



## Mergers, moves and expansions

**ILTA Conference 2006**

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# Mergers from an IT perspective

- Mergers are more complex than moves or expansions
- They can add an entirely new or different infrastructure to the picture
- Different application mixes
- Different business objectives
- Different opinions and strategies
- New expectations, perceptions and politics

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# Mergers from an IT perspective

- Mergers can also bring opportunities and benefits
  - Introduce new technologies to the mix
  - Opportunity to change strategies / vendors / products
  - Funding to catapult your technology plan forward
  - More resources and with new skills
  - Opportunity to improve BC / DR strategy

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# Agenda

- 1) Who should prepare
- 2) How to prepare
- 3) What to avoid
- 4) Where to start



**Who should prepare?**



# Mergers – Who should prepare?

- Assume your firm will be merging
- Preparation can only benefit your career and your firm
- All types of firms are attracted to mergers for various reasons:
  - Growth
  - Diversification
  - Improved competitive positioning
  - Easier access to large clients
  - Improved efficiencies ...
- Many mergers have caught the firms involved by surprise



## Benefits of preparing

- Preparing for a merger means you:
  - Have a clear strategy for where you are headed and why
  - You have tied your strategy to the business needs
  - Your environment is organized and documented
  - Ready for anything: move, merger, disaster ...
- Makes you a forward thinking leader
- When change hits, you have the time to lead
- Your people are prepared and can be more effective
- Your level of readiness will present you as a leader



**How do you prepare?**



# Understand what is driving the merger

- Consider what is driving the merger for both firms
- How do the practice areas compare?
- How does the client base and major industries compare?
- Geography: Will this add locations?
- Market position
- Partnership structure ...
  
- Understand the business goals of the merger's proponents
  - This should not be a technology discussion

# Analyze IT position and strategy of both firms

- Understand the mix that both firms are bringing together
- Look for the opportunities to improve your offerings
- Compare IT projects over past 2 years of both firms
- Compare IT projects planned over next two years
- Compare key IT metrics and ratios of both firms
- What are the current BC and DR plans of both firms?
  - Can this be an opportunity to improve them?

# Build an IT Operational Strategy

- Who will run the IT Operation at each level?
  - There must be a clear person in charge early
    - Through merger process and beyond
  - Leadership cannot be shared or deferred
  - Early decisions prevent major problems
- Don't allow the tough decisions to be deferred
  - Everyone needs to know what is staying and what is going
  - They must buy in as part of the merger discussions
  - Deferring it means that it will take 3 times longer and cost twice as much to address

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# Build an IT Operational Strategy

- Involve managers on both sides early
- Ask managers to prepare their post merger strategies
  - What should change, what should not?
  - Interview them along with their plans
  - Choose your leaders from this process
  - This also gets buy-in for the strategy
- Collect views from IT staff now regarding the strategy
  - Hear them out now, not when you are in the middle of implementing it.



# Build an IT Operational Strategy

- Develop new organizational chart for all levels
  - Circulate it as soon as possible
  - People need to know where they stand
- Ask line managers to revise / update their department's plans in light of changes
  - Forces long term thinking
  - Not just short term integration issues
- Bring in outside help if necessary to do this right



**What to avoid**

# Don't wait for “give and take” negotiations

- New “merged” environment should not be the product of a “give and take negotiation” at the partner level
  - Eg: “keep our accounting and your email system...”
  - This produces a mish-mash of systems
  - More costly to operate and support
  - Less functional
  - Very de-motivating to IT staff in both firms
  - Introduces more politics in daily IT life
  - Hamstrings future system selection and upgrade plans

# Don't accept an inconsistent environment

- Target a consistent – one network - environment ASAP
- One firm many need to go backwards
  - This may very well be worth it
  - Merged environment must be manageable
  - Must be consistent
  - Must tie IT staff into common goals
- Don't allow unique office needs to justify inconsistent environment
- Don't allow people to defend old turf – focus them on the new turf
- This can undermine objectives of merger
- Not uncommon to be dealing with such issues 5 years later

## Don't set unrealistic target dates

- Take the time to think it through
- Consider your resources, other projects and ramp up time for the combined new team
- Full integration for some systems may make sense
  - Very rare
- Partial or short term integration may be best
  - As long as long term plan has been set
- Choose long term quality over short term integration
- Avoid artificial dates: FYE, Press release + 90 days ...



**Where to start**



# First steps

- Fundamentals must be in place
  - Documentation, change control, your own strategy ...
- Develop your partner relationships now that will get you involved early in any potential merger discussions
- Don't talk technology or defend turf when dealing with partners
  - Remember US Army approach to promotions
  - Talk business needs
  - Talk about improving service
  - Always be open to new ideas

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Questions and comments