



Seeking the Secret to Merger Magic? Don't Go it Alone

The Case for Engaging a Merger Consultant from the Start

The following case study is based on David Kushner's more than 30 years of strategic counsel to not-for-profit associations, foundations, and corporations during their most critical transitions. This paper makes use of a powerful case study about the unification of two regional telecom associations.

The Secret to Seamless Unification

When The National Telecommunications Cooperative Association (NTCA) and the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) announced their intent to unify their two organizations, they began a process that was as complex as it was ambitious. At the end of the journey, they had accomplished more than just creating a stronger, more agile organization and an enhanced membership experience for their members. They had developed a keen appreciation for the human aspects and the political dynamics at play during the unification process. They had created a new culture, made new allies and changed the landscape in their industry — speaking with one voice on Capitol Hill on behalf of the rural telecommunications industry. And what these two organizations learned during the 18-month-long unification process should be a lesson to us all. Seamless unification, merger magic, whatever you call it — it's as much about human commitment as it is about business opportunity, and savvy organizations don't go it alone.



These days, associations want to be “more things to more people” — policy influencers, professional education resources, publishers, and more. But the adoption of a more ambitious mission can be risky if your association has a competitor or “sister” association. Before you know it, organizations that were once comfortably coexisting — serving distinctly different needs or niches in their industries — find that their value to their members is now overlapping or outright competing. And in industries where it simply doesn't make sense to battle it out for member loyalty, the question arises: “Could we offer a more valuable member experience and create exponentially more influence with policy makers if our two organizations were unified into one?”

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And so it happened for NTCA and OPASTCO, much as it does for associations and corporations in any industry. More often than not, the pressure to merge comes from crossover members (those individuals who belong to the two similar organizations and typically whose involvement is at the Board level) who astutely demand an answer to the question: “Why am I paying two sets of dues to belong to organizations that provide very similar services?” The question is an obvious one.

Answering it, however, is like opening Pandora's box.

The Real Price of Redundancy

When too many people are talking, no one is listening. And that's what happens when two or more organizations try to serve the same needs of a distinct population of members. It's never good to be redundant — whether you're the Monster to someone's CareerBuilder or the eHarmony to someone's Match. Stakeholders don't know how to determine who is the “key player” and are left feeling confused about where they fit in. Members flee, support dwindles, and the ability to influence meaningful change — such as industry standards or government policies — can be compromised. Some industries have gotten it right, though, and have formed one powerful organization that represents the interests of stakeholders across the country and even around the world. With such a singular voice comes the opportunity to truly lead. Focused efforts enable opportunities for better results.

In the case of NTCA and OPASTCO, the overlap of these top-notch organizations wasn't an acute problem, as it is for many other organizations that choose to merge or consolidate. Going into their unification, in fact, both organizations were successful and strong. With the industry under pressure due to regulatory changes and the OPASTCO CEO preparing to retire, there was a logical catalyst for the unification. “And it certainly helped that our two organizations' staff already

knew and respected one another, as we'd collaborated on previous joint industry efforts," said Rose.

Don't Go it Alone

Once it becomes clear that two organizations are diluting each other's value (or, as was the case with NTCA and OPASTCO, that there's a unique opportunity for consolidation despite a lack of crisis), it's time to roll up your sleeves and make a plan. But most organizations are wholly unprepared for what it takes to align two sometimes unwieldy, sometimes disorganized sets of people, processes and policies into a meaningful new entity. And this is exactly why savvy organizations never go it alone during this critical journey. Upon the recommendation of attorney Eileen

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Morgan Johnson of Whiteford Taylor Preston, LLP, NTCA and OPASTCO invited advisor David Kushner to the table early in the process. Kushner specializes in advising organizations on high-stakes matters, and served as the advisor and facilitator for the entire process of deliberations between NTCA and OPASTCO.

Building Blocks for a Successful Merger

There are many things to consider (and overcome) during the merger of two organizations. Your leadership team and your advisors need a comprehensive approach to the following:



1. Front-end analysis: Not all mergers are created equally, and you have many choices. The right advisor helps you determine what your stakeholders need and want, what support is available to you, what roadblocks await, and whether your strategic challenges can be addressed with creative solutions. In recent David Kushner engagements, the two groups formed an alliance by sharing a governing board but staying separate publicly. In another case, two groups formed an alliance and became one association from an operational and political perspective, despite not being allowed to legally merge. A successful merger starts with the right front-end analysis. And solid analysis requires that you have an advisor who asks the right questions.



2. Cost: Embarking on a merger process is an investment in your future, and the ROI can be significant. However, organizations shouldn't enter the process thinking it can be done inexpensively. There are costs for engaging the right advisors, legal work, communications, travel, and more. All these investments have to be factored into the process, with the expectation of a positive outcome and return.



3. Communications: Communicating about the merger might be the most important "marketing" challenge you've ever faced. A comprehensive education and communication plan for members takes time, and it must be conducted in the open. Members have to feel this is not being done in secret. Often, your best communicators and ambassadors are the members of your Board. During the

NTCA/OPASTCO process, the Board members and officers — all volunteers — were the model of collaboration and were extremely supportive and involved. "Communications was key to the successful unification ... and led to each association membership approving the unification by a more than 90% favorable vote," said the CEO of OPASTCO.



4. Foundations: Foundations aligned with associations pose a whole new challenge. It's important to integrate foundations into the discussion early on. Often it is assumed that two foundations will just go along with the unification process. But it's important to remember that these groups are legal entities of their own. So you can find yourself juggling two associations and two foundations — with a total of four Boards.



5. Assumptions: Be very careful when making them. It's easy for two organizations to assume, for example, that a merger will result in a reduction in membership dues. But that's rarely the case, as the desire to create bigger, better organizations with enhanced membership services often drives the cost of dues up instead of down.



6. Culture: Different organizations are bound to have unique cultures, and very different leadership styles. And what's fine during the status quo becomes problematic during a merger. "Imagine merging two organizations where one has a culture heavily driven by committees that are open and welcoming and loosely structured, while the other has very controlled committees with structured formats and rigorous selection processes," said Kushner.

Call it what you will – mergers, acquisitions, unifications, consolidations. At the end of the day, bringing two organizations together is complex and often messy. “It’s a lot more complicated than it may appear at the outset,” says Kushner. “Even leaders who have stood at the helm of one or two similar undertakings can be caught off guard by all the issues that arise. Having an advisor to lead you through the proverbial maze can be the difference between meeting and missing your strategic goals, your budgets, and your timelines.”

It’s All About People

Speaking of culture, even the most brilliant plan won’t implement itself. It all comes down to the people. And the “people issue” is not just about HR policies and workplace culture. The moments that accelerate or derail a merger initiative are the moments in which the people simply can’t be brought to agreement. Perhaps the best reason to have an advisor during the merger process is because he or she “brokers” the critical conversations. The right advisor manages the steps of the process, becomes familiar with all the personalities in the Board room, and helps diffuse disagreements and untangle the pre-merger webs that were created informally (like when a president casually says at a lunch meeting, “Don’t worry. If we ever merge, we’ll take care of you.”). Along the way, people make promises they can’t keep and egos get bruised; an advisor who has been through this process, time and again, is often the only thing standing between you and a political quagmire.

Expect Challenges

Ah, yes — problems. There will be several, large and small. “When we started the NTCA/OPASTCO unification, we were first faced with the fact that the laws in Washington, DC, prohibited the merger of a co-op and an association, so one organization had to go away completely,” said Kushner. “Then, in the midst of the process, DC complicated matters by changing their non-profit statute.”

In addition to unexpected circumstances, there will be naysayers. But when there is the right strategy, the right team, a smart plan, and experienced support from the outside, bringing together two organizations can create a certain kind of magic.

Reaping the Results

For NTCA/OPASTCO, the results were many. Their singular voice on Capitol Hill has been powerful and well received. A commissioner of the Federal Communications Commission even remarked that he found the unification to be encouraging

and that “this enables the industry to lead with one voice.” The new NTCA–The Rural Broadband Association now has a more robust membership, a stronger staffing structure, and a presence that makes it easier for industry and policy leaders to know who speaks for what issues. Every important detail was attended to, including severance packages for employees who were not kept on after the unification. The Boards of both organizations led their teams through a remarkable process with excellent results, remaining open-minded and fully engaged every step of the way. And under the ongoing leadership of Shirley Bloomfield, NTCA CEO, the organization is thriving.

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“While the challenges of unification seemed daunting in the midst of discussions about governance changes and culture shifts, once the unification was complete, the inclusion of new member companies went very smoothly and created new energy and excitement for our entire leadership team,” said Bloomfield. “The results on the public policy side made all of the hard work worthwhile. Having one voice on Capitol Hill and at federal agencies has allowed us to move more quickly and increased our effectiveness.”

Transition considerations — such as having co-chairs for the first year and then moving to a singular chair thereafter — have been critical to the overall success of the change. “Every detail and decision along the way will impact the final result,” explains Kushner. “Finding an advisor to guide you through the merger process is essential. He or she helps move the process forward, representing both organizations equally and maintaining critical confidentiality.”

Culture. Politics. Personalities. These are the things you must pay close attention to when uniting two organizations. And for all the opportunities that exist, there are many potential headaches and negative repercussions. So as you begin to hear those casual twitterings of “what if” about your organization aligning or merging in some way with another, listen closely to determine if it’s time to find someone to help you wade through the morass and get to higher ground, where possibilities abound. 

A good advisor often remains engaged long after a merger is complete. David Kushner continues to serve NTCA by facilitating high-level strategic deliberations with its governing board.