

CEO Advisory Group Assists Big Growth in Merger

When a community credit union in the northwestern United States planned for growth, a merger was the best way to meet their goals. With over $250 million in assets and a membership of 25,000 working families, they sought to expand their geographical reach to minimize risk and achieve economies of scale, and to pursue new markets with a cultural fit.

In a market where “merger” was sometimes considered a dirty word, the credit union needed help initiating and facilitating a collaborative partnership. They wanted to build synergy and momentum from the start by acquiring other financially healthy credit unions with great employees.

Targeting the Perfect Partner

Prior to their merger, the credit union’s Vice President of Marketing had worked with CEO Advisory Group on strategic growth planning. He recognized President Glenn Christensen’s expertise in mergers and his extensive industry contacts, and reached out for his help. The goal was to develop a multistate expansion plan focusing on small to medium markets that were culturally complimentary to markets where they had been successful. As the Vice President recalls, “I asked Glenn how we should enter those markets without starting from zero. It quickly became clear that mergers were a natural entrance point.”

Glenn and the credit union’s team began searching for a qualified merger partner by analyzing different markets in a multistate region to determine desirable areas. They then identified potential target credit unions that were financially strong and situated in smart locations. They ranked the targets and ultimately zeroed in on a medium-sized, well-capitalized credit union that was struggling to grow.

On behalf of the acquiring credit union, Glenn met with the CEO of the targeted credit union to introduce the merger plan. He was then invited to present on industry trends and to pitch the merger vision to the prospective partner’s board of directors. After facilitating discussion among the board members, they signed a letter of intent to be part of the acquiring credit union’s vision. At the time, this represented the largest credit union merger in the history of the state.

A Collaboration with Winning Results

For the acquiring credit union, the merger presented several immediate benefits:

- A financially stronger credit union with good capital and earnings
- Excellent employees with the right experience
- An existing membership base in a new area

In addition, the acquirer could reinvest savings from the merger into the target organization and the markets it served. Consolidating contracts for leases, core systems, home banking and e-services would cover marketing costs and create scholarships to benefit the members and community.

With the target credit union's lease near its end, the acquiring credit union agreed to create a branch to replace it. They built their largest signature branch ever, which includes an expansive lobby, offices and a two-story tower that give height and presence to the building on the corner of a main street in town. In the decade since this merger took place, the new branch contributed 40 percent of the acquirer's growth.

The acquired credit union benefitted greatly as well. Their CEO joined the credit union's management team, and all other employees retained their jobs and tenure. They also gained a far richer benefits package. The acquired employees became integral members of the unified team in both the home office and branches from day one. "There was no 'us or them'—they were us and we were them," explains the VP of Marketing.

The acquired credit union's members benefited, too, with:

- Access to more branches, and an updated branch in the market
- Access to new technologies
- Unique mortgage products suited for the local market
- Better rates

The excitement of the merger and new product and services even caused some members who had previously closed accounts at the acquired credit union to rejoin it.

CEO Advisory Group has continued to work with the credit union to facilitate multiple strategic mergers that have further fueled its growth and expansion into neighboring states. Through these mergers and organic growth, assets have risen to $1 billion, and

the credit union has grown to 200 employees, affording employees of the acquired credit union a multitude of new advancement opportunities. The credit union is now triple the size it was when CEO Advisory Group first started working with it.

The Value of an Experienced Facilitator

Throughout the collaborative process, CEO Advisory Group contributed invaluable insights to the merger process from both partners' perspectives. According to the VP of Marketing, without Glenn's expert facilitation, this joint opportunity would have taken much longer to execute. He eased the stress of the initial sales pitch and directed everyone's focus onto how the collaboration could be successful.

As the VP of Marketing explains, "We didn't have a lot of internal resources to dedicate to establishing a merger opportunity. We had to run our credit union on a day-to-day basis. Glenn brought a lot to the table and guided us through the whole process."

Glenn brought the acquiring credit union's vision to life and kept everyone on track through the merger application process and the development of communication and design plans. He ensured the merger's progress remained on target with the credit union's messaging. And, Glenn made certain everyone hit deadlines and saw to it that both organizations were pleased with the success of the merger.

The Vice President's advice for other credit unions considering a merger for growth: "Having a relationship with a third party facilitator like Glenn is invaluable for any credit union going through the merger process. The expertise he has in understanding the whole process from both sides of the merger would take a very, very long time for anyone to develop on their own."