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## M&A offshoot a boon for lawyers

LAW firms are bolstering their mergers and acquisitions practices to cope with a new flow of work in management buy-outs.

As businesses work to improve their balance sheets in the current economic climate, they are looking to carve off divisions or whole territories. Management teams within those divisions are seeing real opportunities to run those businesses profitably.

This is particularly true in the telecommunication and technology sectors, according to law firm Truman Hoyle managing partner Shane Barber.

In those businesses "management are still the key sales people, the key connectors, so management buy-outs make particular sense in technology and telecommunications, consulting type businesses."

"The management teams were very responsive to opportunities even in the early days of the crunch. The corporations at which they are members were very responsive to entertaining those," Barber said.

The firm is seeing a proliferation of management buy-out activity from global scale corporations to much smaller ones, he said. His mergers and acquisitions lawyers and telecommunications teams are doing the work, and have seen a strong flow of work since October last year. At the moment the firm has at least eight or nine lawyers advising on management buy-outs

at a time, an increase since the beginning of the GFC.

"We would always have a usual amount of merger and acquisition activity but at the moment the nature of it has changed to this management buy-out activity, which I suppose is a feature of the times we are in," he said.

This is one area of work corporations are forced to engage external counsel. General counsel are constrained in getting involved on issues at a shareholder issue, and they can't act for the management team because of a conflict of interest. The result is an increase of law firm advice.

Barber said that while in-house teams can do due diligence work, they owe their allegiance to the existing shareholders. "The management team need to engage their own external lawyers, they're can't really be using the company's resources by way of the general counsel or in-house legal team.

"While any management buyout does create a significant amount of work for inhouse counsel, there are at least two external firms that need to be engaged. One for the selling shareholders, and the other for the incoming management team."

The flow of work for firms like Truman Hoyle that do this type of work has been increased too by an increase in overseas management buy-outs.

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#### Mallesons announces redundancies

Mallesons Stephen Jaques has today announced a voluntary redundancy program. In a letter to all Mallesons staff today, chief executive partner, Robert Milliner, said "this step is not taken lightly", and that it follows a board meeting earlier this month to review the firm's forecast for the next 24 months. "During this meeting, there were detailed discussions about the available options to best address the matching of workflow trends with the firm's capability and capacity and a decision was taken to offer voluntary redundancies in August 2009." The move is a "responsible approach" to balance the firms workflows and the number of lawyers and support staff, Milliner said, speaking on behalf of all partners. "It will help ensure that the firm is well positioned to adapt to the difficult market conditions ahead. Offering a Voluntary Redundancy Program is consistent with the practices of a number of major professional services firms in the market and many of our clients," he said.

#### Lawyers' ski race, this weekend

Lawyers from across Australia will be heading for the snowy peaks this weekend as the profession's ski and snowboard race kicks off in Thredbo. The 19-year running event is organised as a non-profit race by a string of high-ranking Sydney lawyers. Mallesons Stephen Jaques' Robert Gibson, Clayton Utz's Amy Hills and Luis Izzo, DLA Phillips Fox's Therese Quinn, Simpsons' Chris Chow, Blake Dawson's Carly White and even ASIC's Michael Pelosi are on the legal skiers panel of organisers.

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