Pre-merger: WHEN CONSIDERING IF A MERGER IS A GOOD OPTION

- Consider long term strategic goals:
  + Will a merger lead to greater impact and/or better organizational stability?
  + Will growth or service expansion improve your positioning within the delivery system?

- Identify your organization’s culture in order to inform partner selection
  + Identify core values and vision
  + Review how change has been successful/difficult in the past and why

- Gather information about your organization and be prepared to answer similar questions (including data that demonstrates capabilities, added value, vulnerabilities)

- Consider whether merger achieves strategic goals:
  + Identify areas of organizational capacity you can share
  + Identify areas of weakness you can address with the right partner
  + Study the population needs within the geographic region you serve/seek to serve
  + Identify gaps in service continuum you could better fill with enhanced/expanding capacity

- Decide between horizontal or vertical integration

- Identify partners whose financial health and programmatic quality are a potential match

- Identify organizations interested in exploring merger options

- Evaluate each prospective organization to assess:
  + Whether the organization’s goals are consistent with those of your agency?
  + Whether your respective leaderships ‘click’?

- Make sure you are able to answer the following questions:
  + Why you are merging?
  + Why you are selecting this specific potential partner over others?
  + What’s in it for them?

Merger Process

PHASE I OF THE MERGER: “GETTING SERIOUS”

- Create a Non-Disclosure Agreement (NDA)

- Gather the following information from partners and share with them your own
  + Detailed financial information
  + All available program quality data
  + Most recent audits (fiscal and regulatory)
  + HR data
  + A detailed infrastructure assessment
  + An HIT/HIE assessment
  + Board composition and membership details

- Visit each other’s programs and administrative sites

- Create a communication plan for both agencies that includes all relevant stakeholders (staff, partners, regulators, policymakers, consumers of your services, community members)

- Constitute a Merger Committee including both Board members and staff from each agency charged with negotiating the details of the merger

- Have Merger Committee make, document, and communicate:
  + Type of merger
  + Future corporate structure
  + Name of the future merged organization
  + Structure of the “Newco” Board
  + New organizational chart
  + Agreement on the acceptable financial parameters
  + Merger timeline
  + How staffing decisions will be made
  + How infrastructure (including HIT) will be integrated

PHASE II OF THE MERGER: “THIS IS REALLY SERIOUS”

- Craft a Merger Plan reflecting the decisions and answers to all considerations outlined above
- Craft and refine the pro forma budget for the “Newco”
- Ensure both Boards have endorsed intermediate steps in the process (Go/No Go)
- Contact the necessary oversight and regulators to pursue approval
- Create a timely plan to complete the due diligence process, including the necessary independent assessments
- Craft a post-merger operations plan
- Develop a post-merger calendar
- Ensure attorneys prepare the final merger agreements and the necessary Board resolutions
- Order the swag to distribute at the merger celebration!
- Make a joint plan to communicate the merger with all relevant stakeholders (staff, community, clients)
- Both Boards vote to approve merger (preferably simultaneously)

POST-MERGER PROCESS

- Execute operations plan based on post-merger calendar
- Provide leadership development training for managers and directors whose roles have shifted within the new organization
- Create a plan to assess workforce and manage attrition
- Establish Post-Merger Implementation Committee with Diverse Champions Steeped in Change Management
- Establish an effective “feedback loop” for all staff levels to inform change process
- Formulate a communications plan for ongoing updates during transition
- Establish an Organizational Cultural Integration Committee and provide Cultural Intelligence Training to support change process
- Initiate strategic planning process for “Newco”