

Merger as strategy: The experience of TACT Fostering & Adoption

In partnership with

Authorship

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At TACT Fostering & Adoption (TACT), we comment in our business plan that in the pursuit of new business merger will be considered, should an opportunity arise. We included this having attended a merger workshop run in 2003 by the Aston Centre for Voluntary Action Research, the predecessor of the Institute for Voluntary Action Research (IVAR). Little could I have envisaged that TACT would go on to undertake five mergers, explore two others and today be in discussions with two other organisations considering merger. I hope that our experience, as described in this publication, will contribute to the sum of knowledge on mergers and act as a useful aid to those engaged in the process of merger, one of the most significant events that a charity can undertake.

Given TACT's record with mergers, you may believe that it is a predatory organisation feeding on smaller organisations in difficulty, but in reality this is far from the truth. The core aim of our mergers is to improve services to our beneficiaries in order to better meet our constitutional objectives. We do this through diversifying our offer in as efficient and effective a way as possible using the knowledge, skills and experience of all involved in the merger process and those in the new entity emerging from each merger.

I would like to thank all those who have assisted us in this process and in particular IVAR, without whom we would not have achieved the merger timescales or concentrated on the key issues. These thanks apply even where we chose *not* to merge, a decision that is as important as the decision *to* merge. I also thank our solicitors, Lee Bolton Monier-Williams, whose advice during the due diligence process was invaluable.

Pursuing merger is a brave decision by officers and trustees alike and I pay my respects to all those who were involved in the ones pursued; without them, these studies would not be possible and our beneficiaries would not have benefited from their vision and fortitude. I pay tribute to our board of trustees for allowing senior officers and myself to pursue a mergers agenda. Finally, to all of those staff involved in mergers – either incoming or existing – and to senior managers who have worked to ensure smooth staff integration, I say thank you. The key is to ensure that our beneficiaries remain at the forefront of our deliberations.

I have described the merger process as being like a marriage and if so, I am what might be called a serial bigamist. However, a successful marriage is not just when the ring is on the finger but when the golden wedding anniversary is reached.

Kevin Williams

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Introduction and background

TACT Fostering & Adoption (TACT) is the UK's largest charity and voluntary agency providing fostering and adoption services in England, Scotland and Wales. Its core work involves providing high quality and well supported fostering or adoptive families for children and young people in the care of local authorities.

Between October 2004 and August 2007, TACT merged with four smaller organisations operating variously in the fields of fostering, adoption and campaigning to promote better justice for children. The first merger, in October 2004, was with PROSIBS, a fostering charity specialising in work with sibling groups; this was closely followed, in January 2005, by merger with East London Foster Carers (ELF). Mergers with the Independent Adoption Service (IAS) and Children Law UK (CLUK) both took place in August 2007. See Table 1 below for further details of the merger partners.

TABLE 1: TACT MERGER PARTNERS

Name of TACT merger partner	Core Business	Date of full legal merger with TACT	Current location / status of partner organisation
PROSIBS	Fostering, with focus on sibling groups	October 2004	Part of TACT London & South East
East London Foster Carers	Fostering	January 2005	East London office of TACT
Independent Adoption Service	Adoption	August 2007	Part of TACT's adoption service
Children Law UK	Campaigning to promote better justice for children	August 2007	Part of TACT's policy department

This report

This report, from the Institute for Voluntary Action Research (IVAR) reviews the series of mergers from the perspective of some of those most closely involved. It is based on interviews carried out in 2009 with trustees and senior staff of TACT who had been in post since the time of the first merger, and with trustees and staff from PROSIBS, ELF, IAS and CLUK who transferred to TACT.

In telling the story of these mergers, we write from our position of having worked with TACT and its merger partners before all four mergers, helping the organisations decide whether to proceed towards merger. We were not generally involved beyond the point at which the decision to merge was reached, however, our contact with senior TACT staff and trustees over a period of several years enabled us to build considerable knowledge of TACT's way of working and to use that knowledge in subsequent merger discussions.

This report is aimed at the staff and trustees of other organisations contemplating merger. It forms a companion to IVAR's publication *Thinking about ... Merger*¹. We hope that together these reports will shed light on the issues to be considered when embarking on merger, one of the more complex processes an organisation can undertake.

We begin this report by outlining the background to the TACT series of mergers. In Part Two, we discuss the challenges of merger, the perceived benefits of merger and the factors that contributed to their achievement. Finally, in Part Three, we offer our own reflections on the mergers.

Throughout the report, key points are illustrated with quotations in italics; these are, however, not attributed to named people, but only, where appropriate, to TACT or to its merger partners.

Background to the TACT series of mergers

TACT's involvement in the Fostering Charities group brought them into regular contact with PROSIBS and ELF. These relationships, and networking with IAS and CLUK, opened the door to consideration of the various mergers, but beyond that, other factors were at work which helped to cement the decisions to merge.

1 IVAR (2011) *Thinking about ... Merger*, IVAR: London, available at www.ivar.org.uk

DRIVERS FOR TACT'S MERGER PARTNERS

Organisational sustainability was a key issue for the four smaller merging organisations; all of them found it hard to survive in an environment that increasingly favoured larger organisations with more resources and a more developed infrastructure. ELF, IAS and CLUK were all experiencing financial difficulties; IAS had also undergone stressful governance changes. Staff changes and staffing difficulties of various kinds were also a feature of several of these organisations. PROSIBS had difficulty complying with the demands that the regulatory environment placed on fostering agencies: *'because it was small, the changes in regulations were putting more onus on those individuals'* (i.e. staff).

Anxiety about organisational sustainability was often a symptom of a deeper concern – about securing the future of children and young people or being able to campaign on their behalf: *'the number one priority was the young people and the carers, so they didn't lose out in any way'*. All of those involved in these four organisations considered that their agencies' futures, and hence those of the children and young people in their care (in the case of ELF, IAS and PROSIBS), or their campaigning and policy work (in the case of CLUK), might be better secured under the auspices of TACT.

DRIVERS FOR TACT

TACT's relationships with all four merger partners meant that TACT staff were aware of the serious challenges that these smaller agencies were facing. The strong commitment of TACT senior staff and trustees to the welfare of children and young people meant that they did not want to see them suffer if the organisations did not survive.

Merger also made strategic and business sense for TACT: *'why be in competition when you can collaborate?'* It fitted very well with TACT's strategy for diversification and growth; a strategy based on a view that TACT, as a relatively large and well-resourced agency, could offer enhanced services and hence help secure the future of looked-after children. A strong motivation for merger was thus the desire to secure benefits for children and young people: *'it gave them more stability'; 'why ignore the potential improvements that might flow from economies of scale?'*

All four merger partners offered something complementary to TACT's existing portfolio of services, enhancing their attraction as merger partners:

- PROSIBS offered a particular understanding of sibling groups and could provide flats for young people leaving care
- ELF was engaged in innovative work with young people
- IAS was seen as helping TACT expand its embryonic adoption agency: *'to advance our adoption activity by at least two years'*
- CLUK's links with the criminal justice system were seen as providing a useful vehicle for lobbying on behalf of looked-after children.

Making the decision to merge

For all parties, then, merger offered the possibility of a productive exchange – TACT could grow and diversify its operations while the smaller organisations would be able, under the TACT umbrella, to secure the future of their work. In making their decisions to proceed with merger, however, several other issues had to be taken into account: financial matters, the extent of organisational 'fit' and, for TACT's merger partners, the implications of the impending loss of a small independent agency.

FINANCIAL MATTERS

Three of the four smaller organisations were experiencing serious financial problems at the point that they began to consider merger. In the case of IAS, the extent of their pension deficit was a major cause for concern for them and for TACT. Although partly covered by IAS's endowment fund, the implications of this shortfall for TACT were taken into account before TACT decided to proceed with merger. The general financial implications of these three mergers loomed large for several of TACT's trustees and senior staff: *'I looked almost exclusively at the financial implications'; 'can we turn them round or will they be a drain?'* In contrast, the financial assets of PROSIBS, together with their particular expertise with sibling groups, made the organisation an attractive merger partner.

ORGANISATIONAL FIT

The extent to which there was 'fit' in terms of organisational values, service areas and ways of working was an important factor in making the decision about whether to proceed with merger. PROSIBS, ELF and IAS personnel considered that they shared organisational values with TACT, in the shape of their approaches to looked-after children: *'the key was that they were a charity that was committed to being there for children and young people'*. TACT offered an appropriate organisational home for the children and young people in their care: *'it was apparent that we had some affinity between how we viewed outcomes and our thoughts about adoption'*.

In the case of CLUK and TACT, there was less certainty about the extent of organisational fit: *'CLUK's work and CLUK's world were not core business for TACT'*. Despite some concerns, however, TACT was seen as providing an appropriate vehicle for moving CLUK's work forward, and in particular for supporting the continuation of its Public Law Outline seminars.

THE IMPLICATIONS OF THE LOSS OF A SMALL INDEPENDENT ORGANISATION

Although TACT offered a means to secure the future of their organisations' work and that of the children and young people in their care, some of those involved in the smaller organisations experienced feelings of sadness about the forthcoming demise of their organisation: *'it was really hard, like we were giving our child up for adoption; we wanted to keep it but we couldn't look after it the way we wanted'*; *'we did not want to feel we were being swallowed up by a huge organisation'*.

Staff and trustees of TACT's merger partners considered, however, that they were making the most responsible decision for children and young people. Once the decision to merge was made, many of them felt a sense of relief, albeit tinged with sadness at the end of an era in which personal allegiances and relationships had been important.

The merger process

In Part Two we describe the process of planning for merger and the ways in which the challenges of merger planning were addressed. We then move on to discuss the issues involved in achieving the smaller merger partners' integration with TACT, before discussing the benefits resulting from the series of mergers and the 'critical success factors' that contributed to their achievement.

Planning for merger

Once the decision to merge was made, the process of planning for merger and subsequent integration began. At TACT, the work of preparing for merger was done almost entirely by senior staff: *'the board backs off once we have approved full merger, but gets reports'*. In the other organisations, however, trustees were often more closely involved, for example attending meetings with staff and foster carers, and dealing with administrative and legal matters. Their concern with securing the future of their organisations – under the auspices of TACT – meant that they were involved in both exercising leadership at the strategic level and also dealing with operational and logistical details.

We examine below the challenges of merger planning, focusing in particular on:

- Staffing matters
- Communications
- The time commitment needed.

STAFFING MATTERS

Staff whose agencies were about to merge with TACT were often anxious about their own futures – whether they would have a job, the extent to which it might change, or whether they would be based at a different location. Trustees were occasionally in the position of having to tell staff that they would no longer have a job.

In some of the merging organisations, additional complications arose because of a lack of adequate staff records. This often took a long time for TACT to unravel. TACT also needed to devote time to discussing appropriate roles within their structure for transferring staff. In some instances, performance and capability issues were also unresolved and required attention.

COMMUNICATIONS

While those most closely involved felt adequately informed about the progress of merger negotiations, some people considered that wider communications were, at times, haphazard. Staff in some of the merging agencies did not always feel sufficiently informed: *'there was a lot of secrecy around, which I don't think is helpful in a small office'*. Additionally, some TACT staff found out what was happening from people outside the organisation. It was thought that the need for confidentiality might at times have taken precedence over the need for more widely disseminated information about the fact of merger and its implications.

THE TIME COMMITMENT NEEDED

Merger was described as a very time-consuming process, both before and after full legal merger: *'I think it can be under-estimated the amount of work that is involved, whatever your role. It takes over your normal day job. Some people see it as just the work whilst you are merging, but what they don't realise is that it's the next 12-18 months'*. Some people thought that the process of moving from decision-making to legal merger had been rushed, while others considered that it had taken too long – sometimes because unexpected complications arose, such as the lack of availability of key trustees or staff. There was, however, uniform agreement that merger is a huge task, requiring the involvement of several people. For TACT's merger partners, this often required trustees to make a considerable investment of time.

Addressing the challenges of merger planning

A number of factors assisted the planning of one or several mergers: the exercise of leadership, sharing the workload, inter-agency preparatory meetings and interim management from TACT.

THE EXERCISE OF LEADERSHIP

The leadership role played by TACT's senior staff team, and by the trustees of TACT's merger partners, was of great importance in addressing the challenges of planning for merger. Trustees and staff from the smaller organisations thought that the discussions were conducted in a spirit of openness and fairness, making it easier to deal with the volume of practical and legal issues that had to be addressed: *'the whole process was done fairly, and I think we felt very confident about what was going on'*. TACT senior staff were congratulated for showing respect for their merger partners and the contribution that they could make to TACT post-merger.

In the smaller organisations, trustees played a key role in focusing on the importance of the longer-term vision for the merged organisation and encouraging staff to think about that: *'ultimately, my responsibility was to think about children and young people, including, but not exclusively, from a [merger partner] perspective'*.

SHARING THE WORKLOAD

In some of the mergers, work such as 'due diligence' and holding meetings with merging organisations' staff or foster carers was shared amongst TACT's senior staff. This was useful, although it was also thought that operational staff were sometimes involved rather late in the process, leading to unnecessary rush. It was suggested that a more formal planning and integration team might have been useful.

INTER-AGENCY PREPARATORY MEETINGS

Various preparatory/information-sharing meetings were held between TACT and its merger partners in the time leading up to the mergers. Meetings to explain the situation to foster carers, often involving senior staff from TACT as well as staff or trustees from the appropriate merger partner, helped to reassure them about their future. This was particularly important in those agencies where foster carers identified closely with the organisation and/or its founder.

INTERIM MANAGEMENT FROM TACT

Prior to the merger with IAS, TACT offered interim management following the departure of IAS's Director. This acted as a helpful bridging mechanism, enabling IAS staff to become more familiar with TACT's staff and vice versa, and de-mystifying some aspects of the larger agency: *'staff got to know TACT; it was a bit threatening, but a chance to get to know the good bits'*. It also helped TACT become more conversant with aspects of IAS's operations.

Likewise with PROSIBS, TACT took over management of the agency after its Director left. TACT senior staff helped to manage and recruit staff, reassure foster carers and find new office accommodation. This enabled the remaining PROSIBS staff to forge links with TACT staff and prepare for full integration a few months later.

Achieving integration

In order to assist the integration of the smaller organisations within TACT, attention needed to be paid to:

- Staffing matters
- Governance
- Organisational systems, policies and practices
- Organisational fit.

STAFFING MATTERS

A number of staffing issues relating to performance and capability in some of TACT's merger partners began to surface before merger. Some of these, plus problems caused by staff absence through illness, continued to require attention after merger, as did dealing with the personality differences that had loomed large in some of the small staff teams.

For some staff, a change of role as well as of employer and office location was involved. TACT senior managers arranged induction sessions for staff joining TACT, including social events at TACT's south London offices. Post merger, staff based at the south London office integrated well with TACT, albeit slowly in some cases. For those located elsewhere, integration took longer: *'staff saw themselves as being part of TACT, but were not sure what it meant'*. Some staff found it difficult adapting to the practices of a much larger organisation: *'an organisation wanting timetables, a business plan, more rigorous oversight in a more controlled environment'*. It was suggested that this might have been easier if discussion had taken place at an earlier stage about new ways of working and reporting, and more realistic expectations set.

GOVERNANCE

TACT's merger practice was to offer places on its board to two trustees from each merging organisation. Trustees from the smaller organisations joined the board of TACT for many reasons, including concern with protecting the interests of the organisation from which they came, overseeing the merger process or promoting a particular service area, such as adoption and permanency or young people's participation.

On joining TACT's board, transferring trustees encountered major differences in the governance style and culture from the agencies that they had formerly been part of. They had been used to being much more involved in operational matters, and found the highly strategic approach of TACT's board very different: *'the meetings are about money, numbers, loads of documents that it's quite hard to get to grips with'*. Initially, some found it hard to contribute to the discussions, although they felt that, in time, they became more closely allied with TACT and committed to their roles as TACT trustees: *'we feel that [merged organisation] is a genuine part of TACT now. They've taken our work on board; they're promoting our work'*. Reaching this point was not, however, easy for all; it was thought that more could have been done to welcome them and help them acclimatise to TACT's style of governance. One TACT trustee suggested that: *'we haven't always done enough in advance to explain that our governance arrangements and style was almost certainly different; we made assumptions that new trustees wouldn't try to interfere with operational matters'*.

Some trustees took part in 'induction to TACT' sessions and found them helpful. For others, involvement in one of the board's sub-committees was useful in helping them get to know people and feel they were making a contribution in what they perceived as a less intimidating environment than the full board.

ORGANISATIONAL SYSTEMS, POLICIES AND PRACTICES

Aligning organisational systems, policies and practices usually involved merging organisations taking on TACT's systems and procedures and staff becoming accustomed to more formalised structures. Some of the changes were welcomed; for example it was no longer necessary for staff from the merging organisations to visit trustees to obtain signatures on cheques. But integration of systems also caused some frustrations; TACT staff needed to spend time sorting out problems resulting from previous incomplete record-keeping, or they had to unravel merging organisations' finances. While some of these issues were anticipated before merger, the extent of some difficulties, such as poor social work practice or staffing issues, took TACT staff and trustees by surprise. Particularly with the later mergers, it was thought that more detailed planning might have been helpful: *'not enough detail was done in the due diligence, no action plan, no thought, e.g. have we set up a bank account? Are the computer sockets there? Have we told staff? Do people know who's moving in?'*

ORGANISATIONAL FIT

The extent of 'fit' between the merger partners affected the ease of integration of the smaller organisations into TACT. With PROSIBS, ELF and IAS: *'there was business congruence; we knew how fostering worked; there were no operational surprises'*. With CLUK, however, the degree of synergy was more limited: *'it was not a natural fit'*. It was suggested that in the pre-merger discussions there had been: *'too much focus on the similarities and not enough on the differences'*. This lack of adequate attention to organisational differences contributed to some of the difficulties of integrating CLUK into TACT, at both operational and governance levels.

The perceived benefits of merger

Achieving integration following a merger cannot be hurried, and the benefits to be derived from a merger may not be fully realised in the short term. In the words of one TACT senior staff member: *'the prize offered by merger takes time to achieve: when can you say a merger has been successful – when the ring goes on the finger or at the golden anniversary?'*

All those involved in the four TACT mergers were motivated by the hope of enhanced services that would benefit children and young people. Their subsequent comments about the benefits ultimately derived from merger suggest that their aspirations were, to a large extent, fulfilled, and that additional benefits, desired but not specifically sought, have also been achieved. The benefits of merger were described in terms of:

- Organisational growth and expansion
- Improved services for children and young people
- Improved organisational infrastructure
- Increased influence and lobbying potential
- Skilled and experienced staff, trustees and foster carers.

ORGANISATIONAL GROWTH AND EXPANSION

As anticipated, the mergers enabled TACT to expand its operations geographically. It was also able to develop existing areas of work (in particular, through merger with IAS, its adoption service) and acquire new areas of expertise, for example in independent living for young people leaving care. It was suggested that TACT's ability to offer a wider range of services to local authorities had helped it win new contracts: *'this is a huge benefit to them in what is a very cut-throat world'*.

IMPROVED SERVICES FOR CHILDREN AND YOUNG PEOPLE

TACT's aim to grow and diversify was not because expansion was seen as an end in itself, but because it provided a means to offer enhanced services that would benefit looked-after children. For TACT's merger partners, the vision of more secure and improved services was very important. The joint benefits were described in this way: *'things are better – we are now helping people on a national scale, with a wide range of services'*. Some of the work that was hard to sustain in a small organisation became more viable, meaning that services could be secured and, in some instances, improved: *'it was absolutely the right thing to do, for everybody. As a decision for the families and the future of other children, it was absolutely right'*.

IMPROVED ORGANISATIONAL INFRASTRUCTURE

TACT's merger partners welcomed the benefits of improved organisational infrastructure in relation to human resources, press and publicity work, staff management, finance and training (for both staff and foster carers). This helped to free up social work staff to focus on their core work, resulting in the provision of more effective services: *'it is a benefit for parents and children that staff can focus on them rather than on other issues'*.

INCREASED INFLUENCE AND LOBBYING POTENTIAL

TACT, by virtue of being a large organisation offering a wide range of services, is seen as having achieved greater lobbying potential, more credibility and influence in relation to issues affecting looked-after children: *'we're a significant player, so that enables us to have a high profile in the market place. Now we're a national adoption agency'*. TACT's dissemination of the Public Law Outline training programme as a result of the merger with CLUK helped further increase TACT's profile.

SKILLED AND EXPERIENCED STAFF, TRUSTEES AND FOSTER CARERS

We described earlier the fact that TACT inherited some staffing difficulties from its merger partners. However, TACT still acquired some very skilled and experienced staff who have become great assets, as well as knowledgeable trustees who have added to the board's range of skills.

TACT – and hence the children in its care – has also benefited from the influx of some very experienced foster carers and adoptive families. They have brought increased diversity in terms of family background and range of expertise, with ELF and IAS enlarging TACT's complement of African-Caribbean families and PROSIBS bringing their foster carers' knowledge of work with sibling groups.

Critical success factors

We turn now to some more cross-cutting issues, the factors that contributed to the merger process overall. When reflecting on their experiences of merger and on the advice they might give to other organisations contemplating merger our interviewees highlighted nine 'critical success factors':

- A shared vision
- Organisational fit
- Clarity of expectations
- Early involvement of key people
- Due diligence
- Attention to governance issues
- Good communications
- The involvement of external advisers
- Acceptance that integration takes time.

A SHARED VISION

A shared vision of the potential benefits to be derived from merger, and in particular the likely advantages for service users, is essential: *'there have to be tangible benefits for service users: if you can't see them or can't envisage them, don't do it. If you can, don't let the egos get in the way'*. Ensuring that both parties have the same aims for merger, which are not solely focused on the financial advantages of merger, was also stressed.

ORGANISATIONAL FIT

The need for some degree of 'fit' between merging organisations, whether in terms of values, approaches to governance or operational methods, was seen as very important: *'the over-riding ethos is the most important – if you're not ultimately engaged in doing the right thing, there for the same people, looking in the same direction, you'll never have a fit'*.

Some degree of shared vision and fit is important for smooth integration even when, as in the case of three of the four TACT mergers, there are financial imperatives to merge: *'you need to make sure both organisations have the same aims, and that it's not just an acquisition for acquisition's sake'*.

CLARITY OF EXPECTATIONS

A third area of importance is the need for clear expectations, of what can and cannot be achieved through merger, and of the future roles of those involved. It was also suggested, however, that it is helpful to recognise that there will be unexpected developments: *'steel yourself for it; build in flexibility because you do not know what will happen'*.

EARLY INVOLVEMENT OF KEY PEOPLE

Trustees, from both TACT and the organisations with which it merged, felt that it was vital for trustees to meet and begin to get to know each other as soon as possible. One trustee advised others to: *'sit down in a fairly informal situation – which may be quite different from the usual meeting – allow plenty of time and really put your cards on the table and have a frank and open discussion about the benefits for you and the other organisation'*.

The importance of early involvement of the relevant operational staff in the planning process, including those involved with human resources and logistical matters (such as office re-location) was stressed. The establishment of a more formal post-merger integration team was seen as providing a useful forum to consider merger-related issues together, rather than letting them be diffused across the management structure.

DUE DILIGENCE

A thorough process of due diligence, with particular attention to financial matters, was considered to be particularly important: *'always bear in mind that you'll end up owning this; dodgy debts on the balance sheet become your problem'*. The need for the due diligence process to include operational practice and staffing issues was noted.

ATTENTION TO GOVERNANCE ISSUES

As we described above, interviewees reflected on the usefulness of trustees from merging organisations meeting and sharing ideas very early in the merger process. The concept of 'transition trusteeship' was also raised. Trustees from merging organisations often joined TACT's board with a concern to protect the interests of the agency from which they came; it took time for them to fully consider themselves as TACT trustees. The idea of 'transition trusteeship' – acting as custodian of the legacy of the smaller merger partner – might be recognised as a legitimate and appropriate role to ease the process of moving onto the merged organisation's board.

GOOD COMMUNICATIONS

Sensitivity in merger discussions, particularly in the early stages, is crucial, but once the decision to merge has been made, clear communications about process, timescales and implications are vital. It was felt that communications about some of the mergers had at times been haphazard. In some instances, and particularly in the later mergers, it was suggested that TACT's board might have benefited from more information and a more extensive discussion of the potential mergers.

The need to provide clear communications about the implications of merger for foster carers, adoptive families and service users was also highlighted.

THE INVOLVEMENT OF EXTERNAL ADVISERS

External and objective advice was thought to have helped those involved in the merger negotiations consider their options and raise difficult issues: *'it helps to have an independent third party to whom you can be blunt'*. At the same time, however, it was suggested that maintaining objectivity and neutrality, and being perceived as acting equally in the interests of both potential merger partners, can be difficult if the same facilitators have worked with one of the merger partners over a long period, as IVAR had with TACT.

ACCEPTANCE THAT INTEGRATION TAKES TIME

Finally, full integration cannot be rushed, and will not be achieved in a short period of time. One TACT interviewee speculated about when a merger can be considered 'successful', suggesting that it is perhaps: *'when there comes a point that nobody talks about [merged organisation] as a separate entity, when the merged parts assume the spirit and body of the whole'*.

IVAR's reflections on the TACT mergers

In this final section, we offer our own reflections on the four mergers, based on our review interviews, our participation in the pre-merger discussions and our experience of other voluntary and community sector mergers. The TACT mergers, and participants' reflections on them, provide useful learning for others contemplating merger, particularly in relation to:

- Finding and realising a vision for the merged organisation
- The importance of organisational leadership
- Planning and organising the merger process
- The governance of the merged organisation.

Finding and realising a vision for the merged organisation

As we discussed earlier, TACT senior staff and trustees were motivated by a desire to diversify and develop the organisation in order to improve the services provided to looked-after young people. The main drivers for its merger partners related to their ability to respond to the demands of the external environment, the need for organisational sustainability and internal difficulties, including finance. These different drivers could have easily affected the power balance between the merger partners and hence the ability to reach any common ground. However, in each situation there was a sense that both organisations had something to gain from coming together and therefore that some compromises were worth making.

In each case the merger partners were able to perceive themselves as embarking on a 'productive exchange', with each organisation providing something that neither could achieve alone. What enabled this exchange was the 'vision', in this instance the potential benefits that could be realised for the beneficiaries (i.e. children and young people). In other words, the vision equalised two potentially unequal organisations in a way that moved the discussion from consideration of the drivers towards a rationale for the 'exchange' that was to take place following merger.

The importance of organisational leadership

As we described earlier, TACT's senior managers and trustees played a key role in creating a climate conducive to productive merger discussions through the way in which they treated the smaller organisations with respect, as valuable contributors to the welfare of children and young people. TACT's commitment to see their relationships with the smaller organisations as mergers rather than as acquisitions or take-overs, and their understanding of what their potential merger partners offered to their shared client groups, created a productive atmosphere for the merger discussions. This facilitated a focus on the benefits that might ultimately be achieved as a result of merger. Likewise in the smaller organisations, trustees' commitment (and that of senior staff where they remained in post) to safeguarding the future of services for children and young people, and to promoting this vision within their own organisations, helped reduce the concerns about merger felt by some staff.

A strong sense of TACT's own identity and place in the wider world of work with children and young people enabled TACT staff and trustees to look strategically at the way in which services could be enhanced through merger. It also meant that they were able to recognise where compromises would be appropriate in the interests of achieving that vision. TACT's ability to change and adapt its organisational culture with successive mergers could not have been achieved so smoothly without the leadership shown by those at the head of the organisation. The willingness of TACT staff to manage and deal with change enabled them to embed the areas of expertise brought by their merger partners into the enlarged TACT in order to bring enhanced benefits to their client group.

Planning and organising the merger process

A shared vision for the future of the merged organisation is very important; alongside that, attention to detail about the organisational structure required to achieve the vision is needed. Our experience of the TACT mergers suggests that work on planning and organising the merger process can be assisted by:

- The establishment of a merger working group
- The involvement of trustees
- The existence of a clear timescale
- A communications strategy
- External advisers.

THE ESTABLISHMENT OF A MERGER WORKING GROUP

The merger that received most time and attention from TACT staff and trustees was that with ELF. In retrospect, some of those involved thought that there had been less attention to detail in some of the later mergers. They found the various inter-agency preparatory meetings and the discussions involving IVAR useful, but felt that the establishment of some more permanent forums for discussing merger-related issues would have been helpful.

The learning from this review therefore indicates that a 'merger working group' responsible for overseeing a merger, and comprising both paid staff and trustees, might be beneficial. It could help ensure appropriate attention to detail and also enable those involved to distinguish merger-related problems from wider organisational challenges.

THE INVOLVEMENT OF TRUSTEES

One of the issues emerging from our review interviews was that TACT's board had been less involved in the later mergers and hence that there was insufficient opportunity for their strategic concerns to be discussed. It was suggested that when the financial situation of one merger partner is deteriorating, it can be difficult to halt the momentum for merger. The scrutiny role that board members can perform may be required to rein in that momentum, stand back and allow those more directly involved to ensure that all the relevant issues have been discussed.

THE EXISTENCE OF A CLEAR TIMESCALE

In some cases, the situation of TACT's merger partners meant that the decision to merge, and the planning for merger, had to take place very quickly. However, it is important that sufficient time is still allowed for consideration of both strategic and operational implications. Furthermore, the time it takes to implement the vision must also figure in the management and planning of a merger. As we have discussed, integration takes considerable time, and the date of full legal merger is only the beginning of a process of realising the anticipated outcomes.

A COMMUNICATIONS STRATEGY

Our review highlights the importance of a communications strategy to ensure that both internal and external stakeholders have the necessary information, at the right time, about the merger process and its implications. At times, insufficient information confirmed or heightened people's anxieties about merger and affected their views about the appropriateness of merger decisions.

This review also shows that communication should not stop once the decision to merge takes place. It is also important to balance the need for information with space to review and/or change strategic decisions. The establishment of a merger working group, as suggested, would provide the facility for reviewing decisions and for conveying information about any changes to earlier decisions.

EXTERNAL ADVISERS

Our review highlights the importance of the external adviser in helping to surface, identify, describe and critique the vision that is driving the merger. Having this facilitation enables each organisation to acquire an understanding of 'the other', and can provide protection against the merger taking on a momentum of its own. The facilitator can provide both space and time for each organisation to build faith and confidence in the vision, which, as we suggested above, can help the organisations when they come to answer the more difficult questions about merger.

The main risks are of the facilitator becoming subsumed by the momentum of the merger, or too closely allied with one merger partner. The anxieties and concerns held within each organisation, and at different levels in the organisation (e.g. board members as well as staff), may not then be explored sufficiently. It is therefore important that the role of the facilitator is explicit and made clear to both parties, and that the facilitator has the scope to slow the process down if that seems necessary, whatever other pressures towards merger may exist.

The governance of the merged organisation

INTEGRATION

As noted earlier, trustees who transferred from TACT's merger partners found the transition to a larger organisation to be complicated and challenging; in particular, they had to adjust to a much reduced operational role.

It undoubtedly requires time for people to acclimatise to a new board culture and to understand their new role. Our review highlights the need to find ways to help trustees adjust to this change and to discuss how best to use their skills and experience in order to influence the direction and decisions of the merged organisation.

ADVOCACY ROLE

The majority of the trustees who transferred saw their role in the early stages of merger as acting as an advocate for the vision behind the merger and maintaining something of the legacy of the organisation from which they came, for example a commitment to permanency or after-care work. It is important that this is seen as a valid role rather than as a potential barrier to integration or as a symbol of incomplete integration. It may not always be appropriate for the advocacy role to play out at board level, but rather in other spaces, such as sub-committees or working groups. This still allows transferring trustees to offer useful influence and become integrated with the organisation that they have joined.

REVIEW OF GOVERNANCE ARRANGEMENTS

TACT's practice of offering places on its board to two trustees from each of its merger partners led to a situation whereby approximately half the board comprised people who had transferred from other organisations. This has some positive features: for example, it demonstrates that, whatever the initial difficulties of adjustment to a different type of trustee role, trustees have developed an allegiance to TACT and a commitment to its future development. It does mean, however, that TACT might not have quite the right balance of skills and expertise to meet its current and future governance needs. TACT, and other organisations that have changed the composition of their board following merger, might usefully analyse the skill balance of the board and consider how best to meet any skills gaps identified by that analysis.

Concluding remarks

As we have discussed, mergers require huge amounts of time, effort and commitment on the part of those most closely involved. However, participation in a merger process can also contribute to the acquisition of new skills, expertise and knowledge, including knowledge about the merger process itself. In taking part in our review, interviewees from TACT and its merger partners were generous in sharing their ideas both about what worked well and what was challenging in relation to this series of mergers. Their willingness to help generate learning that will ultimately assist others considering merger has been a vital part of IVAR's work with TACT and its merger partners, and deserves acknowledgement.

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