Focus on Post-Merger Integration

A successful merger means the new entity is more than the sum of its previous parts and is truly unified as it moves into the future. To achieve this requires execution of a variety of integration activities beyond, simply, a well-crafted agreement.

The first three steps of a merger were outlined in earlier briefs within this series. These involved assessing motivations and readiness for merging, coming to terms with a potential partner(s), and the legal and financial mechanics of making the merger official. However, the process of “getting to yes” is only the beginning. The fourth step, integration, is where the real work begins.

This brief examines how four AIDS Service Organizations (ASOs) navigated the integration process to make the most of their mergers and form stronger foundations from which to build and expand their work.¹

From the Frontlines: Proven Strategies and Case Examples

Use Transition Teams to Plan and Execute Post-Merger Integration

Generally, integration activities should be coordinated by a transition team led by the executive director. Depending on the complexity of the integration, additional teams can be formed to distribute work and focus staff and board members with specialized expertise in areas where they are best able to contribute.

Case Example: AIDS RESOURCE CENTER OHIO

The growth of AIDS Resource Center Ohio through not one—but two—mergers greatly expanded its reach and impact. However, it also posed technical integration challenges, such as weaving together multiple financial systems, client and donor tracking databases, and more. To tackle this, AIDS Resource Center Ohio formed transition teams—small groups of staff representing each partner organization—to focus on integrating programs, development, communications and marketing, information technology, finance, human resources, and other operations (see “Top 10 Areas to Address in Post-Merger Integration”). These teams were responsible

¹ The four organizations selected as case examples are not all grantees of AIDS United’s Sector Transformation program. They were chosen to reflect a variety of merger experiences and geographic representation. We also looked for mergers that were fairly recent but where adequate time had lapsed to illicit lessons specific to post-merger integration.
for identifying key integration-related questions, researching possible solutions, making recommendations, and keeping the work on track. It’s crucial to do a complete and robust integration of back office functions in order to provide clients with as seamless of an experience as possible.

**Don’t Underestimate the Importance of Communication.**

Communicate often and intentionally with board and staff members, clients, funders, donors, and/or other key stakeholders. Creating in-person sessions and opportunities for staff and boards to ask and answer questions, build mutual rapport, and forge a new culture can be particularly powerful.

**Case Example: HOWARD DENTAL CENTER + COLORADO HEALTH NETWORK**

Prior to its merger with Howard Dental Center, the Colorado Health Network (CHN) went through a multi-party merger of ASOs in 2011 that posed challenges around how to create a merged statewide organization while continuing to be responsive to regional community needs and priorities. To address this challenge, CHN worked with an organizational anthropologist to understand variances in the cultures of the different ASO partners and to help staff and board members define a new culture moving forward. This was a highly relational process that occurred during in-person board/staff retreats.

Following its more recent merger with Howard Dental Center, CHN is now looking at how to bring together staff into a single site. As Darrell Vigil, CEO, explains, “We’re trying to be mindful about working with staff to get them comfortable with this idea,” he says, understanding that the integration of two staff cultures will require an intentional process. “Any time you bring two staffs together from separate spaces, it’s going to ‘get real’—real fast,” Vigil adds. As such, organizational leaders drew upon their past merger experience, convening in-person sessions for both staff and for clients of the partnering organizations to discuss what the future as a merged organization would look and feel like.

**Ensure the Integration Process Honors the Value of Each Partner**

In mergers of organizations of different relative size, it is important to take the time to recognize and preserve the best of what the smaller organization has to offer. This may be a stellar reputation in the community or an exemplary program. Paying attention to—and respecting—these valuable characteristics can help counter concerns that the smaller organization is being “swallowed up” and losing what had made it distinctive.

**Case Example: VENICE FAMILY CLINIC + COMMON GROUND**

This was a factor in the post-merger integration of Venice Family Clinic (VFC) and Common Ground. Common Ground had been providing services in the community for over 20 years; however, it remained a very small organization. By comparison VFC maintained seven clinic sites and had strong relationships with area hospitals and other high-profile supporters. Although the two organizations had previously worked together and shared similar missions related to community wellness, cultural integration proved challenging. For example, as a very small organization with an inclusive culture, Common Ground employees had access to their CEO at any time, which changed after they incorporated into VFC. However, while the level of formality and other qualities like staff voice in decision-making may have changed as part of becoming a larger organization,

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2 The merger of four Colorado ASOs is described in this online case study: [www.lapiana.org/stories-our-clients/nonprofit-stories/colorado-aids-project](http://www.lapiana.org/stories-our-clients/nonprofit-stories/colorado-aids-project).

3 For more about the role of organizational culture in post-merger integration, see “An Introduction to Organizational Culture.”

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**Integrate (v):**

to bring together or combine into one unified system.

**For mergers...**

this means fusing together the best of what each partner has to offer in order to create something that is greater than the sum of its parts. This is both technical and relational: *technical* in that it requires the integration of operational systems and programs, and *relational* in that it brings together people and the organizational cultures they have created.

**This integration step can, ultimately, make or break a merger, determining its ultimate impact.**
other aspects of integration offered advantages. For example, as Elizabeth Forer, CEO of VFC explains, “Common Ground’s staff salaries were very low compared to those at VFC; we had to bring them up to the same level and show that we valued the skills they brought to the work.” Identifying tradeoffs, being upfront about expectations, and acknowledging the value that each partner brings are all critical elements of a thoughtful integration.

Prepare the Board for Change

Not only do boards need to be actively engaged in creating and formalizing a merger agreement that changes their organization, they too need to be prepared to change. The board of the newly merged organization may look and operate differently from what board members are used to. The new board may vary in composition, in work style, and in the emphasis of their work (e.g., shifting from an operating board to a policy board). Assessments and other tools can help boards bring a necessary self-awareness to the task of reimagining the board for the new organization.

Case Example: BOOM!HEALTH

For BOOM!Health, the staff integration went well, but as Jose Davila, president and CEO recalls, “We were so focused on the staff cultural integration piece that we just weren’t paying the same attention to board cultures.” The need for more intentional board integration became apparent when the new board began meeting together. Robert Cordero, former co-president describes two boards with different cultures: “One board was used to operating at a faster pace, while the other was more reserved.” These different working styles affected the board’s ability to see themselves as a merged unit. Now that the merger is complete, BOOM!Health is turning greater attention toward board development to create a more unified culture and to equip board members to engage in setting strategy for the organization moving forward. It has engaged a consultant who is working with the board to plan and facilitate a retreat, the focus of which will be how the group works together as a governing body.

Top 10 Areas to Address in Post-Merger Integration

1. **Board integration** is the process of developing a new, effective board of directors from the boards of the pre-merger organizations.
2. **Management integration** involves the determination of key leadership positions as well as the creation and articulation of a new managerial culture and philosophy for the new organization.
3. **Staff integration** involves the determination of the appropriate staff roles, size, and structure for the new organization as well as the creation of clear goals and a shared culture.
4. **Program integration** may include the melding of some programs and the development of linkages between and among others. (It may also mean closing a program or finding it another home if it no longer fits the mission or strategy of your merged organization.)
5. **Communications integration** includes alignment of systems that facilitate the exchange of ideas and information, both internally and with external stakeholders, as well as communicating the organization’s new merged identity.
6. **Financial integration** requires the consolidation of all financial records and systems including accounting, budgeting, payroll, purchasing, and inventory tracking.
7. **Fundraising integration** entails combining all sources of contributed income while respecting donor restrictions, as well as the merging of all fund development systems, databases, etc.
8. **Human resources integration** includes the merging of HR and volunteer management philosophies, policies, procedures, and programs to best support the new organization’s mission.
9. **Technology integration** includes both the integration of the systems themselves (hardware, software, and processes) and the training of all staff on how to use them.
10. **Facilities integration** may entail reduction or consolidation of space and facilities, purchase or lease of new facilities, remodeling or reconfiguring facilities, and/or relocation of departments, programs, and people as appropriate.