



Merger Success Case Study



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Introduction

- Setting the scene
- How and why the decision was made
- Process
- Challenges
- Outcome
- Key learnings



Setting the scene 1

Keystone Community Solutions

- \$5.06 M income
- 65 staff
- 100 volunteers
- 1200 clients
- HACCC funding
- NSW FACS funding
- 2 Community Centres, a factory unit
- 45 Home Care packages
- Social enterprise
- Registered Training Organisation



Setting the scene 2

Pole Depot Community Centre

- \$4 M income
- 65 staff
- 45 volunteers
- HACC funding
- NSW FACS funding
- NRCP funding and Carers support
- 1 Community Centre
- 8 OOSH venues, vacation care
- Youth centre

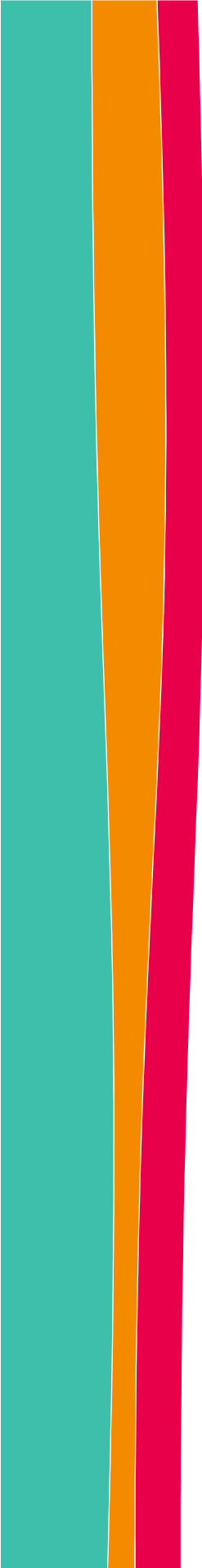


Setting the scene 3

Menai Community Services

- \$775,000 income
- 15 staff
- 62 volunteers
- HACC funding
- NSW FACS funding
- 1 Community Centre providing a diverse range of activities





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The Issues

- a) Changes to government policy – user pays
- b) Aged Care Reforms
- c) NDIS
- d) Open market - contestability
- e) UK experience
- f) Sustainability without block funding
- g) Region/state-wide tenders
- h) Keeping community services locally based
- i) Who are we here for?



Service Provision via Packages

- a) How would we survive without block funding
- b) How would we train and support staff?
- c) How would we pay for administration?
- d) How could we be competitive in an open market?



Which way will I
jump?



Why these 3 organisations?

- a) Meeting of Hurstville, Kogarah, Rockdale & Sutherland Shire community based organisations in 2010
- a) 6 joined, 3 Sutherland based & 3 St George based
- b) Community Services Alliance became incorporated in March 2012
- a) At a facilitated planning workshop, it was decided to explore an amalgamation.



It's a board decision



Merger discussions begin





The Process

Agreement to explore a merger

- a) Board members met to explore the options, risks, benefits, legal structure, an interim organisation structure and process
- b) Advisory committee formed to drive the process
- c) MOU signed to explore a merger
- d) Announce 'engagement' to staff and volunteers
- e) Employed Project Manager to facilitate the process
- f) Agreed to share the cost



The Process

- a) Due diligence – financial & legal
- b) Merger Plan developed and adopted by each
- c) Communication plan developed
- d) Inform funding bodies
- e) Make the final decision and sign Merger Agreement
- f) Decision to merge into Pole Depot's legal structure – name change
- g) Call Special General Meeting to vote to merge
- h) Transition board formed – 3 from each party



Legal Structure

- a) Incorporated Association
- b) Public Benevolent Institution (PBI), DGR and Registered Charity Status
- c) Board comprised of 3 members from each organisation
- d) Independent Chair – paid (temporary)
- e) New name



Sounds easy? – It wasn't!



Challenges


- a) Each individual has a personal connection to their organisation
- b) Each party was not on the same page
- c) Understanding what a merger could mean for each party
- d) Different board cultures
- e) Different staff and organisation cultures
- f) Keeping staff informed
- g) Keep the objective in view, not the obstacles
- h) Maintaining the relationship between the CEOs





The Outcome

- a) Merger became official on 1 July 2014.
- b) New name – 3Bridges Community.
- c) New CEO appointed 14 July 2014.
- d) Existing CEOs made redundant – big parties!
- e) Restructure is being implemented
- f) New Vision and Mission developed
- g) Strategic Plan under development
- h) There are lots of opportunities for the new organisation



The Outcome – the Benefits

- a) Larger organisation with a strong local reputation; more competitive in open market
- b) Access to a wider range of services, information and referral for clients and community members
- c) 4 locally based community centres and a youth centre
- d) Career path for staff
- e) Efficiencies gained in administration overheads through consolidated HR systems, Quality Assurance, accounting and IT



Some of the Learnings

- a) Everyone sees things from their own perspective
- b) Everyone needs to be clear about why they are merging and what they are prepared to give up – being on the same page.
- c) Engage experienced people for the due diligence – write a comprehensive scope.
- d) Keep staff and volunteers informed – be transparent, be honest
- e) Celebrate the milestones
- f) Good food for meeting participants and time to get to know each other.

Celebrate the Milestones



QUESTIONS?

