

Thinking about Merger

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In partnership with



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Who is this guide for?

This is primarily for senior staff and trustees of small and medium-sized voluntary organisations. It is not a guide to financial aspects of merger, nor is it a step-by-step 'toolkit'. Instead, it brings together the experiences of a wide variety of voluntary organisations and advisers to highlight different dimensions of thinking about merger.

Some people may be able to consider merger carefully and patiently with their boards, staff and partners; others may be in more of a hurry and feel they have little choice – whatever your circumstances, we recommend fully exploring the feasibility of merger with your prospective partner(s) before you commit.

We cover:

Reasons for thinking about merger

Stages in the merger process

What makes a successful merger

First hand experience

Foreword

Ben Cairns, IVAR | Jean Tsang, Bates Wells

When we published the previous iteration of *Thinking about Merger*, Covid-19 was forcing many organisations to dramatically speed up, slow down or change course. Our discussions centred on resilience, survival and the stark choices facing charities operating in extraordinary circumstances.

Today, a single crisis has been replaced by many. When faced with rising costs, higher demand and stiff competition, aligning missions and pooling resources becomes an increasingly attractive option. Indeed, 2024/25 was the [highest year on record](#) for merger numbers, with small charities (under £1 million income) driving an increasingly large share of that activity.

For some organisations, merging represents an opportunity to extend their reach, strengthen their services and increase their influence. For others, it may come down to survival: for those with backs against the wall, mergers can mean the preservation of something versus the potential disappearance of everything.

But bringing multiple organisations together is not a simple remedy. Merger is a challenging mix of ‘head’ – meetings, plans and decisions – and ‘heart’ – emotions, feelings of loss, shifts in power and unforeseen events. It usually requires the people involved to make a leap of faith.

Without firm rationale, due preparation, mutual understanding and sensitivity to the history and emotions in play, mergers can speed up the decline they hoped to halt.

Twenty years after the first edition of this guide first appeared, our core belief remains the same: merger should be a route to achieving a purpose, not a goal in itself. The strongest examples of organisations joining forces are built on a shared understanding of the difference they want to make – for each other and, most importantly, for the communities they serve.

At a time when many organisations face making existential decisions quickly, this guide offers first-hand experience from charities and legal expertise from Bates Wells, covering why charities consider merger, how the process unfolds, and what tends to make it work.

Key insights

If we strip the insights and guidance set out in the following pages down to their bare bones, four things stand out:

1. Discussions have inherent value – regardless of outcome

Periods of economic uncertainty have shown that organisations are more likely to survive and, over time, thrive if they are open to asking pivotal questions about themselves: Who are we? What are we trying to achieve? What is the best vehicle to use to make that happen? Asking these questions honestly is valuable in itself – merger may turn out to be the right answer, or it may not.

2. Coming together should be guided by the needs of beneficiaries

Charities have a relational and place-based component to their work which merger discussions ignore at their peril. Even if you enter merger explorations on the back foot – preoccupied, say, by survival rather than growth – it's still important to work out what the change could mean for beneficiaries, and to make the case for that. For example, keeping a service going might not be the boldest ambition, but it may be the right one for now.

3. Don't underestimate the emotional work

Merger involves 'head' work – meetings, plans and decisions – but also 'heart' work – loss, anxiety and shifts in power. Paying attention to each organisation's history and traditions, and being deliberate about which cultural elements to carry forward, helps the two sides come together. Ignore the emotional side and it will resurface anyway – usually as delay.

4. Merger isn't always the answer

However worrying your prospects, merger may not be a silver bullet. Do you and your partner(s) have enough in common, enough shared values, to trust in the potential of a merger to work? There is no shame in concluding that you do not. For organisations whose aims are no longer appropriate, or whose sources of public funding no longer exist, or who have not been able to make a transition to a new environment or find a sustainable alternative business model, it may be more responsible to close down rather than compete with others or struggle on.

“In some cases, mergers are deployed as a signal of action in the face of decline, when what is needed is an honest assessment of whether an organisation, asset, or service remains viable in its current form. This is uncomfortable work, because it requires confronting endings as well as beginnings.”

Bonnie Chiu, managing director, The Social Investment Consultancy

Introduction

Aside from when it opens or closes its doors, a merger is one of the most significant moments any charity faces. It comes with tensions as well as excitement, invites existential questions, forces fundamental compromises, and leads to permanent and irreversible change. To work, mergers should be treated with caution and thought through patiently and diligently. This guide, written with the help of legal and charity experts, aims to help you do just this.

Our case examples

The examples we use come from IVAR's collaborative research projects, research published by others and contributions from organisations that have merged recently. We include the experiences of community sector membership bodies and voluntary organisations working in the fields of HIV and AIDS, homelessness, lone parenthood, looked-after children, volunteering and housing.

This edition also draws on three recent examples: Support Cambridgeshire, formed when two county infrastructure organisations merged; Kisharon Langdon, which brought together two Jewish community charities supporting people with learning disabilities and autistic people; and The Social Investment Consultancy (TSIC), which acquired two social impact consultancies, The Social Innovation Partnership (TSIP) and Renaisi.

A collaboration spectrum: the terms we use

There is no single agreed definition of merger; practitioners, legal experts and academics have found a variety of different ways to explain the term. At its simplest, it can be understood as a formal, long-term coming together, to work collaboratively. For the purposes of this document, we use an adapted version of the definition of merger found in the [Charities Act 2011](#). The Act applies to mergers where one or more voluntary organisations transfer all their property to another voluntary organisation and then cease to exist.

Merger might not be the only option for organisations; other types of collaboration might work just as well. For example, a specific one-off development might be better pursued through a joint venture; a service can be hived off; or core costs can be reduced by contracting out a function such as finance or IT. Trustees and senior staff therefore need to be satisfied that merger, rather than an alternative form of collaboration, is in the best interests of the organisation, its mission and its stakeholders.

In practice, collaboration can reflect points on a spectrum of relationships, involving different levels of commitment, degrees of permanence, risks and rewards. The collaboration spectrum in Table 1 shows the key features of some frequently used methods of collaboration; further details are in the Appendix on [page 21](#). In our own research we have observed that some of the problems that arise around mergers are due to confusion about the range of organisational collaborations available.

Table 1: A collaboration spectrum

Informal alliance	An arrangement based on good relationships and understandings that may be documented but are non-binding.
Contract-based alliance	A relationship that is underpinned by a contract between the parties that sets out the objectives, respective roles, cost-sharing and charging arrangements.
Joint venture	The parties establish a legal entity, which they jointly own and control, for the purpose of undertaking specified functions.
Group structure	Where party (A) takes legal control of another (B) by becoming its sole corporate member, while the parties remain separate legal entities and preserve their original identity (creating a parent-subsidiary relationship).
Merger	The parties (A and B) integrate permanently to form a single legal entity with one board of trustees/directors, on whatever basis is agreed. This either creates a new entity (C) or enlarges one of the existing entities, whilst the other ceases to operate.

Reasons for thinking about merger

Any contemplation of change on the scale of a merger needs to be firmly rooted in an exploration of why it is potentially needed.

Merger in the voluntary sector can be a reactive strategy:

- A last-resort effort to survive in response to external pressures
- A way of dealing with an environment of uncertainty and scarce resources
- A response to the influence of funding bodies

On the other hand, it can be part of a more proactive strategy to:

- Meet users' needs more effectively
- Have greater influence
- Expand the range of services and scale of offer

In practice, it is often a combination of factors that has a bearing on the decision.

In today's environment, more leaders than ever are considering merger as a possible response to rising costs, growing demand for services and ongoing uncertainty around funding. The proposition may be less about creating something new and more about preserving something valuable before it disappears. Even when the decision to merge is driven more by survival than growth, it can still be steered towards positive change for beneficiaries.

“Extraordinary times demonstrate the need for extraordinary responses. Merger could be part of this. It's not always easy, but if it's the right thing to do, it's the right thing to do.”

Joanna Holmes, former co-director, Wellspring Settlement

“The question underneath any merger is not, in the end, a financial one. It is whether the transaction strengthens the civic muscle of belonging, participation and accountability, or whether it simply optimises the machinery of delivery.”

Bonnie Chiu, managing director, The Social Investment Consultancy

Stages in the merger process

The formal legal merger may happen on paper in a moment, but the melding together of two independent organisations into one entity happens both prior to and beyond that.

“When can a merger be considered ‘successful’? When the ring goes on the finger or at the golden wedding anniversary? Or when nobody talks about a separate entity, when the merged parts assume the spirit and body of the whole? The prize offered by merger takes time to achieve.”

Rebecca Moran, IVAR Associate

Merger can be considered in four stages

Stage 1: negotiation

Stage 2: decision making

Stage 3: planning and legal

Stage 4: implementation and integration

The amount of time needed for each of these stages will vary. Often they will overlap or have pauses between them. Sometimes it might be necessary to accelerate the process to reach a decision and a steady state as soon as possible.

Stage one: Negotiation

Stage one is about identifying the perspectives of each organisation's key people on issues such as:

- Drivers
- Purpose and vision
- Organisational fit
- Deal breakers
- Level of commitment among management teams and boards

Stage two: Decision making

Stage two involves:

- Completing initial consultations with key stakeholders
- Reaching consensus and formal agreement on a new vision and outline model
- Exploring how key power/governance issues might be addressed – for example, how to decide the roles of trustees, chair and chief executive
- Agreeing timescales and a process for subsequent stages

Stage two might usefully conclude with boards reaffirming their initial decision in principle to proceed to a merger, possibly by drawing up a draft 'heads of agreement' document (see opposite for an example of issues to be discussed at this stage). This is usually a non-binding document that identifies the agreed principles and key conditions that need to be resolved before the formal merger agreement is signed. As confidential information will be shared at this stage, it is recommended that the parties also enter into a non-disclosure agreement to protect confidentiality.

Alongside the paperwork and formal agreements, this second stage of the merger process relies heavily on the build-up of trust. The decision to merge is a momentous one: no amount of planning and budgeting will avoid the feelings of loss, disquiet, upheaval, excitement and hope it can cause, but careful preparation can help reduce the anxieties that may arise. It usually requires the people involved to make a leap of faith. As such, decision making needs to be grounded in dialogue, reflection and debate, all of which can help build trust.

Heads of agreement

Key questions for the heads of agreement stage of discussions are:

1. Will a new charity be established into which both existing charities merge or will the assets and liabilities be transferred from one entity into the other?
2. If the merger is into an existing charity, will either charity's objects need to be changed? If so, consent will be needed from the Charity Commission (or in Scotland, the Office of the Scottish Charity Regulator).
3. Will the transferring organisation(s) continue as a shell or be wound up?
4. What shape will the new board take – will some board members resign and if so which ones? Who will chair the board? Should joint meetings begin informally before the formal transfer?
5. Will all employees be retained? If so, will that be on their existing, or new, terms and conditions? Particular attention should be paid to pension issues – such as whether there are potential deficits or cessation/exit liabilities. What initial discussions will be held with staff and what will the message be? Formal consultation will need to be undertaken in accordance with Transfer of Undertakings (Protection of Employment) Regulations (TUPE) and any collective/trade union agreements.
6. Will any existing properties be vacated/replaced?
7. What, if any, due diligence has been undertaken so far and what is left to carry out? Are the parties satisfied with the responses to date? A fuller due diligence exercise typically follows the heads of agreement.
8. What level of warranties and indemnities will be given? At a minimum the continuing organisation should agree to meet all liabilities subject to reasonable exclusions and the transferring organisation should warrant that it has given full disclosure in response to the due diligence questions that it has been asked.
9. Will other third-party consents be needed, for example, from:
 - Regulators
 - Funders
 - Banks
 - Landlords
 - Suppliers and other contractors
10. Is there to be new branding, and, if so, has this been agreed?
11. What is the date for completion of the transfer?
12. What steps will be taken in relation to the media/publicising the merger or the pre-merger discussions?
13. Who will bear the costs of taking the merger forward?

Stage three: Planning and legal

Stage three is about completing the formal and strategic preparations for merger including carrying out a 'due diligence' exercise. Planning needs to extend beyond financial and human resource matters to include issues related to:

- Quality, performance and management
- The preparation of transfer arrangements prior to the formal and final decision to merge
- The necessary legal and financial transactions that this will involve

Legal issues to consider

Power to merge?

Both merging organisations need to check that they have the power to merge. This can usually be established by checking an organisation's governing document (the Articles of Association for a company or, otherwise, a trust deed or a constitution).

Compatibility of objects

If one or both of the merging organisations are charities, particular care must be taken, as charity assets must continue to be used for the charitable purposes set out in a charity's objects. Clearly, the objects of both charities must be compatible. The objects are normally set out near the front of a charity's governing document. These are not usually the same as a charity's vision or mission and are usually expressed in more formal legal language.

Where the objects of the transferring charity are narrower than the recipient's, one charity's assets may need to be transferred on separate trusts or as 'restricted funds' and even after the merger may be used only to further the objects of the transferring charity. Alternatively, it may be possible to change the objects of one charity to remove the restriction.

Due diligence

Due diligence helps an organisation identify and assess the viability of its merger partner. It is a mutual process intended to provide detail about the other organisation's assets and liabilities and help identify any potential problems that might obstruct or delay the merger. The information gathered will be used to prepare a transfer agreement.

A typical due diligence process will involve each organisation sending the other party a 'due diligence questionnaire' – questions about assets (including property), material contracts, employees, liabilities, complaints and legal claims, safeguarding and regulatory compliance, finances, and general state of the other charity. The responses can then be used to:

- Check the financial position of the merging partner
- Identify risks posed by the merger
- Review employment and pension arrangements of staff. This may identify a need for specialist pensions advice
- Identify any third-party consents that are needed for the transfer, e.g. funders, contractors, banks, insurers, HMRC or landlords.

Key legal steps

The legal process will vary depending on how the merger is carried out. For instance, sometimes the merging organisations establish a new entity and then transfer their respective assets (subject to their liabilities) to the new venture. See the box below for a broad summary of the legal steps involved.

Summary of legal steps to merger

1. Checking the compatibility of each party's objects
2. Conducting due diligence (discussed opposite)
3. Passing formal board resolutions to proceed with the merger. This may include identifying any legal issues to resolve, setting any conditions and a completion date
4. Drafting a merger agreement
5. Seeking third-party (e.g. funder) consent where necessary
6. Formally notifying staff in compliance with applicable employment legislation
7. Usually seeking further board resolutions to approve the merger agreement and authorise one or two trustees/directors to sign
8. Completing the merger – signing and dating the merger agreement and transferring assets
9. Notifying third parties about the merger where necessary
10. Preparing final accounts for the transferring entity, then winding it up and potentially applying to record it on the Charity Commission register of mergers, as appropriate.

Stage four: Implementation and integration

Stage four is about beginning to realise the new organisation's vision and strategy. It may well take years to achieve full integration of staff, systems and procedures, although the length of time will depend on the size and complexity of the merger partners. It is a good idea to regard the post-merger integration period as an ongoing process of change that requires leadership, resources and structures. For organisations needing to merge quickly, much of the detail may need to be deferred until after the formalities of merger have been concluded. But it is essential work and cannot be overlooked.

What makes a successful merger?

The following factors can make a merger between two or more voluntary organisations more likely to succeed:

1. A shared vision

2. The right organisational fit

3. A beneficiary-focused business case

4. Clarity on deal breakers, early

5. Confident, collective leadership

6. The human side taken seriously

7. Realistic resourcing

8. Clear planning – beyond completion

1. A shared vision

A successful merger is rooted in a clear vision – what it will achieve, and how it will benefit service users and key stakeholders. Even when you're preoccupied with survival, it's still worth thinking about what change means for communities.

“Having one common underlying driver, which is deeply held, gets you through what could be deal breakers or showstoppers.”

Joanna Holmes, former co-director, Wellspring Settlement

A common goal helps people work through obstacles and difficult decisions; without it, negotiations can stall. It matters most when merger partners are different sizes, where power imbalances can create problems. In such circumstances, a shared vision can be a powerful reminder that the two organisations can help each other to realise their shared ambitions. The concept of 'exchange' – each party offering something the other wants – helps that vision take shape. It won't necessarily be clear at the outset; it's more likely to emerge from the discussions and debates that happen as the two organisations work more closely together.

QUESTIONS TO CONSIDER

- Is there a shared vision for the merged organisation?
- What does each organisation contribute towards achieving the shared vision?

2. The right organisational fit

Before deciding to merge, it's worth checking how well matched potential partners are in aspects including historical roots and ideology, governance and decision making, financial resources, strategy and use of AI and other technology. It's also worth distinguishing operational fit from something harder to pin down: how each organisation believes change happens. Organisations with fundamentally different theories of change – different beliefs about *how* change happens – may need more than structural alignment to merge well, and that kind of fit takes sustained conversation about purpose and method, not just due diligence.

Ultimately, a good match is not necessarily about similarities; complementary differences can contribute to a productive exchange.

“A lot of the organisational culture was similar – the values and how staff worked with organisations. The bigger shift was going from small, where we all know each other and exactly what everyone’s doing, to a bit more distance.”

Mark Freeman, chief executive, Support Cambridgeshire

QUESTIONS TO CONSIDER

- In what ways are the organisations similar? In what ways do they differ?
- Could the similarities help smooth the merger process? Could the differences create barriers to merger?

3. A beneficiary-focused business case

It is important to set out clearly why merger would help you meet your objectives more effectively than staying independent, whether that's greater reach, resilience or financial strength. The strongest business cases are rooted in beneficiary need, not just financial logic: what will change for the people the organisation exists to serve, and whether the same benefit could be achieved another way.

“Merger was seen as a way to create a larger, stronger organisation, better able to compete and negotiate.”

Taken from merger as strategy: the experience of TACT

QUESTIONS TO CONSIDER

- Have you compared the business case for merger with the business case for not merging?
- What will your clients and beneficiaries gain if you merge (or what could they lose if you don't)? Can you achieve these benefits by any other means?

4. Clarity on deal breakers, early

Potential merger partners benefit from naming possible non-negotiables upstream, before positions harden and compromise becomes more difficult to find. These often include the new organisation's name and brand, board composition and the first chair, the chief executive, staff retention, finances (including pensions and future liabilities), and office location and service model. Even without the luxury of time to run a fully staged process, it's still worth being clear about what each partner is and isn't prepared to give up or take on – leaving these unaddressed increases the risk of failure. Not every deal breaker is apparent from the outset; some only surface once negotiations are underway, which is why it's worth revisiting the list as the process develops.

QUESTIONS TO CONSIDER

- What is your bottom line in terms of what you would not want to give up from your own organisation, or take on from the other?
- Where might you be able to compromise? Where is compromise not possible?

5. Confident, collective leadership

Leadership that strikes a balance between collaborative and decisive is what will carry a merger through its hardest moments. That doesn't mean one person has to do all the work – a merger working group, drawn from both partners and reporting to both boards, is often the most effective way to share the load and build buy-in beyond the senior team. But even when the work is shared, someone still needs to explain the vision, find solutions to contentious issues and get ahead of rumour with clear information.

When considering who will head the new entity, leadership design should follow function, not personality – built around what the merged organisation needs to succeed, not around who currently holds power in either organisation. That often means difficult conversations about existing leaders' futures.

QUESTIONS TO CONSIDER

- Who has formal and legal authority to make key decisions about the merger?
- Who has the personal qualities to be a 'merger champion' on a day-to-day basis?
- How will leadership be organised within and between the partners during and after the merger process?
- What issues are negotiable or open for consultation? What is for information only?

6. The human side taken seriously

Mergers cannot be reduced to strategic fit or economic logic – they involve emotions and politics. Staff, trustees and volunteers often invest personally in an organisation's values and goals, so change can feel threatening. Information should be shared as soon as a decision is made to proceed towards merger. This information may include implications for individuals and an idea of timing for decisions about jobs. It can be helpful to have a designated individual for those affected to talk to.

Some of the most successful mergers have gone through a joint process, before merging, of describing and sharing each organisation's culture – working out what fits together, and what a new shared culture might look like. This is especially sensitive between organisations of different sizes, where there's often an unspoken expectation that the smaller partner's identity and ways of working will simply be absorbed. That's not always the right call, culturally or strategically.

“What worries people most, staff or trustees, is not knowing what's happening and what their part in it is... Once people are clearer, a lot of the anxiety goes away.”

Mark Freeman, chief executive, Support Cambridgeshire

QUESTIONS TO CONSIDER

- How will staff be kept informed during the merger process, and how will concerns be monitored and responded to?
- What plans can be made to ensure that staff of the newly merged organisation develop a common set of approaches and values?

7. Realistic resourcing

The costs of merger – staff time, money and human resources – should not be underestimated. Developing new infrastructure, identity and publicity materials is likely to be costly, and merged organisations often struggle to make savings or increase voluntary income in the short term. Staffing is usually the biggest expenditure: even where redundancies are unavoidable to achieve long-term savings, statutory consultation periods and contractual notice mean payroll savings can take months to materialise. Proposed structures are best discussed and costed early in the process.

QUESTIONS TO CONSIDER

- What are the yearly financial implications of the merger for the next three to five years?
- Can the costs of merger be recovered in the medium term?

8. Clear planning – beyond completion

Once a decision to merge has been reached, organisations benefit from a clear plan and timescale for key aspects of the process, including strategic planning, decision making on trustee and staff positions, melding organisational systems and internal and external communications.

But that planning shouldn't stop once the legal paperwork is signed. The strongest mergers treat post-merger integration as an ongoing process in its own right – it can take years to fully integrate staff, systems and procedures, depending on the size and complexity of the partners involved – and continue to resource and lead it well past the completion date, rather than assuming the hard part is over. A formal evaluation of whether the original goals were actually achieved, not just assumed, gives the new organisation a genuine focal point for reflection.

“The day you merge is not the end of the journey but the beginning of a new one. In many ways, it marks the creation of a new organisation, with its own culture, systems, relationships and opportunities.”

Richard Franklin, chief executive, Kisharon Langdon

QUESTIONS TO CONSIDER

- How will the change process be managed?
- Do you need a merger working group?
- How will responsibility for the process be shared between the merging organisations?
- How and when will you check whether the merger achieved what you set out to do?

Appendix: a collaboration spectrum

INFORMAL ALLIANCE

An arrangement that is essentially informal, based on good relationships and understandings that may be documented but are non-contractual.

Pros:

- Offers maximum flexibility
- Is cheap to establish and operate
- Preserves complete autonomy of parties.

Cons:

- Could prove ephemeral because it depends on relationships
- Becomes less suitable the more resources are required
- Unlikely to attract third-party funding
- Informality risks ambiguity and uncertainty.

CONTRACT-BASED ALLIANCE

A relationship that is underpinned by a contract between the parties that sets out the objectives, respective roles, cost-sharing and charging arrangements, etc.

Pros:

- Ensures full flexibility at inception and subsequently flexible for alterations and additions if agreed by parties
- Is relatively cheap to establish and operate
- Preserves the autonomy of the parties (other than to comply with the contract)
- Offers relative certainty for the duration of the contract
- Can cope with significant operations such as staff employment, provision or sharing of services, etc.

Cons:

- Less suitable as a long-term or permanent arrangement
- Scope for significant cost savings through shared services is limited by the term of the contract.

JOINT VENTURE

An arrangement whereby the parties establish a legal entity, which they jointly own and control, for the purpose of undertaking specified functions.

Pros:

- Legal entity brings structural solidity to the relationship between parties, and is therefore less dependent on specific relationships
- Preserves the autonomy of parties (except in relation to the areas covered by the joint venture)
- Permanence of arrangements increases scope for cost sharing and common service provision
- Entity can be used for a wide range of purposes (subject to the agreement of the parties)
- Ringfences risk in a structure which is separate from each of the parties.

Cons:

- More costly to establish and maintain
- Issues of governance, leadership, separate accounting, branding, roles, etc. come into play with any legal entity
- The entity is a new party in the relationship between the 'owners', creating more complexity.

GROUP STRUCTURE

An arrangement that preserves each party's identity. It can take many forms – for example, one party (A) takes legal control of another (B) by becoming its sole corporate member, while the parties remain separate legal entities (creating a parent/subsidiary relationship).

Pros:

- Can preserve the original identity of the joining parties
- Provides substantial scope for sharing all back-office services, which can be provided by the holding entity
- Can be a 'halfway house' for an eventual full merger, with less cost incurred at this stage than if a full merger takes place.

Cons:

- May be expensive to establish and can create an additional superstructure of running costs
- Issues of governance, leadership, accounting, branding, roles, etc. are crucial and ultimately determined by the holding entity and not the subsidiaries
- Loss of complete autonomy by the subsidiary
- Can cause confusion to stakeholders and potentially risks having separate power centres and undermining unity.

MERGER

The permanent integration of the parties (A and B) into a single legal entity with one board of trustees/directors on whatever basis is agreed – either creating a new entity (C) or enlarging an existing entity, whilst the other ceases to operate.

Pros:

- Provides maximum scope for savings and economies of scale as all back-office services and any existing overlapping services will be rationalised
- Simplifies governance and executive authority with the possibility of maintaining former brands as operating divisions or service labels.

Cons:

- Expensive to establish and implementation is front-loaded
- Can result in a prolonged period of inward focus while operational work has to continue (while the terms of the merger are thrashed out and subsequently implemented)
- More likely to involve loss (or greater loss) of senior executives and board members.