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CEO Advisory Group Guides Bay Media FCU Merger

By 2012, Leo Smith knew that the San Francisco-based Bay Media Federal Credit Union where he served as CEO for 12 years was in trouble. Since 1953, the institution provided financial services to employees of KRON-TV and of the Hearst Corporation at *San Francisco Chronicle* and *San Francisco Examiner*.

Due to various media mergers and consumers' emerging preference for digital media, its membership atrophied and its assets shrunk from $32 to $11 million. The low interest rate environment certainly didn't help financially. The substantial loss left Bay Media with little beyond its office at a prime location in downtown San Francisco.

Bay Media Begins to Look for a Merger Partner

In the wake of its losses, Bay Media struggled to meet the needs of its members. It became too costly for the credit union to provide customers with the range of services they expected, such as mobile banking. When its board determined that merging with another organization would be the best way to move forward, Smith and his team set out to find a credit union to take in Bay Media.

Bay Media wanted to merge with an institution that could provide for its members, board, and employees. Several immediate prospects recommended by the board were not interested in merging with an entity as small as Bay Media. Other potential credit unions proposed great things for the board but were unable to accommodate the needs of members and employees.

Out of ideas, Smith and the board engaged a consultant. But after months of working with him, the consultant was unable to identify an interested and qualified merger partner. Leo and the board recognized they needed to find another consultant or the regulators would step in and dictate with whom they would merge.

Bay Media Turns to CEO Advisory Group

When the Bay Media FCU leadership team approached CEO Advisory Group for direction, President Glenn Christensen offered a prospecting strategy that set them on the right track.

First, Glenn contacted a broad range of credit unions along the West Coast to assess their interest in a merger. Qualified candidates were sent marketing packets (pitch books) that highlighted the contributions Bay Media would bring to the new entity.

Next, interested credit unions were sent a standardized request for proposal (RFP) that organized all critical data in a spreadsheet. This enabled side-by-side comparisons of responses. Glenn then worked with Leo to evaluate the options.

Along the way, Glenn supported the process with multiple strategic and tactical activities, such as:

- Educating the Bay Media board on the merger process, and guiding their decision-making process.
- Providing independent insight into credit union merger issues.
- Facilitating sharing of due diligence info.
- Executing confidentiality agreements.

Five credit unions with strong merger potential were invited to present to Bay Media's board. San Francisco Fire Credit Union (SF Fire) emerged as the most capable of meeting the board's criteria while satisfying membership and employee needs.

Post-Merger Benefits

On December 31, 2012, SF Fire welcomed Bay Media members and employees into its organization. The merger afforded numerous advantages to both financial institutions:

- In addition to mobile banking perks, Bay Media members gained greater access to banking services offered at four branches instead of just one.
- SF Fire acquired an additional branch office, utilizing the prime space at 12 Mint Plaza situated near many of its existing members.
- Bay Media employees retained their full salaries and received recognition of their years of service when they transitioned to their new roles as SF Fire employees.

According to Smith, the board of Bay Media FCU was grateful to have expert support from CEO Advisory Group throughout the merger process. He noted, "It made them feel more comfortable that a third party was giving them feedback. It was very beneficial." He lauded Christensen's help in keeping the Bay Media board focused on the full range of objectives they established for the merger.