causeway
THE SMART WAY TO FIND THE RIGHT CAUSE

Merger activity and globalization among law firms appears to be heading back towards pre-recession levels and the tempo of mergers and consolidations in the accounting world is setting a record pace.

Professional and financial services firms are great at getting the paperwork done, but what about the cultural diligence that should be conducted concurrently and in fact concluded long before the deal is closed?

Building Cultural Synergy

C-level executives across industries rank cultural integration as the single biggest challenge they faced during a merger or acquisition, but admit that it's one of the last things they considered when deciding whether to pursue the deal.

Merger integration experts agree that assuming one party will simply alter its culture to match the others is a recipe for failure. Instead, it's essential to build cultural alignment by leveraging the assets of both firms to develop something new that is stronger than what either brought to the alliance.

Executed properly, the introduction of a firm-wide, inclusive cause program can serve as exactly the kind of "something new" that puts firms on the path to post-merger success.

The most successful social responsibility efforts stem from the collective passion of a firm's owners and staff. Through an internal audit of both legacy firms it is possible to determine what causes are most important to everyone who will play a role in the newly consolidated firm, how stakeholders believe your new business will best align with important social issues and what cultural barriers may hinder implementing a strategic cause initiative.

Armed with this information, one can determine a direction for a cause program that will inspire and unify partners and staff around a shared mission and serve as an important building block in the foundation of a synergistic culture.

Taking a Test Drive

The human and cultural aspects of a merger are unquestionably one of the most difficult things to predict when contemplating whether it's wise to proceed with merger talks. Beginning to explore a shared cause program by auditing each firm's charitable priorities can provide an early assessment of cultural fit. Taking it a step further, by inviting members of each firm to collaborate on a cause-related project, you can determine not only if your areas of philanthropic focus have the potential to meld, but more importantly if your people are likely to be able to find common ground.

Alleviating Stress and Anxiety

The announcement of an imminent merger or acquisition is often regarded as a threat by staff, triggering a great deal of stress and anxiety that continues through the life cycle of the transaction and long after the deal is closed.

Fully occupied by the demands of the negotiation, firm management is likely not focused on providing the extra direction and encouragement that staff desire. Yet firms are best served to take special measures to compensate for staff uncertainty and improve morale.

Again, a focused, stakeholder-driven cause program can help. It's a relatively simple yet meaningful way to demonstrate to staff that the alliance will have a positive impact on the future of the firm and its culture.

Further, employees at organizations with strategic philanthropic initiatives feel a stronger sense of loyalty and exhibit enhanced morale and productivity. Having the opportunity to play an active role in achieving a charitable mission that staff have helped define can serve as a positive and motivating force.

Aligning Around a Meaningful Cause

Two decades of post-merger integration research has revealed that approximately 70 percent of mergers and acquisitions fail to achieve expectations, often citing insufficient attention to the people and cultural factors as a primary factor.

More than simply a way to be good corporate citizens or build a brand, firms would be well served to consider cause initiatives as a powerful tool in the post-merger integration effort.