collective will, focused on achieving a positive result and overcoming the inevitable challenges that will be encountered, any merger becomes significantly more difficult.

But what does this mean in practice? How can you move your firm towards its longer term vision, while building and maintaining strong consensus within the key partner group?

In most cases there will be a tension. There will be an urge to move quickly, to build momentum and capitalise on opportunities. Set against this may be a strong desire to retain and build positive elements of firm culture, suggesting perhaps a more incremental, slower process.

While a strategy based on merger allows for rapid business building, it runs the risk of disenfranchising existing partners if not handled correctly. This is because it generally requires clear, determined management combined with high levels of devolved executive decision-making in order to maximise its chances of success.

Such devolution of executive power often creates stresses within a partnership culture. While partners as a group must have high levels of confidence in the management team to make 'the right strategic plays', this does not obviate their personal desire to be engaged in the process. This extends both to creating and understanding the firm's overall strategic route map and endorsing key decisions relating to any merger.

Getting partner engagement right is therefore something that requires careful thought and planning, since it is of critical importance to both long and short-term success. It is paramount that the partner group receives appropriate communications and interactions if the management team is to avoid any accusations of sidelining or steamrolling. Engagement also, of course, generates enthusiasm to capitalise on the opportunities that the merger will create.

It is not enough for the leadership team to state at the outset of a strategy briefing that "the pursuit of merger opportunities will form part of our growth plan" and then, following a period of radio silence, present partners with a *fait accompli* proposal. Even the most emotionally unintelligent will see that such tactics will make any partner vote challenging at best and impossible in many cases.

What this means in practice is that a strategy founded on merger-based growth needs to be framed within a broader approach to managing the partner base, setting expectations and communicating openly and frequently.

It should be expected, and quite logical, that partners will be brought into the inner circle and introduced to a merger candidate on the basis of their own roles. It would follow that those with senior management responsibility, key influencers or those running practice groups most directly impacted by a merger would have knowledge of discussions in advance of the wider partner base and form part of the validation process.

The detailed framework adopted will also, quite naturally, differ according to the firm's pre-existing culture and its number of partners. A large partnership presents quite different management and communication challenges to a small one.

In the former case, there is likely to already be an accepted corporate style of management; partner expectations will thus be set accordingly. By contrast, a smaller partnership can be more challenging; partners may have high expectations which require individual knowledge of everything that is being contemplated. In such an environment, it may prove difficult – if not impossible – to keep a potential merger confidential from some partners while involving others. The risk of distraction and internecine conflict in such cases is high.

A structured approach would make clear to the partnership at which stages of any merger negotiation they would receive communications to notify them of a possible union, to update them on progress, likely next steps and projected timescales.

Even with a strong desire for transparency, it would be neither prudent nor practical to recount every conversation, exploratory discussion, early stage negotiation or piece of preliminary due diligence that a firm might enter into with a range of prospective merger candidates. Any potential union needs to reach an appropriate stage of gestation before it is communicated more widely.

It will be quite natural for a number of partners to have personal concerns that transcend any firm strategy or compelling business case. These should be identifiable in advance and proactive steps taken either to allay personal fears or to explain the impact of change on that individual. Allowing a communications vacuum is never the correct approach; this creates unhelpful assumptions and a belief that the worst possible scenario that can be envisaged is that which is planned.

There should be a robust plan and cascade for partner engagement and communication. Clear protocols, with well-defined trigger points and a range of scenarios, allow the leadership team to maintain good levels of management control, while responding to the understandable information needs of the wider partnership, both as 'shareholders' and 'workers' in the firm. mp

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