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Stephens & Son LLP incorporating Redfern & Stigant

## STEPHENS & SON

SOLICITORS

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### GOLD BLEND

By **Charles Fuchter, Jacqueline Shicluna**

With ABSs looming and the economy still unstable, many firms are considering merging to gain a competitive edge. Charles Fuchter and Jacqueline Shicluna explain why they took the plunge.



#### *A small firm's quandary*

**Charles Fuchter, partner, formerly of Redfern Stigant:**

“With only two partners, who were generalists, we were bucking the trend. Legal practice is much more complex than it used to be, and the trend has been towards greater specialisation.

“We also found that professional indemnity insurers did not look on firms with fewer than four partners particularly favourably. Several authorised insurers were simply not willing to provide cover for small firms. Furthermore, with both partners having been in practice for 30 years or more, it was necessary to ensure the succession of the firm.

“For all of these reasons, we decided that we had to get bigger, and get bigger fast. There was simply not enough time to grow organically to face the

challenges ahead, given the general economic climate of the last two years. The only way of achieving our objective was to look for a merger.

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“We considered a few options, but came to the conclusion that there was one firm in particular with whom we felt we could work and whose offices were close by. Stephens & Son was long-established with an extensive history and a good reputation. We knew the lawyers at the firm personally and we had a gut feeling that we could make it work.

“Stephens & Son was much larger and, like us, Lexcel accredited. We felt that there would be little difficulty in adapting ourselves to their systems and procedures. A big attraction was the fact that we could close our office and relocate, which in itself would lead to a significant lowering of our overheads.

“The merger made sense because we felt strongly that the two of us would be able to focus on our own special areas of work, enhancing the service to our clients. At the same time, our clients would benefit from the expertise of the other firm in those areas of work that fell outside our fields.

“The merger completed on 1 August 2011 and everything seems to have gone well. It is good to have the benefit of a strong management structure and to be relieved of much of the day-to-day management and administration. Ultimately, none of this matters unless we can provide the level of service that clients have a right to expect. This is the major benefit of the merger. My partner and I can go back to specialising in the subjects we know best, while the clients we have brought across have access to expert help in various areas of legal practice.”

## ***Developing a larger practice***

### **Jacqueline Shicluna, managing partner, Stephens & Son**

“For a number of years, one of the key business objectives for Stephens & Son had been to develop the firm by means of a merger. The aim for this strategy was to build competitive advantage by developing further the specialist areas of law that the firm already covered. The approach from Redfern Stigant, therefore, presented us with an opportunity to achieve our objective.

“We did not, however, allow our hearts to rule our heads, but set about the negotiations in a systematic and thorough fashion. The first step was for the partners of both firms to sign a confidentiality agreement before exchanging some preliminary documentation including annual accounts, up-to-date management information and claims records.

“The two firms then jointly instructed accountants to report upon the performances of the firms and to assist with preparation of a series of projections for profit and loss and cash flow.

“We then swiftly moved to the point where heads of terms were agreed and draft documents dealing with the transfer of business, the admission of an additional LLP member and the appointment of a consultant were drawn up.

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“At the same time, we carried out an extensive due diligence exercise. Once satisfied the proposed merger was the right thing to do and with agreements reached in principle, we set a quick timetable to deal with the mechanics of the merger, involving at this stage our practice manager, Gareth Boulton, who had the unenviable task of coordinating and dealing with the practical issues.

“And the hard work does not stop on the date of the formal merger. The administrative side of the merger and the paperwork it generates is large and should not be underestimated.

“Fortunately, management was already one of Stephens & Son’s strong points, with an established management structure, systems and procedures capable of supporting a much larger firm.

“Our established induction procedures helped to ensure that all staff were quickly and successfully integrated. We had a staff reception at lunchtime on the first day of the merger and this helped to break the ice. Staff from both firms have been positive and enthusiastic about the changes (probably helped by the fact that we did not need to make any secretaries or fee earners redundant).

“Now we look forward to the future with a stronger team, more expertise and more opportunity than before.”

Postscript:

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