Checklist for Mergers

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We've created this comprehensive checklist to help you prepare for a merger. It contains all the factors that you must consider, including the concept phase, exploration, due diligence examination and a preliminary integration plan.

A. Concept Phase		
Considering Merger		
1.	Have we properly considered what our purpose is as a not-for-profit (**NFP**)?	
2.	Is our proposed partner compatible in terms of its objects, strategic vision, culture, values, governance arrangements, organisational structures and funding base?	
3.	Have we considered what this company/association can contribute to our company/association? • research and development • members/beneficiaries/accounts • service range • market segment (geography, industry, price point, etc.) • specialised technology • human capital • revenue stream • financial assets • distribution channel • strength to lobby Government	
4.	Have we considered the options for obtaining the capabilities this company/association has? • merger/acquisition • joint venture • joint marketing/distribution agreement • strategic alliance agreement • licensing • commission/royalty agreement • consulting services • patent/technology • internal development	
5.	Is a merger in the best interests of our organisation and its beneficiaries? Will a merger enable us to achieve cost savings as well as improve the quality and/or quantity of service we offer?	
6.	Have we approached our stakeholders and beneficiaries for their views? If not, how and when are we going to?	
7.	What will be the risks and benefits for our organisation as a consequence of a formal merger? Have we considered the wider impacts on our organisation?	
8.	Are there any other forms of collaborative working we could explore that might achieve the same benefits?	
9.	Have we estimated the full cost of merging? This should include issues such as staff time, rebranding, professional fees, relocation and unanticipated costs.	

	Considering Merger (continued)	
10.	Does our governing document or the law require the consent of the members in order to merge?	
11.	Are we carrying out a due diligence exercise? Can we do it in-house or do we need professional advice?	
	B. Exploration	
	Financial considerations	
12.	Have we considered the financial strength the other company/association? • assets • liabilities • revenue streams • strength of balance sheet	
13.	Have we checked their financial projections for the next 1-3 years?	
	Culture considerations	
14.	Have we considered what is the prevailing culture of the other company/association? • bureaucratic • autocratic • entrepreneurial • egalitarian • high performing • market drive/technology driven	
15.	Would there be any potential cultural conflicts during integration?	
	Legal considerations	
16.	Do we have the relevant legal powers to achieve our plan, or will we need help from a Government regulator?	
17.	Have we decided on a legal structure for the merged organisations?	
18.	Are we taking the appropriate professional advice and in what areas?	
19.	Are there any employment issues we need to consider? These could include issues such as superannuation, liabilities and compliance with employment law.	
20.	Have we considered the impact on any tax endorsements or other grants that we may have?	
21.	Are there restrictions on our organisation's sources of income? These could include special trusts, restricted funds, bequests or permanent endowments.	

C. Due Diligence Examination		
Financial Records		
22.	Have we conducted a more detailed examination of financial records, including an examination of the following: • patterns of maintenance and capital expenditures • patterns of marketing, sales, general and administrative expenses • unexposed liabilities • valuation methods for assets • determination of goodwill	
23.	Executive compensation	
Legal Exposure		
24.	Have we checked the following: • pending, probable or possible litigation • trademark/patent protection/violation • environmental exposure (real estate, compliance record) • safety and health practices and exposure • potential actions by employees • tax exposure	
Visual/Onsite Inspections		
25.	Have we conducted a detail examination of any contracts (terms, length, termination provisions, etc.)?	
Services		
26.	Have we conducted a detailed examination of the current services provided?	
27.	Have we considered their future service plans: • extension of current service line (enhancements)? • new service line?	
28.	Have we considered what resources have been allocated to future service/product development: • capital (equipment, buildings, or acquisitions) • personnel (headcount) • technology	
Human Resources Administration		
29.	Have we examined their compensation philosophy? How do their pay structures compare to ours? Will there be internal equity issues that we will have to address?	
30.	Have we considered how their benefit plans compare to ours? • education reimbursement • vacation/holidays • leave/time off policies • superannuation	

	Human Resources Administration (continued)	
31.	Will we need to maintain separate benefits plans or can they be integrated with ours?	
32.	Is this company/association in compliance with major State and Federal regulations? This includes wage and labour standards.	
	Workforce Competency	
33.	Have we examined the technical competence of the workforce?	
34.	Have we examined the areas of technical competence and technical weakness?	
35.	Have we examined the educational level of the workforce? Are there concentrations of well educated or poorly educated?	
36.	Have we considered the managerial competence level of this organisation? • planning/budgeting • leadership • project management • financial stewardship	
37.	Have we considered who the key technical, managerial and executive people are? Why are they considered key? What would happen if one or more of them left?	
	Culture	
38.	Have we considered decision-making processes in the company/association? • what is the predominant style of making decisions? • who makes what decisions? With what input from whom? • what is the risk taking quotient? • how are failures/mistakes dealt with?	
39.	Are there cross-functional structures (steering committees, project teams, temporary teams, etc.)? How well do they work?	
40.	Have we considered their reward structure? • what do people get formally rewarded for? • on what basis do people get promoted or otherwise recognised? • what is most important to this company/association?	
41.	Have we considered the general norms of this company/association? • how are mediocre/poor performers dealt with? • to what degree is conflict encouraged or tolerated? • what are the typical responses to conflict? • how well are deadlines set and met? • how detailed is project planning? • how is input from various parties obtained and used? • what are the general modes of communications (written, verbal, phone, etc.)? • how are various stakeholders dealt with (members, volunteers, employees, etc.)?	
42.	Have we considered the general values of this company/association? E.g. quick response/flexibility, creativity, etc.	

D. Preliminary Integration Plan		
Preliminary Plan		
43.	Have we considered what areas of this company/association are unique and should be maintained? What are the core competencies we are trying to access? What areas/competencies of this company/association are redundant with ours?	
44.	What is the appropriate structure for this relationship? • merger/acquisition • joint venture • joint marketing/distribution agreement • strategic alliance agreement • exclusive partnering agreement • licensing • commission/royalty agreement • consulting services • patent/technology option • internal development	
45.	Have we considered the costs associated with the different options: • severance costs • relocation expenses • licensing fees • commissions/royalties	
Planning and Communicating		
46.	Have we identified an individual to manage the overall process?	
47.	Do we have a project plan with milestones in place to manage the process?	
48.	Have we established a project board, committee or group to oversee the project and to link into the respective governing bodies?	
49.	What interim governance arrangements should we put in place during the merger process?	
50.	Have we conducted a stakeholder analysis and established a communications plan that covers all existing and new stakeholders and audiences? This should cover communicating the merger to existing funders and staff.	
51.	Have we identified the risks associated with merging, such as reputational or operational risks, and put systems in place to mitigate those risks?	
52.	Have we identified ways to monitor the success of the merger and how it will be evaluated?	
Information Systems		
53.	What is the basic structure of the information system? How compatible is it with ours?	
54.	What are the basic data models used? How compatible are they with ours?	
55.	What metrics do they use and how are they tracked? How compatible are they with ours?	
56.	What information systems/linkages will need to be established between the two companies?	