CPA
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planning around integrating company culture.

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The accounting profession has seen numerous mergers and acquisitions in the past few years. M&A activity in big firms tends to make headlines, but deals are prevalent across all levels — often because smaller firms are suffering from a lack of bench strength and larger firms are looking to acquire niche practices.

Although the payoff of a merger can be great, it can also be high risk, not just in a financial sense. To make the merger successful, both firms need to do a great deal of planning around integrating company culture.

What is firm culture?

Having a healthy and thriving firm culture isn't just nice to have. It's truly a business imperative:

- Organizations listed among the Best Places to Work based on company culture deliver nearly 20% higher returns to shareholders compared to other companies
- One in five workers left a job in the past five years due to bad company culture
- 77% of workers consider company culture before applying for a job, and over half say company culture is more important than salary when it comes to job satisfaction

Incorporating firm culture in your M&A planning

When not handled correctly, mergers and acquisitions can strain even the healthiest firm culture. Lack of communication, weak integration plans, and poor cultural fit are some of the main reasons firms eventually "de-merge."

During the M&A planning phase, it's easy to focus on the financial and technical aspects, but it's crucial to consider cultural fit throughout. Here are five areas to consider during every phase of the process.

Leadership

The pandemic brought to light how important it is for leaders to build trust. People need to know that they are physically safe and that leaders care about their emotional, financial and societal needs.

With many employees and managers working remotely, trust is more important than ever. Managers simply have to be better managers in a virtual work environment, and employees must be self-sufficient and focused.

Merger considerations:

- Are C Suite members part of the merger team?

on an informal basis

This is especially crucial for people working remotely. Without regular, transparent communication with remote employees, it's easy for them to feel disconnected from the team and become disengaged. Guard against that isolation with regular informal video meetings and communication.

Merger considerations:

- Ensure human resources professionals are part of the M&A team from the beginning
- Match talent components of each firm to ensure they are compatible, including diversity, equity and inclusion (DEI) initiatives, wellness programs, remote work policies, benefits, etc.
- Are communication channels and techniques similar in both firms?

Growth

Marketing and business development are essential to your firm's growth, so it's crucial to consider how each firm approaches these areas and how they'll work together after the merger.

Digital marketing, including SEO, social media, content marketing and email, is essential for accounting firms today. It's never been easier serve clients worldwide, and the firms that are best at attracting new clients using digital marketing strategies will win in the marketplace. Clients are looking for companies to solve their problems, and you'll win clients when you use digital marketing strategies to educate your target clients on how your firm can solve their problems.

Merger considerations:

- What niches and services are driving your firm?

them, let's just agree that the number is high!

Each firm will have unique processes for sales, onboarding clients, delivering services, billing, managing internal finances, recruiting and hiring, and more. It's important to agree on which processes will be followed once two firms become one.

Too often, firms allow an acquired firm to hold on to old processes long after the deal is done. This might make employees of the acquired firm comfortable, but it makes it impossible to share resources between offices or departments. Eventually, you must start operating as one firm.

Merger considerations:

- What are the most important processes to change?
- Will the process change happen immediately? Or do you have a timeline?
- Which firm processes will you follow? How will you decide?
- Who will lead the process change and complete the training?

Technology

Last but not least, consider the cultural fit of each firm's technology. Technology drives everything we do in an accounting firm. Simply listing all of the hardware and software each firm relies on daily could fill an entire article. "Rip and replace" is ideal but also expensive and time-consuming.

Merger considerations:

- What technology is best for the new culture/firm?
- Who will be responsible for your technology strategy and ultimate support?
- Is rip and replace the right move for you?
- Who is responsible for onboarding and training the full firm?

Thinking through each area might seem overwhelming at first glance, but all of these