

Merger Checklist

Mergers, and variations of, including collaborations and partnerships, are an increasingly important consideration for not-for-profit organisations. Here is a summary of the key issues to consider when thinking about a merger.

1. Culture -

Verify that your cultures and values are aligned and that you can see a common purpose in a new entity and that it is more than just the sum of the two existing entities.

2. Shared understanding -

Ensure that you really understand each other – that you understand each other's business and operating models, strengths and weaknesses, expectations of each other in a new entity, views and plans for the future, growth orientation, risk appetite etc.

3. Reason for merging and business case -

Articulate in a Business Case the argument for the merger and consider all the matters that need to be agreed or discussed before a merger decision can be made – benefits, risks, burning platform/reason for merging etc.

4. Future business model -

While this does not necessarily need to be determined in detail to reach a merger decision, it should be discussed to reach agreement on the fundamentals, e.g. how different will it be from now, who will your clients be, where/how will you operate, what will your products/services be, etc.

5. Financial model -

Understand the combined financial outlook for the merged entity, draft a financial model forecast. Where will additional revenue come from, what efficiencies can we make, what investment will be needed in the first 12-24 months of operation.

6. Legal structure -

You will need to obtain legal advice on various matters, but first you decide whether you will e.g. create a new entity or merge into one of the existing entities, what the constitutional objects of the merged entity will be as a starting point.

7. Board -

Agree how you will arrive at the composition of the new Board, who will sit on the new Board and what skills are required on the new Board.

8. Membership -

Agree the membership model: who will be the members, how existing members will or won't be offered membership of the new entity, process for appointing / removing members.

10. Due diligence -

Share an agreed set of documents with each other, ask questions, seek clarification, factor the risks and outputs into your merger decision, know what you are walking into.

9. Pace of change -

Discuss and agree how quickly things will change after the merger date. For example, how soon will the CEO be appointed, organisation chart determined and staff appointed to new roles, operations merged, systems and processes merged / changed, office relocation, changes made to business model.