



Thomas S. Clay

In Mergers and Acquisitions You Only Get One Chance To Make a First Impression

By Thomas S. Clay

I recently met with a law firm expansion committee. Its members relayed their experience with a much larger firm that was trying to entice them into merger discussions. According to the committee members, the managing partner of the larger firm came to the meeting with “a one-page sheet of paper with three platitudes on why we should merge.” My clients were completely underwhelmed and disappointed at the larger firm’s approach and lack of apparent preparation for such an important meeting. As a result, discussions will go no further.

Many law firms are seeking to merge or acquire other firms. And many are target firms. For those who wish to put their best foot forward in an initial meeting, a thoughtfully prepared prospectus will have real value and help sell the firm and its vision. Prospectuses differ in their content and style, but when the prospectus is well done, you will get much better reception and results. Make sure your first impression is the best one. It may give you a competitive advantage.

Merger Prospectus

1. Business Case

Comment on the firm’s strategy and rationale for seeking merger or acquisition candidates, and this opportunity in particular. What drives your ambitions? Specific objectives should be set forth.

2. Practice Overview

Clearly define practices, including size, focus, specific clients (whenever possible) and/or client industries, lawyer census, etc. Include economic data. Use graphics to highlight your practice strengths. Don’t be afraid to highlight your practice weaknesses or client needs — there is a reason why you are seeking a merger, and virtually all

managing partners recognize and acknowledge their firms have holes or weak spots.

3. Firm Overview

- a. management organization and style
- b. form of organization and capital structure
- c. compensation system and philosophy
- d. economic trends,

4. Key Performance Data, and Firm Standards

- a. history

5. Client Data

- a. geographic distribution — use maps
- b. industries served
- c. comments on client focus, size, etc.
- d. be clear about the significant client industry conflicts that may exist, if any.

6. Firm Lawyers

- a. census
- b. law Schools

7. Firm Culture

Comments re: firm values, expectations, etc. This can be detailed or brief, but avoid law school recruiting platitudes or lengthy discussions of firm culture that cannot be easily distinguished from every other law firm.

8. Process

Outline in some detail how you view the process to be followed. Be as detailed as possible. This will help educate less sophisticated candidates.

9. Confidentiality and Stand Still

Comment on your thoughts re: confidentiality and stand still agreements with respect to firm lawyers. This will help allay the fears of many candidates.

Keep in mind that the first meeting should not be a negotiating session, but merely an

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opportunity to explore interest. Don't discuss deal points. Lastly, you should not necessarily expect an answer as to whether there will be a next meeting. No matter how

interested or disinterested the other side is in the prospective merger, they will likely need to consult with other partners before committing to the next step. ♦

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