The Bridgespan Group

How to Talk Mergers with Boards and Senior Staff

By Katie Smith Milway, Maria Orozco, and Cristina Botero

Mergers can often leave senior staff and board members feeling uneasy. Staff and board members may not have a clear sense of what their roles might be in the newly formed entity. And board members committed to their respective organization's mission can see the merger as a departure from why they joined their boards in the first place.

In the *Stanford Social Innovation Review* article "Why Nonprofit Mergers Continue to Lag," Bridgespan authors Katie Smith Milway, Maria Orozco, and Cristina Botero address three key emotionally charged issues that can surface when merger talks begin: creating board alignment; defining roles for senior staff; and blending brands. In this excerpt from the article, the authors outline how nonprofit leaders can keep talks on track in the face of those challenges.

Getting the merger conversation started

John MacIntosh of the New York Merger, Acquisition, and Collaboration Fund recommends that "boards could consider implementing a formal and recurring practice of revisiting the opportunities for mergers, partnerships, and other types of formal, long-term collaboration as a means to further their organization's mission at least once a year. It should be an annual process of a high-functioning board. Some boards also have standing merger committees to make it easier to act quickly if the opportunity arises."

- Even when there's no partner immediately in view, keep mergers and other types of collaboration in mind and review their potential annually as part of your strategy.We asked Kathy Gordon, assistant executive director of our Brooklyn Community-Based Division, to spearhead the integration of Groundwork.

- When a potential combination fits your strategy, get to know each other—not just the executive directors, but other senior staff and crucial board members.
- After the getting-to-know-you phase, start formalizing things. Create a structured planning process, with explicit roles for senior staff and the board to ensure that your due diligence is actually diligent. This may also mean including your board chair as the CEO's thought partner and principal conduit to the board.

Getting comfortable with the idea

Maya Enista, former CEO of Mobilize.org, a membership organization with a $500,000 budget which was merging with Generation X, says, "For some members, we framed the merger in a very personal way, focusing on benefits to individual students. For others with a finance background, we emphasized potential financial benefits."

- Prioritize transparency and ground conversations in cold, hard facts so the board and the staff learn together.
- Keep a close eye on the financials, asking questions and sharing the good, the bad, and the ugly with the board.
- Don't be pushed into hasty action by a big funder or an artificial deadline. It takes time to make a good merger and time to put the brakes on a bad one before it's too late.

Getting past emotional traps

Michael Coughlin, former CEO of Arizona's Children Association, which failed to complete a proposed merger with another large statewide child and family services agency, wishes he had pressed his senior staff harder to understand what doubts they might have. "If I were to do anything over again, I would be relentless in going back to people and asking, 'How do you feel? What's bothering you?' If you don't have your senior management team with you, you are dead in the water."

- Identify the toughest issues, including the roles of senior staff and board members, brand identities, and culture. Don't sweep them under the rug, work through them.
- Planning should take into account potential structures for staff as well as roles and committees for combined boards.
- Get outside help, not just on the financial questions, but for softer subjects like organizational structure and branding. Skilled facilitators can add real value. Sometimes funders will help pay for this outside support, even if they don't have an explicit merger support program.

Remember that mergers aren't the only form of collaboration. Joint ventures, for example, can be a way to achieve economies of scale without giving up organizational autonomy or identity by sharing space, back-office functions, or specialized programmatic functions.

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