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Develop a strategic framework for merger communications

It is all too easy for those focused on the consummation of a merger (and with a deep knowledge of the transaction) to assume that its strategic logic will be self-evident. It is always wrong to presume that the benefits flowing from the union will be apparent to the combined firm's client base.

Key clients should be engaged in advance of any public announcement; it is crucial that, for this vital constituency, the merger message is measured and managed. Even worse is to come to the conclusion that it will have genuine appeal.

Client communications must be well managed from the point at which news of a potential merger enters the public domain. For many clients, news of an impending merger involving one of their law firms will initially raise concerns. These must be addressed quickly and directly to avoid rumours and misinformation filling the vacuum.

Client concerns will commonly centre on questions such as:

- Will you still be interested in clients like me? Am I still 'on strategy'?
- Will there be any increase in fee rates?
- Will my relationship partner remain the same?
- Will the team doing my work be stable?
- How much disruption will there be as the two firms integrate?
- I've used the firm you are merging with before and had a bad experience, how will you ensure that this doesn't happen again?
- Who is really in charge and what will the future direction of the new firm be?
- Are there any conflicts – legal or commercial – that I need to be aware of? How do you propose to deal with these?

A further dimension to carefully manage occurs when the merging firms both act for the same client, but on different commercial terms. This can be a particular issue where a merger is consolidatory in nature, i.e. seeking to dominate a particular market (whether geographically or sectorally defined). With the use of law firm panels now commonplace among large corporates, it is increasingly likely that such mergers will result in a need to converge terms with a number of clients.

It should be clear that, by acknowledging and addressing legitimate client concerns early in the process, the firm gives itself a solid platform on which to build positive messages highlighting merger benefits.

These messages should focus on the areas that are of direct benefit to the client, rather than the wider halo of effects that are centred on the firm and its partners. While it is possible to argue, for example, that being better able to recruit top-tier candidates will be to the ultimate benefit of the client, it would be more purposeful to focus on immediate, tangible advantages. These will resonate with clients rather more convincingly than future unrealised potential.

Typically, immediate client benefits will include access to a wider range of services, greater strength in depth, improved geographic footprint and increased sector expertise. Not all of the benefits will be of equal (or indeed any) importance to every client. Efforts should be made to tune communications (especially face-to-face dialogue and focused direct marketing) to specific audiences and key relationships.

It can be helpful to think of benefits as falling into five distinct categories, from the perspective of the client:

1. helping the client to make money;
2. providing a means for the client to save money;
3. increasing opportunities for the client;
4. reducing the client's risk; and
5. making it easier for the client and the firm to do business (for example, reducing the client's internal costs, project management workload and reporting).

Of course, some benefits will span across more than one of these categories. The reverse is also true; it is questionable whether those that don't comfortably fit into any category are benefits at all, when viewed through the eyes of the client.

While it will be tempting for the firm to focus on those aspects of a merger that provide opportunities for the client to spend more money with the firm, a commercially-savvy purchaser will also wish to explore how the benefits of consolidation and increased purchasing power will flow through to lower fees as well as improved profitability.

The firm must have a narrative developed which is multi-dimensional; it should anticipate potential negative as well as positive issues and have a considered response in place. In particular, the firm should be prepared for competitor actions that aim to undermine it and deal confidently with client concerns on issues of fallout, conflicts, confusion and disruption.

A well-crafted communications strategy is vital to merger implementation success. This must address the positive aspects and also deal with likely concerns in a controlled way. Any firm which prepares only to discuss the perceived benefits and chooses to ignore potential drawbacks leaves itself exposed. This can result in it being unable to maximise the early stage post-merger opportunity as it is forced to backpedal to reactively manage client concerns. mp

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