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Bowling Together: Anatomy of a Successful Association Merger

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Executive Summary

Around the board tables of many trade and professional associations, more consideration is being given of late to the merit of mergers. Financial difficulties, executive turnover, membership demands and industry consolidation often point to the need for associations to join forces. But the association community is generally new to the world of mergers and the experiences of for-profit entities offer little to guide their partnering efforts. As a result, anecdotal evidence suggests that many such efforts are never consummated or fail to fulfill their initial promise.

In 2005, a study was undertaken to research the phenomenon of mergers among associations. This study was underwritten by William E. Smith Institute for Association Research and involved the investigation of eleven association merger cases (some consummated and some not) from across the U.S. The study sought to answer questions regarding how mergers are occurring in the trade and professional association community. The factors that prompt associations to pursue mergers as a strategic approach to organizational opportunities and threats, and the elements that

impede or deter merger efforts also were considered. In addition, the study examined how those associations that pursue and implement mergers differ from those that do not, as well as how the act of merging is accomplished.

Among the most interesting of the cases investigated was that of the U.S. Bowling Congress. With 2.8 million members, the 2005 merger of three bowling organizations represented the largest association merger to date. The case study of the bowling associations revealed that the merger process occurred through four distinct stages. In Stage I, the associations engaged in precursor partnering, which involved a series of less formal and transitory partnering arrangements between the associations around issues and activities of similar interest. This early partnering provided valuable opportunities to build trust, familiarity and experience. In Stage 2, early discussions of the merger option surfaced and began to take shape through informal conversations among a small group of key board and staff leaders. Personal relationships, open communication and trust building typified these early discussions. Stage 3 was the formal negotiation period where the associations became more intentional in their approach to the merger option and had the necessary strategic deliberations regarding issues involving governance, structure, finances, physical facilities and asset distribution. During this stage, the necessary due diligence was performed and formal votes to merge at the board and membership levels were taken. Finally, Stage 4 provided for merger implementation and management of all the attendant operational details that resulted in three associations becoming one.

The study found that the bowling associations pursued the merger option predominantly as a strategy of survival in response to changed external environments. Critical motivations for merging included contraction and decline in membership bases, consolidation in the industry served and member demands for greater efficiency.

Throughout the four merger stages, a number of key elements portended merger success. Among these key elements were:

- Communications – Open, honest dialogue and a willingness to share information during the merger discussion stage; effective handling of external leaks and the internal rumor mill during the negotiation stage; and provision of detailed instructions as well as the sharing of the rationale for and success stories of the merger during the implementation phase.

- Leadership – The existence of a catalyst leader who recognized and communicated the need for a merger; the emergence of a nucleus of like-minded individuals committed to seeing the merger become a reality.

- Sufficiency of Time – Time periods dedicated to precursor partnering, merger discussions, negotiations and implementation were as long as necessary to build relationships, establish processes for collaboration and address the legal, financial and operational details of merging.

- Social Capital - Social capital was built outside of the boardroom and through the face-to-face interactions between people in informal settings; trust, familiarity and congruence of values, missions and goals emerged.

- Retention of Culture – As the new entity was created, the distinctive and meaningful cultural elements of the former associations were retained, honored and integrated into the new association.

Once the decision to merge was made, the bowling associations successfully combined their operations by paying attention to five critical components. First, they put in place individuals with the requisite interpersonal and organizational skills and persona to serve as transition champions in leading the implementation process. Second, they comprehensively and exhaustively plotted the transition process through meetings, planning documents and the formation of transition teams. Third, they ensured that internal and external stakeholders had input to and a role to play in achieving the merger. Fourth, they helped forge a new cultural identity for the association in part by preserving and valuing the past traditions, values and key cultural elements of importance from the former associations. Finally, they allowed the merger sufficient time to occur: long enough to assure that all the operational processes, systems and personnel issues had been effectively addressed, but not so long as to allow uncertainty and disagreement to set in.

In summary, this case demonstrated that the decision to merge is a monumental step requiring associations and their boards, staffs and members to embrace change and travel down an uncertain path with partners of unknown compatibility. Fears, ego issues, differing cultures, and political contests can emerge to complicate the journey. Differing practices, systems and policies may seem irreconcilable. Yet the opportunity to merge also offers the long-term promises of increased efficiencies, membership retention and continued relevancy. Whether or not this or any association merger fulfills these promises is a function of commitment on a number of different levels: to improved operational performance, to a broader vision for the future, and to better meeting the needs of clients and communities served.

INTRODUCTION

Mergers are a growing phenomenon in the nonprofit sector. While some preliminary research of mergers in the health care and social services fields has been conducted, mergers among associations have not been studied. Association executives contemplating such actions have little to guide their partnering efforts and consequently anecdotal evidence suggests that many such efforts are never consummated or fail to fulfill their initial promise.

Nonprofit and for-profit mergers share common objectives but differ in goal emphasis. In the for-profit world, mergers are pursued for numerous reasons including attaining strategic goals more quickly and inexpensively, increasing shareholder value or reducing the competitive environment (Marks and Mirvis, 1998). Other benefits include the opportunity to diversify product and service lines, vertically integrate the organization, enter new markets, share the risk in innovative projects, stimulate innovation, cut costs and enhance efficiencies. For nonprofit organizations, there is an array of motivators for mergers ranging from growth and expansion to survival in hostile environments (Pietroburgo and Wernet, 2007; 2004; Toepler, Seitchek and Cameron, 2004; Golensky and DeRuiter, 2002; Arsenault, 1998; Schmid, 1995; Wernet and Jones, 1992; Singer and Yankey, 1991).

In 2005, a qualitative study was launched to investigate the occurrence of mergers among professional and trade associations in the U.S. This eleven-case study, underwritten by the Wiilliam E. Smith Institute for Association Research, looked at the entire process of merger activity from initial discussions through implementation. Associations that were successful in implementing a merger, as well as associations that never consummated their mergers, were evaluated. The purpose of this research was to identify and assess the factors that prompt associations to pursue mergers as a strategic approach to organizational opportunities and threats, and the elements that facilitate, impede or deter merger efforts.

The case study discussed herein centers on the specific findings from the merger of the U.S. Bowling Congress -- a 2005 merger that brought together three individual bowling organizations with a combined membership of 2.5 million.

LITERATURE REVIEW

A merger is a form of integration and is defined as the legal act of combining two or more separate entities into one entity with a single governing body (McCormick, 2001). It is generally differentiated from other types of collaborative activities in the degree of inherent formality and finality in the arrangement. Mergers may take one of two dominant forms. First, they may involve the dissolution of one organization and its assimilation within another with the surviving organization keeping or changing its name. Second, a merger may occur when two or more organizations dissolve and establish a new structure that integrates the operations and programs of the original organizations (Kohm et al., 2000). Hannan and Carroll (1992) distinguishes between these types of merger describing the former as “absorption by merger” and the latter as “equal status merger”, and suggest that they may be either of the two types in nonprofit organizations.

The overarching reason for merging organizations varies by economic sector. Within the for-profit context, organizations combine to attain strategic goals more quickly and inexpensively than would occur if the firm acted alone (Marks and Mirvis,1998). Other benefits include the opportunity to diversify product and service lines, vertically integrate the organization, enter new markets, share the risk in innovative projects, stimulate innovation, cut costs and enhance efficiencies. Within the nonprofit context, mergers occur as a strategy for growth and expansion particularly where resource scarcity and environmental uncertainty are prevalent (Wernet and Jones,1992). Others (Golensky and DeRuiter, 2002; Kohm et. al., 2000; Arsenault, 1998; Schmid, 1995; Singer and Yankey, 1991) have suggested that factors motivating mergers relate to access to more reliable funding, increased operational efficiency, building of political strength, expanding of market share, and enhancement of service quality. The availability of resources, the dominant decision-making style in the organization and recommendations by funding bodies also may be keys.

The limited literature on nonprofit mergers indicates that such endeavors are not easy. Obstacles to successful mergers and prevalent reasons for rejecting such opportunities include concerns relating to loss of independence, fear of the unknown, problems of turf and ego, costs and time, loss of identity, loss of personal security and polarized community desires (Kohm et al., 2000). Nonprofit merger efforts also have been depicted as failing with regard to cost effectiveness, attainment of operational goals, market expansion and diversification (Schmid, 1995). As a result, merger strategies are not often undertaken by nonprofits as a first response in addressing financial or operational threats. Rather, mergers typically demand more intense deliberation and planning than other reorganization options with far fewer organizations following the transaction through to completion than contemplate it in the first place (Pietroburgo and Wernet, 2004; Alexander, 1999).

Several models have been proffered for explaining mergers and acquisitions (Wernet and Jones, 1992). The predominant models emphasize efficiency or process. The efficiency model of mergers evolves from the rational choice perspective (Wernet and Jones, 1992; Pietroburgo and Wernet, 2004; 2007). It utilizes a vocabulary of strategic analysis, economy, growth and expansion. It focuses on the front end, analytic rationale for combining two or more organizations into a single entity. Justification for merging focuses on synergy created or derived from the merger. The model concentrates on the strategic fit and complementarity of organizations, and how the acquiring firm’s strategic goals are achieved through the acquisition. These goals include an enhanced financial position through greater control, economies of scale and effort, and improved predictability of the marketplace. The emphasis of the efficiency model of merger is on benefit for the acquiring organization. The efficiency model of merger is unidimensional, i.e. it presents an elite, winner’s or acquirer's perspective of the merger, and neglects the perspective of the acquired firm.

Although the efficiency model of mergers has received the most attention, the process model is better supported by research. The process model of mergers focuses on the interpersonal dynamics of the acquisition and post-merger process (Wernet and Jones, 1992; Jemision and Sitkin, 1986; Walsh, 1989; Albo and Henderson, 1988). Both phases of the merger process are of equal interest. It assumes that the process of merging affects the outcome. The process model highlights the role of power, the organizational fit of the actors and the negotiation processes. It attends to the competing and complimentary interests of the stakeholders who negotiate the merger. People's motivations, objectives, perceptions, hopes, needs, expectations and goals are emphasized by the process model. How the negotiation process itself evolves is of paramount interest. With its focus on the negotiation, the model is interested in bargaining and the approach utilized in the process. Attention is given to the impact of negotiation processes and post-merger challenges. Of particular interest are the attempts to find common ground, compromises, reconciliation, conflict resolutions and solutions reached among the key actors and stakeholders. It questions the utility of market value pricing in the assessment of mergers and acquisitions, especially among nonprofit organizations.

In summary, the process model emphasizes the role of the stakeholders, their competing and complementary interests, and the negotiation process as the keys to understanding the success, or failure, of mergers. The process model stipulates four issues as determinant of the success or failure of a merger. They include 1) balancing strategic and organization fit, 2) balancing pressure to merge and post-integration concerns, 3) balancing pre-merger ambiguity and need for post-merger clarity, and 4) balancing winners' arrogance with losers' mourning.

RESEARCH METHOD

In 2005, the largest association merger in history occurred when three bowling associations — the American Bowling Congress, the Women's International Bowling Congress and the Youth American Bowling Alliance— with a combined membership of 2.8 million became the United States Bowling Congress (USBC). A qualitative case study approach using in-depth interviews and document analyses was employed to outline the process of this nonprofit, association merger. The case study was conducted during the first phase of a larger two-phase project underwritten by the William E. Smith Institute for Association Research.[1]

Data were derived through face-to-face and telephone interviews with association personnel, and organization documents. Four interviews were conducted in this case: one with each of the executive directors of the associations involved in the merger transaction (3) and one with a board president involved in the merger transaction. Each of the executive directors

[1] *Investigation of Association Mergers*, published in 2007 by The William E. Smith Institute for Association Research, established and funded by SmithBucklin Corporation.

had been in place for more than five years, and continued in staff positions within the newly formed USBC. Board chairs from two of the associations in the merger were unavailable for interviews. Interview questions were both semi-structured and open-ended. These questions encouraged participants to identify a) factors motivating merger decisions; b) processes involved in the merger negotiations; c) factors impeding merger decisions; d) decision-making capacity within the organization; and e) strength of resource bases.

The evolution of merger activity and the roles of key actors in the merger talks were examined. In addition, the study investigated the specific tasks and facts critical to merger negotiations and the chronology of events and processes among the key actors. Further, the factors that contributed to merger efforts were uncovered and their relative significance assessed. Triangulation entailing the use of multiple data sources afforded the researchers the opportunity to test for multiple explanations and to eliminate competing explanations (Patton, 1990). The only incentive provided to participants was the promise to provide a copy of the results upon study completion.

Data analysis for this study began with data management (organization and conversion of data into an accessible form), proceeded to review of data to identify major organizing ideas, and then entailed classification of data into overarching categories, themes, and dimensions of information. Interpretation involved making sense of the data by stepping back and forming larger meanings of emergent data themes. The cases were analyzed through an iterative process (Miles and Huberman,1994). As key patterns emerged, the data was reduced to isolate and illustrate prominent factors. Taxonomic and componential models were useful in this process (Creswell, 1998). In addition, pattern matching for rival explanations was employed to facilitate the comparisons of empirically based patterns emerging from the qualitative data with predicted patterns (Yin, 1994).

FINDINGS

There were two clusters of issues that surrounded this consummated merger: the factors that prompted pursuit of the merger, and the factors that facilitated merger negotiation and implementation.

Factors prompting pursuit of the merger

Three trends in the external environment led to pursuit of the merger of the three bowling associations. First, the three associations were experiencing contraction in their membership bases. Their membership levels had shown consistent decline over nearly 30 years. Association representatives believe that, in part, these membership declines can be attributed to the growth of a number of other sporting options for the recreational athlete (i.e. golf, tennis, etc.). Membership decline had immediate as well as longer-term financial implications for the viability of these associations that were heavily dependent on bowling league fees.

Second, the delineation between associations serving the various membership pools had blurred. The markets, missions, and services of the three associations were increasingly similar. Either associations could no longer claim to be offering a unique set of services to their members or the services they offered were viewed as complementary to those of another association. Within the bowling context, same sex, bowling leagues had declined and local bowling associations had responded by creating mixed leagues. Members concerned with efficiencies wanted to see more for their membership dollars. Duplicative memberships in similar associations no longer were justified and associations could not ignore growing member demands to merge their services, trade shows, and organizational structures.

Third, bowling had fallen in popularity due to shifts in the broader social environment. Association representatives claim that bowling had traditionally been seen as a blue-collar activity popular in northern industrial cities. As consolidation occurred in the larger economic, work environment the associations served, the membership pool engaged in bowling simply shrank.

Factors facilitating merger negotiation and implementation

Interpersonal dynamics among key actors and stakeholders played a crucial role during the merger negotiation and implementation phases. In addition, the evolutionary path of the process and activities of the merger were critical, as was the dedication of the necessary time to merger consideration and transition. When the idea of merging the American Bowling Congress, Women's International Bowling Congress, and the Youth American Bowling Alliance first surfaced, key executives, and board members recognized that the solid relationships between people would set the stage for merger progress. Roger Dalkin, CEO of the American Bowling Congress, assumed the lead role in bringing the merger idea forward and assembling the executive stakeholders necessary for serious consideration of any proposal. Dalkin saw his role as one of a catalyst in legitimizing the merger idea and assuring that the necessary resources and individuals were dedicated to assessing merger drawbacks and merits. In addition, the American Bowling Congress was the lead or dominant organization in driving the direction and form of the merger consideration, although the board and staffs were cautious in the manner in which any dominance in decision-making was exerted.

Dalkin's efforts with his executive team illustrated that early discussions of the merger option begin to take shape through informal conversations among a small group of key board members, volunteers or staff leaders. Personal relationships, open communication, and trust-building typified early discussions among this nucleus of like-minded individuals. Dalkin was able to draw upon his long relationships with the executive directors of the other bowling associations to form this team. Roseanne Kuehn, former CEO of the Women's International Bowling Congress, noted that "We started the process and were immediately at an advantage because of the people involved. Most of the staff were long-time employees with more than five years in their respective organizations. We had great rapport with each other. Among the three negotiating leaders, the communication was honest, open, and up front. We genuinely liked and respected each other." An extended period of co-location of the three association headquarters in one office complex and precursor partnering in the form of sharing administrative support functions also facilitated the building of trust and familiarity.

As the merger talks became more serious, Dalkin understood the critical role of culture in supporting or impeding organizational change. He found that members wanted the assurance that as the new entity was created, the distinctive and meaningful attributes of the former organizations would be retained. Dalkin communicated a respect for the past by preserving key traditions and valued artifacts of members. For example, the ceremonial procession and parading of the flags at the annual association meeting held deep significance for long-time members of the Women's Bowling Congress. When the time came for the first annual meeting of the merged association, Dalkin saw to it that this ceremonial practice was carried over and expanded. He also recognized the benefits of visibly honoring the histories of the merging associations. In the employee lounge of the U.S. Bowling Congress headquarters in Milwaukee, one wall displays the history and artifacts of the women's bowling organization. Another wall honors the men's organization. The achievements of the children's organization are displayed on the third wall and the fourth highlights the milestones of the newly merged organization. Other significant cultural symbols preserved in the merged association included the scholarship program of the youth association and key tournament events.

While Dalkin recognized that cultural artifacts and behaviors from the predecessor organizations should be preserved, he also acknowledged that there comes a time when a new cultural identity should be created. According to Dalkin, leaders at the executive level were the principle source for crafting the organization's ideology, articulating core values, and specifying norms. Consequently, Dalkin pushed hard on the new association's leadership team to redefine the culturally acceptable ways of pursuing goals. It took personal involvement in articulating a message of a common vision for the merged organization, considerable attention to the vocabulary employed in written materials and realignment of employees in key positions who symbolized intractable ties to the past. Leaders also addressed the formal interaction rules for the organization. Revised procedures for chartering of affiliates were established, minimum standards for affiliate operations were enacted, and qualifications and expectations of board members were newly defined. Values and norms, once transmitted through the organization, established the permanence of the organization's new culture.

Dalkin noted that the building of social capital throughout the merger process was facilitated by "being consistent between core values and behavior. For example, inside our building there are no door locks because it is inconsistent with our core values of honesty and trust." Further, Dalkin built social capital in the new merged association by "paying attention to the little things. We saved and incorporated some of the traditions of the former associations while building new traditions. We emphasized inclusiveness and empowerment as a management style."

During the implementation phase, bringing field and staff personnel into the planning process solidified the merger plan. “We brought people in from the field to help sell and strategize the merger,” says Kuehn. “Transition meetings were held throughout the country as a way to not only communicate the rationale behind the merger, but to solicit field input to the process." In addition, the organizations found it helpful to appoint a merger champion with the responsibility of coordinating merger activities, responsibilities, reporting and timelines for the merger and assuring that the process remained on track.

Despite the rapport and strong agreement within the core team and the efforts to involve field personnel, Dalkin understood that merging three associations with over 234 combined years of bowling history would take time. He was willing to wait until the time was right for the merger to happen. In the case of USBC, that meant 30 years of preparing for a potential merger and four attempts at putting it before the members. “I had a long-term plan which required the concurrence and cooperation of the membership in the field at the local level, as well as the board and staff. When the final membership vote was taken, 99% of the locals filed letters of intent to join the USBC.”

DISCUSSION

Why Associations Merge

This case illustrates that a change in the external operating environment for the membership body is often the first signal that some form of association restructuring (including a merger) may be appropriate. To be sure, operating environments for most industries have changed significantly in the past 20 years and the rate of change also has accelerated. Many industries have experienced contractions and consolidation including a reduction in the number of domestic manufacturers and joining of distribution channels. Thus, many associations are seeing declines in membership that can be attributed to changes in the industries served by the associations. While these industry shifts may not immediately threaten an association’s existence, they have long-term, critical implications for the association’s viability. Such changes in environmental conditions are frequently the ”canary in the mine shaft” signaling a need to consider restructuring strategies, including a merger with another association.

Maintenance of, or growing in, membership is the primary indicator of an association's success. Associations must continue to evolve and change in order to do their best to serve their members. Consideration of a merger makes sense when the membership of two or more associations in the same industry overlaps. Members expect their associations to be proactive, or at least responsive to their needs for greater efficiency and cost savings, and deliver more for the membership dollar (Prokuski 2002). With growing pressures for efficiency, organizations are concluding that they can no longer justify dual memberships in associations that are viewed as being duplicative in mission or services.

How Associations Merge

Awareness: Although external signals for change may be quite apparent, they can be lost in the daily routine of association work. In order to move forward, a critical mass of awareness about the impact of any or all of these signals upon the life and future of the association must emerge. Association leaders, either staff, board or both, must be alert to the changing environment within which the association operates. The leadership must see the shift in industry composition and association membership, and must be forward looking and proactive in recognizing the possible need for a merger. Some reliable data gathering system, either formal or informal in nature, must be in place to stay attuned to industry shifts. Useful tools for data gathering include competitive analyses, market research, industry media, networking with peer associations and use of surveys, questionnaires, focus groups and other open forums.

In addition, there must be an understanding of the critical nature significance of the change among the association's key players. A leader, or cadre of leaders in the association, must grasp the significance of the information and begin the dialogue regarding the need to act. The importance of a leadership nucleus cannot be overstated. The work of a merger will be borne, nurtured, and driven by a core leadership team. Once awareness of the merger possibility exists, key leaders need to be open to the idea of working with another organization in a complementary manner.

Partner Selection: Associations with a long history of working autonomously, and strong adherence to a tradition and culture of independence, initially may find the idea of merging untenable. To move to a serious dialogue about merging, an association must move away from a perspective of the other organization as a competitor and toward a view of the association as a valued, prospective partner. This shift in thinking can be monumental, particularly if the associations have been closely aligned in their fields of interest but with competitive histories and approaches to doing business. Changes in perceptions of potential partners are frequently precipitated by recognition of a larger external threat. Organizations may realize that ego and past precedent are the sole reasons for holding on to their independence in the face of mounting external pressures.

If collaboration is an agreeable strategy, the next step in the process is assessing the fit with the prospective partner. The attractiveness of a potential partnership will be enhanced by an appreciation of some important shared values or assets between the organizations. Markets, missions, memberships, strategic goals or compatible practices and services are among the crucial characteristics that must be screened to assess partner compatibility. Through preliminary discussions particularly at the staff levels, organizations may come to see that what they thought were very different philosophies about how to approach their work and missions, are not so dissimilar after all and that combining forces can make the resulting operation stronger.

Once this shift in thinking about the prospective partner and the assurance of organizational alignment occurs, the formal negotiation process is made immeasurably easier. Associations are able to approach the negotiating table without a “winner take all” mentality. Through the demeanor and actions of the board and staff executives, guardedness can give way to a willingness to find common ground. Each association is valued for the respective strengths and resources it brings to the merger transaction and each association is ready to share those assets for the benefit of the new organization and its future. In addition, parties come to believe that there are high stakes associated with the merger and that there is more to lose by not joining forces than what may potentially be sacrificed by coming together (Linden, 2002).

Individual and Team Leadership: Leadership within a merger involves both an individual, e.g. the catalyst leader, and a team, e.g. a nucleus of board and staff. The catalyst leader serves a number of vital roles in the merger transaction. The leader identifies the need, begins the serious dialogue with those who are instrumental to action, functions as an architect of the merger, and serves as the chief salesperson to the critical constituencies of boards, staffs, and memberships. A number of leadership characteristics appear important in these individuals: decisiveness, foresight, interpersonal skills, and creativity. Additionally, these are individuals who are committed to the merger action beyond their own personal gain – and often times at risk to their personal future in the newly merged organization.

From the beginning, a component vital to merger progress is the formation of a nucleus of like-minded, proactive individuals willing to put their heads and hearts behind the merger cause. These individuals from the board and executive staff must have the authority and the will to make reorganization decisions. They become instrumental in crafting the merger plan, providing the reliable ideas, perspective, legitimacy, commitment of necessary resources, and a sense of stability that go beyond those of the catalyst leader. Members of the group share an overriding, common purpose and a commitment to negotiate in good faith. While the merger idea might not have originally been their own, all members must embrace the rationale behind such a move and be as driven to seeing the process through to successful implementation as is the catalyst leader. Open and trusting relationships between the members enable the group to successfully identify and address all the contentious issues involved in the merger, and then weather the inevitable reorganization obstacles posed by boards, staffs and memberships.

A Lead Organization. Findings of the larger study and the evidence from this case would indicate that mergers among associations that are truly equal rarely occur. One organization generally operates from a more powerful position. The dominance of one association may not be explicitly acknowledged by all parties and operate on an implicit level throughout the merger negotiations. Yet, failure to recognize on some level the dominance of one partner can be counterproductive to the process. Jockeying for position can serve to delay critical decisions, block the transition process, and contribute to the turmoil and loss of productivity that occur in any merger.

Dominance in the merger transaction is exhibited in a variety of ways: financial position, the size of the membership body, the depth of board and staff expertise and the breadth of operational capacity. Rather than a negative element, the dominance of one party can serve to advance mergers, if the dominant player is recognized by all and allowed to direct merger negotiations and navigate barriers. While dominance of one party may exist, there is a limit to the degree to which that dominance can be exerted and exhibited. In public venues (in ways that are visible to the membership and important external stakeholders), there must be an appearance of equity in the merger transaction. The picture of fairness and equity can be communicated through the careful placement of key board and staff executives in the new organization, the retention of past practices in the new organization, the transition of members to the new entity and even in the naming of the new organization. The risk of not paying attention to the picture of fairness is that stakeholders will not freely shift their allegiance to the new association for fear of what is being lost in the transaction.

<u>Transition Champions:</u> People must be in place to champion the transition. These are individuals who will conduct and shepherd the merger implementation work, identifying, orchestrating, and overseeing all activities necessary to make the merged association a reality. These individuals have responsibility for guiding how the organizations will combine their operations and for seeing to it that the merger meets its deadlines and performance benchmarks. Further, they help the merger process by setting the pace, creating a transition process, organizing the discussions and connections between the two organizations, and navigating around troublesome issues.

Transition champions may be designated from either the staff or board levels and may or may not come from players identified during the merger discussion or negotiations. These individuals must be personally invested in the success of the merger and have the requisite time and status in the organization to get the job done. In return, they are invaluable to help make and implement the tough decisions, thereby insulating the new board and key staff from transition headaches, complaints, and backlash.

One of the many tasks of transition champions is building bridges between people through interpersonal interactions. Everyone, all key stakeholders from the associations, should have a part to play in the implementation. Associations cannot afford to alienate staff members through the merger process and this can happen when either staff is left out of decision-making that impacts their daily activities. Opportunities to build support within the staff group can be missed when the rationale behind key decisions is not communicated and their ideas and input are not solicited.

<u>Adequate Time for Transitions:</u> Appropriate time periods must be allowed for precursor partnering, merger discussions, negotiations and implementation in order to allow for the building of relationships, the establishment of processes that facilitate collaboration and addressing of legal, financial and operational details of merging.

Associations may engage in precursor partnering, which involves a series of less formal and transitory partnering arrangements between associations around issues and activities of similar interest. Such collaborative efforts provide valuable opportunities to build trust, familiarity and common experiences. These partnerships can be substantive in the sense that they involve front-line personnel and management. Joint marketing, co-location of offices, shared administrative services organizations, and collaborative educational programs are examples of ways that the bowling organizations tested the partnering waters prior to any decision to merge. Further, a long history of board, volunteer leaders, and staff executives working together on common projects or initiatives can establish the interpersonal foundation for more meaningful organizational partnering. Through these early partnering efforts, associations learn a great deal about the necessary give and take of joining forces and their general receptivity to collaboration.

Merger timelines also must allow for thorough due diligence. Associations considering mergers face a multitude of legal, governance, financial and administrative issues that must be addressed. Due diligence is an exhaustive process that organizations must undertake to assure no harm will come to the organization, its assets and its resources as a result of the merger transaction.

At the same time, adequate intervals must be allowed for organizations to acknowledge and respond to their cultural differences. Prolonged and in-depth discussion is critical to addressing real and perceived differences between organizations. The USBC merger took 18 months in the merger discussion and negotiation stages prior to formal votes or actions on merger proposals. Once the formal decision to merge has been made, mergers commonly require an additional year to implement and may take longer, depending on the associations' history of precursor activities, complexity, size of the organization, and risks facing the association partners. Moving offices, combining financial systems, integrating technologies and merging membership bases contribute to the complexity of the transition. In the bowling case, the organizations found it worked most effectively to let memberships and particular circumstances dictate the tempo of the merger. Flexible timelines that provided sufficient opportunity for members, staffs, and boards to make the necessary operational, emotional, and physical shifts were preferred over rigid deadlines.

Planning for the merger must be exhaustive and comprehensive. It must be expertly planned and carefully executed. No stone can be left unturned; no procedure overlooked; no administrative detail ignored. Committee meetings, checklists plus continuous conversations, phone calls and electronic exchanges are mechanisms for executing the plan. Transition teams may be formed to identify the nuts and bolts of the merger implementation, and meet regularly to monitor activity progress and address stumbling blocks. A comprehensive transition document also becomes an essential tool for not only assuring the process is proceeding on course, but for holding individuals and groups accountable for their respective roles.

Building of Social Capital: Social capital refers to the collective value of networks of people and the propensities to do things for and with each other that arise from these networks. Social capital flows from the trust, reciprocity, information, and cooperation associated with and shared within social networks. It evolves from people's recognition of their common interests, practices, and ideals. In addition, social capital often develops in associations from an awareness of the congruence of the organizations' missions, purpose, and goals. The USBC case showed that one of the challenges associations face in merging is moving past an "us versus them" mentality. When two formerly competitive associations join forces, the baggage from past relationships may be difficult to leave behind. In the merger process, social capital must exist, and be cultivated, within each phase of creating and implementing the deal. Associations must find ways to build social capital and the bonds between people if the merger is to succeed. In the bowling case, the building of social capital became critical to moving past rival histories and involved arranging for a number of informal gatherings and activities which allowed people to get to know each other on a personal basis.

Communication: Beyond those intimately involved in negotiating the merger details, associations also must be attentive to the communication needs of the their constituencies, e.g. boards, staffs, and members, who have not been part of the core working group. Loyalty and commitment to the new organization must be built deliberately through communication that is consistent across audiences, factual with respect to what has been decided, optimistic about the future promise of the merged entity and appropriate given the required confidentiality concerns at any given time. It is nearly impossible to over-communicate as good communication impacts how key constituencies will perceive and react to the new organization.

Attention to Culture: Culture is comprised of the behavior and artifacts, values, beliefs, and assumptions of organizational members. Those leading the merger effort must be attentive to, preserve, and honor the distinctive and meaningful elements of culture from the former associations. Cultural conflicts can emerge as formidable impediments to successful merger efforts. For organizations that have a long history of independent operation, organizational change must include not only changing structures and processes, but also the merging and melding of embedded cultures. While it may make good business sense to combine operations, members will not willingly shift allegiance to a new organization if there is a sense that something of significant cultural value is being lost

This case study showed that of all the merger impediments that associations face, none is more important than the failure to understand that association mergers occur between people, not organizations. Mergers work only when associations take the necessary steps to build social capital to resolve cultural conflicts, provide sound leadership and build teamwork during periods of discussion, negotiation and implementation.

CONCLUSION

With merger mania again on the rise in the private sector, nonprofit associations are increasingly turning to mergers as a potential strategy for growth and survival. The movement of trade and professional associations alike to join the merger bandwagon is occurring as associations experience overlap in many functional areas such as conventions, educational opportunities, lobbying and most importantly, membership. Mergers have emerged as a way to hold on to members and fee incomes as well as remain competitive and relevant in changing association environments.

To those witnessing this wave of organizational restructuring, the rationale behind association mergers appears sound. Associations that have successfully followed a merger course have reported that such actions address issues of duplicative memberships, similarity in functions, increased operational costs and defense against industry consolidation. By all outward appearances, mergers would appear to be fulfilling the promise of increased stability and growth for involved partners.

However, as this case study demonstrates, mergers are complicated business, involving much more than the mastery of legal, financial and structural elements. The experiences of the bowling organizations provide valuable lessons for those at the crossroads in considering their own mergers. This case would suggest that associations that merge or attempt to do so pursue the option predominantly as a strategy of survival in response to changed external environments. Critical motivations for merging include contraction and decline in membership bases, consolidation in the industry served and member demands for greater efficiency. While associations might have previously considered a merger as a strategy of opportunity and growth, it is these crucial economic challenges to long-term viability that prompt substantive moves by associations to join forces.

In addition, key elements must be in place as the organizations through the merger deliberation. Chief among these are the existence of: 1) open and honest communications among the partners; 2) a leader and nucleus of like-minded individuals who can serve as the catalyst for change, 3) sufficient time to allow the psychological and practical aspects of merging; 4) informal opportunities for the building of social capital among the people involved in the merger; and 5) cultural remnants that are carried over from the predecessor organizations to the newly merged entity. During the implementation phase of the merger, successful organizations also must assure that the transition is facilitated through exhaustive planning, the naming of capable transition managers and insuring that individuals at all levels of the organization have a role to play in achieving merger milestones.

The decision to merge is a monumental step that requires associations and their boards, staffs and members to embrace change and travel down an uncertain path with a partner of untested compatibility. Fears, ego issues, differing cultures, and political contests may emerge to complicate the journey. Differing practices, systems and policies may seem irreconcilable. Yet, the opportunity to merge offers the long-term promises of increased efficiencies, membership retention and continued relevancy. Whether or not a merger between associations fulfills these promises is a function of commitment to a broader vision for the future.

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