About the Author

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When Firms Combine

A KM Perspective on Law Firm Mergers

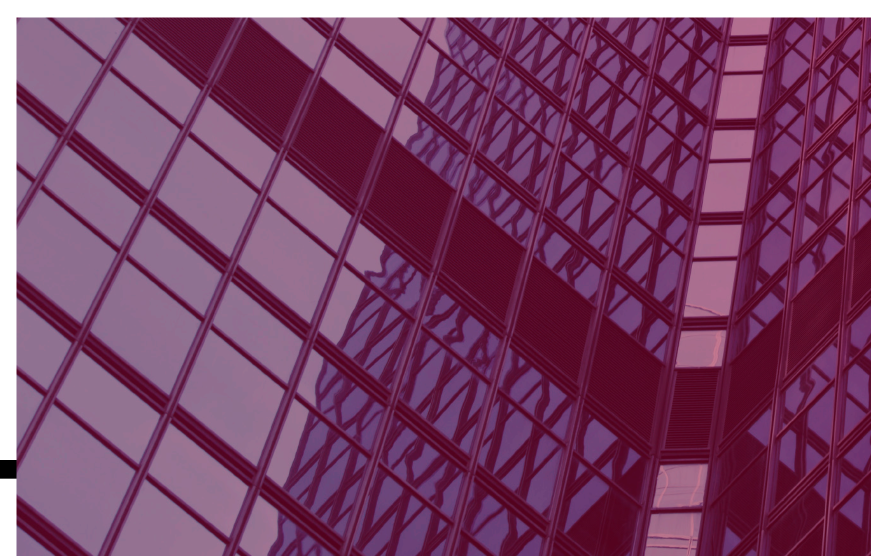
No matter how it happens — through rumor, cryptic comments in the legal press or formal announcement — when news that law firms are about to merge gets out, almost everyone connected with the firms starts speculating.

For people working in these firms, reactions include fear, excitement and everything in between. While opening massive possibilities, these transformations also bring change and uncertainty, both of which tend to make people uncomfortable. They naturally wonder whether and how their roles, routines and working relationships could change. For knowledge management (KM) folks, the prospect of all those fresh ideas, best practices, lessons learned and untapped knowledge converging represents nothing short of a golden opportunity. So, what is it really like for the people involved when law firms combine?

My interest in this topic is not purely academic. Last year, the firm where I work — the venerable Canadian business law firm FMC — combined with SNR Denton and Salans to form Dentons, the seventh largest firm in the world. As a KM professional, I was excited about the notion of going from six offices across Canada to more than 75 offices in over 50 countries, and the experience has been as rewarding as I had anticipated. Still, my experience with firm combinations is relatively limited and new compared to that of others in the field. To draw on the deeper, more varied and longer experience of others, I talked with six ILTA members, most of them veterans of multiple mergers and combinations over the course of the past decade or so. Because of sensitivity associated with some of the questions and a desire for frank discussion, much of the following summarizes the panel's general observations, rather than associates specific remarks with individuals or their firms.

Firms have their own mix of reasons for combining with other firms, and no two combinations are alike, not even transactions involving similar parties and steps. Even within one firm, different people in different roles and offices experience the same events differently. We all bring our own perspective, background and current circumstances to bear on how we approach and react to major changes at our workplace. The scenarios presented by those I interviewed run the gamut. Some of those interviewed witnessed measured growth through a couple of hefty combinations, while others saw steady growth through a dozen or so pairings in nearly the same number of years. In some cases, a primarily regional firm joined with several smaller firms to build its practice and reach, while other scenarios involved firms with international offices combining to form a truly global presence. Expertise varied too; some of those interviewed work in KM, while others work in IT with some KM-related responsibilities.

Despite this variation, common themes and principles emerged, not the least of which is that none of the firms chose to combine simply to build size; rather, the firms combined to build strength. These firms were looking for the right fit with firms that would complement their culture and were interested in moving in the same direction. Though all consulted describe their experiences as overwhelmingly positive and the results decidedly successful, all encountered bumps and challenges along the way.



DEVELOPING A PLAN ON SHORT NOTICE

Both KM and IT professionals are accustomed to defining scope, planning resources, mapping out tasks and deadlines, and committing to milestones and deliverables at the start of a project. Most KM and IT projects also include significant planning for communications and change management. What do you do when you find out your firm will join forces with another but have little time to plan and prepare?

By nature, transactions combining any two businesses tend to be kept quiet, with a handful of key leaders knowing about the proposed deal at first and more people being drawn into the fold as their skills, expertise and support are needed. Depending on how soon firms can involve the people who will help carry out the transition, this tendency can make a disciplined approach tricky. Not surprisingly, some of the leaders I talked with had as few as 45 to 60 days' notice in some cases; indeed, the six months' notice one person received in one of multiple successive combinations seemed almost a luxury.

Yet, despite truncated timelines, the results reported were uniformly successful. According to those interviewed, a bit of a scramble occurs when rapid action is needed on short notice, but everyone gets mobilized and makes it happen. Pulling finance, marketing, IT and other departments out of their silos and getting them talking is imperative; the sooner they start working together, the less likely they are to stumble over one another.

Firm culture plays a big part in whether and when various departments are notified. For KM, lead time seems to depend on how KM is defined, structured and entrenched in the firms involved. For instance, at a firm with embedded and mature KM, one veteran of roughly eight combinations noted that KM always was part of the tight circle that was "in the know" right from the start. At this firm, KM played a crucial role in every merger, organizing the many bits and pieces that came together into standards that were accessible, manageable and easy for everyone to digest. Marketing was charged with branding and crafting key messaging, but KM pushed the branding and communications out to everyone for much quicker integration and widespread adoption.

MAKING A MARRIAGE OF CULTURES WORK

Across the board, culture was cited as one of the biggest potential challenges, one that must be considered early and often in any combination. Though the firms in question strategically sought compatible cultures, every firm has its own way of doing things — no matter how similar it is to a firm with which it is combined. As one person noted, getting a small group of people to march to the same drummer is hard; getting two firms marching to the same beat is miraculous. The trick, some observed, is to promote a common culture without forcing it; push too hard and you risk losing the unique identifying qualities that attracted the firms in the first place.

Having a robust intranet at the outset is a good head start for developing a common culture. Gina Lynch, Director of Knowledge Services with Bingham McCutchen LLP, found her firm's intranet critical to its several combinations. Bingham's leadership was intent on the entire firm feeling as though they were walking through the same door every morning, no matter where that door might be. Because everyone could connect and share through the intranet right from the start, the intranet team was able to deliver that consistent experience, help people feel oriented and part of something, and get a unified culture started. The intranet featured firm news flanked by five headline stories, with at least one new piece posted daily. Many of these pieces were human interest stories highlighting employees and practice areas. Dashboards were added later to connect partners to fundamental firm information, such as financial snapshots, distribution of clients among practice groups and trends.

Another firm pushed out office website page templates to ensure a consistent design and uniform names for various components on the intranet but gave the offices autonomy to choose and manage their own content. This approach worked well because the firm started to develop a single culture while each office retained its own place on the site.

Unfortunately, universal access to a single intranet is not always an option in the early days or even months of some combinations. In some firms, particularly those with multiple extensive sites built on different platforms, migrating to a single intranet can take a few years. In these cases, rebranding local intranet sites with a unified look and feel and pushing the same information, stories and content to all of those sites can be a good alternative.

Along with culture, every firm brings its own structure and hierarchy, with similar operations and departments functioning differently from one firm to the next, each with its own administrative budgets, priorities and methodologies. Sukesh Kamra, National Director of Knowledge Management with Norton Rose Fulbright Canada, observes that all firms have their own business philosophy that affects everything from how they define their business service departments to who does what and how. Often, the impact of these differing philosophies on the various aspects of a combination is not fully appreciated until after the fact. When distinct business philosophies, cultures and structures meet, how do the people involved navigate them? All interviewed agree that communication — obvious as it might be — is the answer. Early and frequent dialogue is essential, with listening being far more important than making one's own point.

BRINGING PEOPLE TOGETHER

People are a big part of any firm's culture. People form relationships and get comfortable working with those they have come to know and trust. When firms combine, people find themselves working with strangers, with little or no time to build rapport.

Top Five Tips for a Happy Marriage

In talking with these seasoned professionals — whose combined experience approaches 20 law firm combinations — the following five tips emerged for those embarking on a combination of any size:

1. ***Get to know the other firm(s).*** *Find out as much as possible about the structure, clients, practices, culture and people.*
2. ***Listen actively.*** *Do not come armed with answers and solutions; come with questions and an open mind.*
3. ***Communicate.*** *As soon as permitted, start a dialogue with the other organization's people. Use surveys, checklists, conference calls, and make visits (if possible) to learn what people need, establish trust and build rapport.*
4. ***Ditch the silos.*** *Do not risk tripping over your current colleagues in other departments; get all of the business units out of their areas of expertise and working together.*
5. ***Practice good KM.*** *Take time to document the entire process. In the whirlwind of activity, recording what everyone is doing can get overlooked. Use debriefing to capture lessons learned and best practices.*

Everyone interviewed noted that this can cause miscommunication, misunderstanding and even suspicion if not carefully considered and addressed.

Harder still, some approach firm combinations with fear. As one person suggested, "The word goes out that nothing will change; though there is some truth in that — because you want to preserve the firms' cultures — in reality, a lot changes. Furthermore, the press is full of negative stories about mergers and not nearly enough positive ones about the opportunities, benefits and wins." As a consequence, some people come in wary, apprehensive or even downright scared, which typically makes them less comfortable about sharing. Again, misconceptions and fears are allayed as people start talking and opening up to each other. The earlier the firms' personnel have access to their counterparts, the sooner they can tackle and bypass this potential roadblock.

Speaking of communication, language can be a barrier to working together. Even when American and British firms combine, language issues can arise when our common language divides us. One person noted the combination of a U.S. and U.K. firm nudged the two into adopting a style guide for the first time. The tool would have been handy all along but then became necessary. Similarly, firms combining with a Canadian firm can be caught off guard by Canada's language laws that require communications in both English and French if the firm has offices in Quebec.

GETTING PLATFORMS TO COMMUNICATE

Somewhat more obvious than whether people can communicate is the question of the extent to which their computer systems can talk to each other. Arguably, the biggest practical challenge in law firm combinations is marrying disparate information technology infrastructures. Most firms have amassed an intricate web of operational and practice-specific applications, many of which are not integrated, making people go to different places to enter and work with information. A firm might still be coming to terms with how to resolve its own patchwork of applications when it is confronted with the added task of bringing together two or more firms' platforms.

After a merger, firms commonly find themselves sorting out multiple document management, finance and other critical systems, not to mention a cluster of work product repositories, intranets and other collaboration tools. Some of these systems can be retired early on, while others can take years to reconcile. In one scenario, two successive mergers led a firm to migrate people from two different document management systems (DMSs) to a third legacy DMS, only to convert the entire firm later to a fourth that none of the original firms had.

One IT professional suggested that law firm IT departments confront pragmatically similar issues when laterals join the firm, albeit on a much smaller scale. IT finds out what technologies the lawyers use for different aspects of their practice and how they are accustomed to working, then reconciles that with what the lawyers will need to learn and do going forward. This individual starts with three surveys. The first survey asks a technology administrator to list the roster of applications, the second addresses specific questions to the IT director and the third takes a deep dive into how the technology is deployed and used. Getting to understand how people work and what they need to do their work is a critical first step to rationalizing systems.

Complicating this already daunting challenge is the matter of new investments in technology. Before merging, both firms likely were exploring and planning new implementations. Setting priorities and building consensus to move big technology projects forward can take on a new dimension after combining. New questions must be considered:

- Will the project have a different impact on different groups?
- Do all parts of the firm need or want this?
- Are all satisfied with the cost?

Developing and documenting new processes early on can pave the way for smoother operations. Rick Krzyminski, currently Knowledge Management Director with Baker Donelson, describes a process that worked well for his previous firm, where he was involved with several combinations. There, after a merger, proposed projects were presented to a board of regional constituents who weighed and determined priorities. Once a project was approved, a protocol was followed for gathering widespread user input. As one case in point, when that firm redeveloped its intranet, it created a steering committee that included the CIO, CMO and representatives from all practices and regions. The committee met quarterly to discuss what needed to be done in every region. This strategy led to the creation and maintenance of a governance structure that helped standardize content management.

TAKING WHAT WORKS BEST

Even with the challenges reported, all consulted had overwhelmingly positive and successful combination experiences and benefits, dominated by brilliant opportunities for learning and personal and professional growth. As noted, firms have many strategic reasons for combining, among them providing seamless service to global business clients, broadening their client base and strengthening and deepening their practices. From a KM perspective, countless compelling secondary benefits arise. These benefits enrich the entire organization, its structure and its people.

For those interviewed, getting a first-hand glimpse of and dipping into other firms' best practices tops the list of opportunities. In all aspects of legal practice and operations, participants have an unparalleled chance to compare notes, reconsider tried-and-true processes and get a risk-free look at what happens if they take a different path. Everyone commented on the extraordinary value organizations get from rethinking their established practices against the backdrop of what works elsewhere. Those interviewed made many changes in their firms, including adding new fields to their DMSs, restructuring library services from a local to national focus and breaking IT into content and applications teams that work more closely with lawyers and paralegals to get a deeper sense of how they practice.

NEW TALENT BRINGS NEW IDEAS

As with studying other firms' best practices, the infusion of talent with novel perspectives, skills and knowledge, not to mention unfamiliar ways of thinking, creates a whole new group dynamic that deepens firms' prior cultures. Simply put, the more people you bring together, the more good ideas you are bound to generate. People in all roles have the opportunity to both learn from and teach their new peers.

One KM professional finds that KM itself gets a massive boost in combinations from learning how other groups share, what incentives sparked contribution and which techniques worked to prevent naysayers from stalling change. Another KM professional adds that law firm combinations make KM easier through pooled collections and shared resources; with broader access to both people and information, responding to lawyers' inquiries and clients' needs becomes much simpler.

Sukesh Kamra illustrates the point as follows: "In the past, when clients asked for access to our reference librarians as added value, I had to say no because I lacked the resources. Now when we are asked for value-added services, I not only say yes, I also have the resources to give real shape to those services in concrete ways that our competitors cannot. This, in turn, demonstrates the value of KM to the firm through tangible returns on investment."

By shedding light on the need to share information, abandon silos and collaborate, combinations can also generate new awareness of KM. In one firm with no formal KM, multiple mergers have raised substantial interest in KM development. Having witnessed the power of

Law firm combinations make KM easier through pooled collections and shared resources.

sharing and collaborating, senior leadership and others throughout the enterprise have become more interested in building KM into their culture.

In addition to honing skills in familiar territory, active participants in combinations find they develop brand new skills. Several panelists remarked that after one or two combinations, they have gotten pretty good at the process of merging firms. As in any discipline, lessons are learned, best practices surface and efficient processes are developed.

ACCESS TO BETTER TECHNOLOGY

Combinations can also open a whole new world of technology options. As Brian Clayton, CIO at Taft, Stettinius & Hollister LLP, explains, firms can become very entrenched in what they are doing and find themselves with a somewhat closed IT environment. Through combining with other firms, Clayton notes, "I came across magnificent vendors and technologies I never would have encountered. We have gotten technologies from smaller firms that we then adopted because they were great. We would probably still be tied to BlackBerry smartphones and Word; instead, we have a much broader IT portfolio now."

All interviewed agree that doing side-by-side comparisons and getting the inside scoop on similar applications is a great opportunity. Many reported doing "bake-offs" of the firms' redundant applications and moving everyone onto the winning application.

Enhanced leverage with vendors is another plus. In one scenario, a midsize firm using a lesser-known accounting system found itself able to nudge the vendor into more enhancements to keep up with the firm's needs as it continued to grow through mergers. Because the vendor met the challenge, the firm has stayed with the system.

Participants also describe both their firms and themselves as becoming much more agile and flexible after experiencing a merger. The consensus is that one must balance being political with being true, and remain reserved and open throughout the process. When tackling any issue, people have a tendency to try to get right to the solution, sometimes too quickly. Successfully combining with other firms teaches one the value of coming to the table with questions and a genuine interest in hearing others, always asking why.

BEST PRACTICES FOR SMOOTH COMBINATIONS

Having worked through an impressive number of successful combinations, those interviewed did not have to think long to offer some sage advice in the form of best practices. First and foremost is communication. They suggest preparing yourself by creating a checklist of questions covering everything from processes to resources and personnel. This positions you to start a focused dialogue with people in similar roles as soon as your business unit is drawn into the process and given the go-ahead to make contact.

Learning what you can about the other firm's organization and culture is also vital to get a sense of how it works and what it values. This can be a bit harder, but Brian Clayton offers an interesting strategy. On learning of an upcoming combination, Clayton's first step is to go to ILTA's website to see if the other parties are ILTA members. Clayton says this tells him how the firm views and values IT, and he finds the process much easier with ILTA member firms. He also looks at the forums and groups the firms' members belong to for a sense of their interests.

Another best practice is to make certain that all business services leaders involved in the process are looking at the big picture and working together. Finance, marketing, IT, KM, HR and all other areas of operations will be touched by the changes to come. All run the very real risk of duplicating efforts, going down incompatible paths or tripping over each other if they do not collaborate.

As firms come together, everyone involved needs to become adept at listening, asking questions and asking more questions. If a firm rushes in with preconceived notions and solutions at the ready, it loses the opportunity to gain a rich understanding of what people really need, how they work best and what they have to offer. Equally important is making the most of the rare opportunity to compare everything, select the best and learn from the whole new pool of talent.

Finally, build in plenty of time to document every step that every department and person takes. No matter how tight deadlines get or how many activities need to be coordinated and managed, capturing the process is critical to ensuring no steps are missed and things are done better next time. Likewise, the communications and materials used should be collected and organized. Afterward, those involved should discuss lessons learned and best practices and map out processes.

THE KM ADVANTAGE

As a discipline, KM is about connecting people to knowledge and to each other. Within law firms, KM typically examines who knows what, how knowledge flows and how people work individually and together. KM also studies processes, looks for efficiencies and pulls together the necessary people for input on projects affecting many roles and departments across the firm. Inextricably tied to the firm's culture and keenly sensitive to the need to share information with people to get buy-in for new tools, resources or processes, KM regularly infuses communications planning and change management into its work, making KM an ideal resource to call on when firms decide to combine.

Firms without formal KM can be at a disadvantage when embarking on a combination. Even firms with KM may be slow to involve KM or fully appreciate how much it can be of assistance. This may be because KM still means different things to different firms or may not be completely understood. Or, it could just be that KM is seen as something that can wait until after the flurry of activity needed to complete the transaction has passed and the dust has settled. Yet the individuals who shared their experiences for this article seem to be in full accord that KM has a pivotal and essential role to play. ILTA