



## How to Make Law Firm Mergers Work: It Starts with Culture

In recent years, mergers have arguably become the preeminent agents of change and growth in the legal industry, culminating in the first quarter of this year, which saw a record number of firms joining forces.

The goals of nearly all of these combinations are similar: broadening client relationships, gaining depth in important practice areas, expanding geographical reach, and leveraging back office functions to forge the strengths of each firm into a more powerful combined entity.

When a firm goes hunting for a merger partner, examining business and financial factors alone may reveal many promising candidates. But to narrow the field and to raise the likelihood of a successful combination, firms should look as hard at culture as they do at financial metrics and client rosters.

Culture matters in every industry, of course, but in deals between law firms, it's paramount. When law firms merge, no money changes hands, typically, and no proprietary assets are transferred. The power of a law-firm merger lies in human capital. If the lawyers of one firm aren't compatible with the lawyers of the other, then combining the two, no matter the business case, makes little sense.

The first question firms should ask before entering into any merger deal, therefore, should be something like this: Will the combined firm result in a cohesive and unified organization, or simply a larger confederation of lawyers? Getting an answer is easier said than done, of course. Ask a managing partner to describe his or her firm's culture and you'll likely hear words like "collaborative," "collegial," "entrepreneurial," "client-centric" and so on. These are commendable characteristics to be sure, but too vague to be insightful.

Instead, I'd recommend seeking the answers to specific questions. I've found that posing the following eight queries can produce tremendous insights into a firm's true culture.

1. What does firm stand for, and what are its core values?
2. Does firm leadership and the remainder of the partnership embody those values?
3. What is firm's reputation in the communities it serves and with its clients?
4. What is the overall quality of the firm's work — is excellence a constant, active pursuit?
5. Does the firm prioritize teamwork or does it operate in silos?
6. Is there camaraderie or cutthroat competition — how do the partners treat clients, each other and subordinates?

*(continued on reverse)*

7. What criteria are used to determine partner compensation — is it “eat what you kill?”
8. What is the firm’s attitude toward and track record on pro bono work, diversity and charitable giving?

The dialogue in discussing these and other matters relating to cultural compatibility should occur in the early stages of a deal. These meetings should start with leadership, and then extend to practice group leaders and other important partners.

If however the preliminary discussions pass muster, the next logical step is to start pounding out a term sheet or letter of intent that defines most of the deal structure. This gives both sides an additional, important opportunity to observe each other under stressful working conditions. If the back-and-forth becomes too acrimonious, or results in multiple stalemates, it is likely a signal that the cultural fit is less than ideal. ■

**“Law Firm Mergers—How to Make Them Work, Part 1: It Starts with Culture,” by Barry H. Genkin was published in **Bloomberg BNA Big Law Business** on July 21, 2015. Reprinted with permission.**

**Note:** This article is part of a four-part series published by Barry H. Genkin in Bloomberg BNA Big Law Business. The full series may be viewed online by clicking on the following:

- *Article One:* [How to Make Law Firm Mergers Work: It Starts with Culture](#)
- *Article Two:* [How to Make Law Firm Mergers Work: Dealing with the Finances](#)
- *Article Three:* [How to Make Law Firm Mergers Work: The Business Case](#)
- *Article Four:* [How to Make Law Firm Mergers Work: Integration](#)



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