



How To: Consider 'culture shock' before merger

By: Nancy Crotti February 6, 2015 0

What's the most important thing to consider about a firm that you're considering for a merger?

- A. Its book of business
- B. Its prestige
- C. Its culture

If you answered "C" you would be correct, according to a couple of attorneys whose Minneapolis firms merged with

If you answered "C," you would be correct, according to a couple of attorneys whose Minneapolis firms merged with larger ones.

Merging firms should be compatible in terms of ethics and culture, said Robert Abdo, whose (mostly) family firm, Abdo, Abdo, Broady & Satorius P.A., merged in 2006 with Lommen, Nelson, Cole & Stageberg P.A. Abdo focused on business, entertainment law and commercial litigation, while Lommen's practice included commercial litigation, medical malpractice, wrongful death and other complex litigation and appeals.

In 1974, Abdo joined his father, E. John Abdo, in the law practice his dad founded in 1935. Bob Abdo's brother, Ken, also an attorney, joined later. His sister, Janice Hanson, was a paralegal and "chief everything," and his daughter, Teresa Abdo Whelan, was Ken Abdo's paralegal. (They all moved to Abdo Lommen with the merger.)

Abdo's firm grew slightly over the years with the addition of a few attorneys outside the family. As its lease was near expiration, the shareholders began seriously consider the offers from other firms that had courted it for its entertainment law practice.

"We talked to a number of very good firms, but some of them were just really large for us," Bob Abdo said. "It would have been a culture shock coming from a firm of five lawyers."

Lommen had about 35 lawyers at the time, including Roger Stageberg, a former classmate of Bob Abdo's. Both firms' cultures valued family and community connections over high salaries, Bob Abdo said.

That was the good part. Because the Abdo firm had to move, some other, less pleasant factors came into play. It had to dispose of computers, its telephone system, furniture and books, most of which had depreciated considerably, Abdo said. The firm had to distribute the assets of its profit-sharing plan into rollover IRAs. It brought its supplies (minus letterhead) and its receivables.

"If you're just combining and they're not taking over your receivables, you still have to collect them," he added.

"You have files that you have to bring over and integrate them into the file system that is in the new firm."

The firm also had to prepare its clients for the merger.

"Some of them are concerned that when you move to a bigger firm you might charge more per hour," Abdo said. (That didn't happen, he added.) "Some like the move. You're not trying to lose them. You're trying to retain them."

Ultimately, Abdo's firm bought into Lommen's firm, kept its assets, and its employees became Lommen employees. Despite the merger's challenges, it has been a good fit it, Abdo said. Now Keith Broady, one of Abdo's attorneys before the merger, is president of Lommen Abdo, which has 35 lawyers in Minneapolis, Hudson, Wisconsin, and New York City.

Despite the growing pains, the merger has been good for both firms, Abdo said.

Before they agreed to merge, Mackall Crounse & Moore, one of Minneapolis' oldest law firms, already had a relationship with DeWitt Ross & Stevens of Madison, Wisconsin. Both firms belong to Lexwork International, a midsize firm referral organization.

"We had a bit of an advantage over the normal circumstance, where you may not know your potential suitor or partner from Adam, so to speak," said James Kremer, managing partner of the Minneapolis office, now known as DeWitt Mackall Crounse & Moore.

Mackall Crounse, which had 25 attorneys and 25 staff members, did not have to move offices when it merged with DeWitt Ross in November 2013. Having some clients in common and similar rate structures helped make the merger a smooth one, Kremer said.

There was also plenty of bus travel between the cities so the shareholders and partners of each firm could get to know one another.

"I think that was just imperative to see how folks clicked, whether they liked each other," Kremer said of the bus trips. "This business is hard enough that if you don't like the folks you're working with, it just ain't worth it."

The combined firm, known in Minneapolis as DeWitt Mackall Crounse & Moore, now numbers about 110 attorneys. (The Wisconsin firm kept its name.) They merged the accounting, conflict check and billing functions and reduced costs without layoffs, Kremer added.

Mackall Crounse changed its compensation system to match that of its new parent company, but Mackall's attorneys and staff have grown accustomed to the new systems, according to Kremer.

Both men had some advice for other small to midsize firms considering a merger.

"You've got to be compatible [in terms of] ethics and culture and the like," said Bob Abdo. "You want to trust your partners to get your back. You want to be happy when you go to work every day."

Kremer said the ease of the merger surprised him. He advised other firms to make sure they have more than just those involved in merger discussions get together to make sure they're compatible. He also recommended keeping the lines of communication open in-house.

"We did a nice job, especially in a smaller shop, of keeping people in the loop," Kremer said. "It's taken some time for folks to get that comfort level, but I think that we're there now and it's onward and upward for us."

