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Mergers and Alliances in the Boardroom

Mergers and other strategic alliances are an important focus in the boardroom as directors consider the best strategic path forward for their organization given new threats, a changing market environment, a CEO retirement or other business challenges and opportunities.

As the board explores collaborative business alternatives, it should consider the degree of alignment or complementarity in the boardroom and throughout the organization across topics like credit philosophy, risk appetite, customer base, systems and processes, business strategy and leadership, as well as cultural elements including decision-making, teaming and communication.

Thoughtful decisions should be made about the potential opportunities or challenges of the proposed merger or alliance and about which aspects should be strengthened or changed.

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> — **LESLIE HILTON**
> VP, GOVERNANCE/ BOARD DEVELOPMENT, FCCS

"Boards need to ask themselves whether they can bring the two organizations and cultures together in a positive working arrangement that will support a new organization or alliance in delivering superior solutions to their customers," says Leslie Hilton, Vice President of Governance/Board Development for FCCS. "Many mergers fail because the two cultures weren't combined in a way that created a new culture aligned with the strategic objectives that supported the merger in the first place."

Once the decision is made to move forward with the consolidation, the due diligence process should include investigating the actual process of integrating the two organizations. This includes identifying synergies, determining systems and defining the need for new procedures, and identifying work needed to align and merge cultures. This process is undertaken by the management team, but the board needs to pay close attention to any issues or roadblocks that could sour the deal.

"The board should keep a strategic eye on the road bumps that inevitably come up during the due dilligence process to ensure the merger continues to make sense," says Leslie. "And they can offer input on ways to to work through any major issues that arise."

Meanwhile, both boards should be defining how they'll integrate and build their own culture and team dynamics. Leslie advises laying out a purposeful process to integrate the board and build strong working relationships to support the organization moving forward, conversations that FCCS is experienced in facilitating.

One of the board's biggest single decisions, in conjunction with approval of the merger, is identifying the CEO to lead the new, combined organization. **Please see related article**.

"FCCS is well-equipped to support and facilitate boards' early strategic conversations around business objectives, strategic solutions and organizational alignment around a merger or other strategic alliance, and to offer ongoing support throughout and beyond the merger process," says Leslie.

For more information on governance consulting and strategic planning for organizations considering a merger or alliances, contact Leslie Hilton at 303.721.3215 or **via email**.