A taste for change?

Writing from experience, **William Gibson** shares some merger lessons

It was 25 years ago this month (2 February 1987) that the first announcement was made of the impending merger which was to form the megalith known as Clifford Chance. In a recent survey by the Law Consultancy Network of small and medium sized firms, 33% expect to be involved in mergers in 2012. In today's recessionary climate, mergers generally are becoming increasingly common, but a quarter of a century ago the announcement sent shock waves through the profession.

Insider knowledge

So, what was it like to be on the inside of such a game-changing event? At the time of the announcement I worked for Coward Chance, in the costs department based, along with most of the support staff, in St Alphage House near the Barbican. The firm's main office was in Royex House in Aldermanbury Square.

On the morning of 2 February, a costs contact at Herbert Smith phoned our office and told us he had just heard that we were about to be taken over. We had only just finished laughing this off when two members of partnership management arrived from Royex to tell us we were about to merge with Clifford-Turner to form the biggest law firm in Britain. Mergers nowadays tend to be foretold and analysed in the legal press long before they happen, but this link between two major City firms had not attracted as much as a whisper, so the news had the effect of a bombshell. In the office incredulity soon gave way to excited chatter, mingled with misgivings and fears of possible redundancies once departments within the two firms became blended into one. Those concerns lingered long after reassurances had been given, promises being treated with scepticism and not without justification as it transpired.

The most obvious immediate effect on the support staffs in both firms was that the work in progress had to be billed before the cut-off date so that valuations of the two partnerships could be assessed and to draw in as much cash as possible before that date.

At the time, invoicing was mainly manual, bills produced by reference to the files and taking account of recorded work. The costs department had a target figure for billing each week. For the period up to 1 May the targets were doubled, then doubled again, leading to late night and weekend working to hit the targets.

The first real gathering en masse was on merger day, Friday 1 May 1987. The support staff had worked flat out all that day to finalise clearance of the work in progress, resulting in a staggering billing close to £2m for Coward Chance for the final week (modest by today's standards but a good week's work for those days). After a short pause to celebrate our achievement with partner-provided champagne it was off to the gathering of the clans at the Savoy Hotel in the Strand. Possibly a regular watering hole for City partners, but to humble support staff it was a first glimpse into our bright new future.

In at the front door then along seemingly miles of thickly-carpeted panelled corridors, through a very small foyer crowded with people then, via huge double doors and through cohorts of liveried waiters, into the Lancaster Suite. A vast room, stretching into a people-filled distance; a seething, milling ocean of unknown faces and babble enough to drown out all but the loudest conversation. Coward Chance at that time was already big enough for familiar faces to be few without the addition of a much bigger contingent from Clifford-Turner. The underlying intention behind the merger might have been global domination but on that night at least we were all very British, gathered in cliques of familiarity, viewing strangers with apprehension or suspicion.

Social network

One more party in the middle of May, in a pub in St Katherine's Dock, saw the two administration departments being encouraged to integrate for the first time but from that date on the jockeying and intriguing for control or supremacy within the various departments began.

Initially there were joint senior partners, one from each firm, and joint heads for several departments, but that gradually changed. Whichever firm had the greater numbers in a particular department tended to provide the permanent department heads.

Retirement and redundancy were not words that were bandied about, but subtle hints made it clear when faces didn't fit. If subtlety failed more brutal methods were applied, like associates who were outnumbered by colleagues from the other firm being warned that they would never make partner.

The immediate legacy of the merger, of course, was the spreading of staff among numerous offices, a position which became worse as the new departments grew and satellite offices were opened up so a new "home for all" had to be found quickly.

It took several years for the "them and us" mentality to fade. It probably lasted until the firm finally moved into a single office, a "new-build" at 200 Aldersgate Street, built to the firm's own specifications but, having taken so long to build, the firm had almost outgrown it before moving in.

In 2000, when satellite offices were again in use and a search was on for even bigger premises, came further mergers, with firms in America and Germany, by which time the two original firms had finally fused into a single whole, superfluous staff had been moved on and a new integration began. NLJ

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Correction: Church concert & gaol

Thank you to Dr Stephanie Pywell, for drawing attention to the mistake in "Law in 101 words" (NLJ, 27 January 2012, p 150). A church concert is *not* a regulated entertainment for the purposes of Sch 1 of the Licensing Act 2003, owing to an exception contained in Sch 1, Pt 2, para 9 of that Act. Apologies.