DUE DILIGENCE

- Conflicts of interest
- Vulnerable clients (potential mergers, governmental changes, moving etc)
- Client hourly rates
- Percent realization of WIP and A/R
- Explore perceptions of merger from key clients
- Major client losses in past 3 years
- Possible loss of referral sources due to merger and resulting loss of revenue
- Will incoming firm contribute WIP and A/R at time of merger?
- Lawyers for whom retirement obligations can pose undue burden on firm
- Malpractice history and insurance coverage for all lawyers – any history of disciplinary proceedings in the past or potential problems currently known to either firm – present and past claims history
COMPATIBILITY ISSUES

- Work Ethic
  - Billable hours
  - Non-billable hours (firm mgt)
  - Rainmaking activities

- New firm name – any partners who might/will insist on having their name included that could be problematic?

- Decision making styles of each firm

- Practice area management and style

- Timekeeping and billing habits at each firm

- Retainer arrangements and billing policies

- Partnership criteria

- Hiring, mentoring, supervising and utilizing associates, and partnership track

- Capital contribution requirements of partners

- Policies for dues, entertainment, education and other “perks”

- Support staff ratios and attitudes about sharing staff resources

- Associate ratios

- Compensation at all levels

- Marketing sensibilities and practices

- Access to financial information at each firm
Quality of lawyer’s educational backgrounds

Expense allowances for attorneys

Vacation, sick, and other time off benefits at all levels

Obligations of the firm in the event of withdrawal or retirement of a partner
INTEGRATION ISSUES

- Filing systems
- Telephone systems
- Time and billing systems
- Accounting systems
- Computer systems
- Customized software or practice applications
- File numbering schemes
- Training programs
- Support staff assignments
- Associate practice assignments
- Employee benefit programs
- Staff, Associate and Partner compensation programs, and pay cycle
- Space assignments
- Combining of administrative staff—What savings can be had in administrative management?
- Consolidation of purchasing and service providers—what savings can be had in expenses?
- Business plan and marketing plan alignment
- Increased need for communications at all levels
Training and retraining on new systems and procedures and checking for compliance

What accounting firm will service the new entity?

Changes to advertising, web site, directories, announcements, letterhead

Communications to client and media

Create timeline from 3 to 6 months to address implementation issues

New shareholder agreement needed

Library and circulation lists