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## The power of using values to drive post-merger integration

I gnore the importance of cultural fit and strong shared values at your peril when merging firms. Cultural dissonance is one of the most common reasons that mergers fail to deliver their expected returns. Within law firms, for which common values and behaviours are crucial to creating cohesion, getting these aspects of a merger wrong can be disastrous.

The smart leader will recognise the problems that a mismatch of values can create if not dealt with early in the integration process. The potential disenfranchisement of large sections of the firm and the hardening of historic sentiments will make desirable cultural change even more difficult to achieve once the position has crystallised post-merger.

### Values programme

Using a values programme to drive integration is much more than a defensive play to avoid internal conflict; it represents a significant opportunity to enhance and accelerate integration.

Of itself, the process of deciding upon a set of values (or guiding cultural principles) for the new firm can be an excellent catalyst and serve to break down 'tribal' barriers. By involving a wide cross-section of people from across the combined business, feelings of 'us and them' can be minimised and concerns better understood and addressed (both legitimate and otherwise). A path can be agreed that takes the best from each antecedent culture, as well as factors in new traits which will be important for future success.

In creating a post-merger values programme, it is important to be clear that this is an initiative that sits at the heart of management. It cannot be regarded as an external publicity exercise, in which a series of vacuous statements are concocted to adorn the firm's website and recruitment materials are created that bear no relation

to how the business actually operates. The objective should be to bring clarity and understanding across the firm as to the small number of values that are core to the business, together with the behaviours which evidence these in practice.

Using these values as an active part of the management decision-making process and performance management system is the critical link that gives any programme traction. At its most fundamental level, it is about sending a clear message about what the firm holds in high regard and the behaviours that will not be tolerated.

There is now a substantial body of work that can be drawn upon in developing the firm's set of values. For example, there is evidence that the highest-performing professional service firms tend to share a relatively small number of values and use these in an active way to drive their business. Conversely, there are values

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that will have the opposite effect, creating internal division and external dissonance, which firms need to work hard to eliminate.

The process for arriving at the appropriate values for the combined business must start with the leadership team (i.e. the executive management and the partner group). This is the cohort that sets the tone for the future operation of the firm and whose actions will be observed and emulated most closely by others.

A facilitated process will often be used to reach consensus within the partner group as to what these core values should be. The same discussion should also explore the implications at both a

firm and individual level of the behavioural changes that will be needed to bring about alignment across the firm.

Having reached consensus within the leaders' group, the agreed values can then be shared widely within the firm. Engagement is very important at this stage, ensuring the creation of a strong sense of ownership across the full footprint of the firm, within all legal practice and business support departments. Alongside other internal communications channels, this will often be achieved by developing structured conversations in small groups within the firm at all levels which encourage individuals and teams to consider what the values mean for them in practice.

By aggregating the outputs of these discussions, a narrative can be developed that describes 'what good looks like'. It is equally important to be clear about which behaviours would be inconsistent with the firm's core values and are therefore unacceptable. The exercise should describe both positive and negative behaviours for a wide range of constituencies, in order that people have a good appreciation of the application of firmwide values at a personal level.

### Wider benefits

A values programme brings collateral benefits. By creating opportunities to meet new colleagues, share experiences and come to a common view of the sort of firm that is aspired to, a very powerful agent for integration and change is created.

By adopting such an approach, clashes of culture and values can be avoided and opportunities realised to chart a path that neither of the antecedent firms would have been capable of following. <sup>mp</sup>

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