

STRATEGIC ALLIANCE OR MERGER

A strategic alliance or merger requires careful planning by the Board in advance of formal exploratory discussions. Board Directors need to be able to clearly state the reasons for considering the partnership, organizational benefits, financial liabilities, legal issues (especially regarding property, programs, and staff), how major funders are likely to react, as well as when and how to go public with the discussion.

Many factors can trigger consideration, including: economic pressures, such as the loss or potential loss of major funding sources; leadership transitions, such as the retirement of a long-time Executive Director; or, the need to improve or expand services in response to changing community needs.

Key Questions for the Board and Staff Leadership

| Board of Directors | Staff Leadership |
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| <p>Governance</p> <ul style="list-style-type: none"> ■ What will be the new key values or shared vision of the alliance/merged organization? ■ What are the “must-haves” or non-negotiables? ■ Will there need to be a new Board, and if so, how should it be structured? ■ What will be the merged organization’s name? | <p>Management</p> <ul style="list-style-type: none"> ■ How will the mission change? ■ What will be the goals of the new alliance/merged organization? ■ What are the non-negotiables and what is the range of compromise? |
| <p>Mission</p> <ul style="list-style-type: none"> ■ Which of the current programs duplicate or enhance services offered by the other organization? ■ What new populations will the alliance/merger serve? | <p>Mission</p> <ul style="list-style-type: none"> ■ Will an alliance/merger better serve the clients or customers? ■ Will there be an expanded impact on the community? |
| <p>Finances</p> <ul style="list-style-type: none"> ■ What will be the cost to pursue an alliance/merger? ■ What compensation adjustments will need to be made? | <p>Finances/ Administration</p> <ul style="list-style-type: none"> ■ How compatible are the computer, phone, and accounting systems? ■ What new equipment, furnishings or space will be needed? ■ Will it be cost-effective to outsource some functions, such as payroll, property management or maintenance? |
| <p>Funding</p> <ul style="list-style-type: none"> ■ What will major funders and private donors think about an alliance/merger? ■ How might funding change as a result? | <p>Funding</p> <ul style="list-style-type: none"> ■ How will we convince funders currently supporting both organizations to continue their current level of support after the merger? ■ What new funding opportunities will be available? |
| <p>Human Resources</p> <ul style="list-style-type: none"> ■ What happens to each Executive Director and staff after an alliance/merger? ■ What happens when a staff member’s functions are duplicated? ■ What training does the leadership staff need to cope with the alliance/merger? | <p>Human Resources</p> <ul style="list-style-type: none"> ■ Which site(s) should be retained, and for what purpose? (i.e., administration at one site, service delivery at both?) ■ Which characteristics will affect the quality of services? ■ How will current management and staff be affected? ■ How will staff morale be maintained? |
| <p>Communication</p> <ul style="list-style-type: none"> ■ What is the plan for keeping preliminary discussions confidential until a consensus to proceed is reached? ■ What is the plan for keeping constituents (Boards, staff, community leaders, funders, and the general public) informed during the process? | <p>Communication</p> <ul style="list-style-type: none"> ■ What is the priority and timeline for informing each constituency that a formal alliance/merger is under consideration? ■ Who should be the liaison between Board and employees? ■ What opportunities for marketing will the alliance/merger create? |