Merging a chamber with another organization is a delicate and difficult process that often yields outstanding benefits to communities.
The process is complex but the possibilities can be rewarding.

By Katherine House

IMAGINE you’re a new chamber president, one month into your challenging new role in a new community, when you find a 10-year-old board memo on the prospects of merging with a nearby economic development corporation. It’s old news, but your blood pressure spikes the next day when you learn that several board members are interested in merger talk. Merger interest was dormant; now it’s blossomed.

The life of the chamber executive is always interesting and often exciting, but few things offer more complexity, drama and rewarding possibilities than combining a chamber with an economic development council, manufacturers’ association or related group. If done right, the new entity likely will be stronger than the previously existing components, but getting there can be an arduous journey.
There’s no simple formula for merger success because so many factors can be plugged into the equation: local politics, geography, funding streams, leadership and corporate culture, to name a few. But despite the challenges and myriad logistical details that arise when attempting a merger, some business leaders have found the right formula for their communities.

Mergers aren’t new, but the interest in them seems to be growing. In Marion County, Fla., a task force formed in 2011 to study different organizational models announced last August a merger between the Ocala/Marion County Chamber of Commerce and the Ocala/Marion County Economic Development Council. An update from the task force noted that mergers are a trend in“many communities across the U.S. [and] most of our surrounding counties already operate in this manner.”

Bob Quick, CCE, president and CEO of Commerce Lexington Inc. in Kentucky, believes interest in mergers is high. At the same time, he realizes such conversations are cyclical. “As new faces come into play, a different set of thinking may occur,” says Quick, head of ACCCE’s Economic Development Division.

Sometimes that new thinking turns out to be a return to old thinking. Organizations that started out together may separate, then come together again a decade or two later. Rob Radcliff, principal of Resource Development Group, Columbus, Ohio, which offers planning and funding services for economic development groups, has seen communities cycle through the

---

**Merger Advice from Those Who’ve Done It**

Local politics, governmental structure, the different roles of community organizations and even ancient grudges are some of the things that affect merger dynamics. Here are suggestions for making the merger process smoother:

**Don’t seek a merger for the wrong reasons.** If the driving force behind a merger is only the hope of saving money or saving one organization from extinction, there is a greater likelihood that the merger won’t succeed. Nor should you attempt a merger because it “worked there, so it can work here.”

**Look for these traits.** A grass-roots, volunteer-led effort to effect a merger may have a better chance of success. Also, successful mergers often have “a high-profile corporate champion.”

**Don’t expect immediate action.** It’s not unusual for merger talk to brew for a decade or more before anyone acts. It takes the right combination of leadership, politics and circumstances to bring about a successful merger.

**Examine different structures.** Combining organizations is just one of many options. Leaders can select from multiple types of federations, partnerships, marketing agreements and menu-of-services agreements that might suit their communities better than a merger.

**Consider co-locating or jointly working on projects before merging.** Doing so is not a prerequisite of a merger, nor does it guarantee a merger’s success, but these types of arrangements allow employees to get to know one another better and may even help you determine the right way or right time to proceed.

**Be brutally honest about the expected outcome and timeline.** Determine whether the organizations are considering a “true merger of equals,” regardless of the size of staff or budgets, or an arrangement more akin to an acquisition.

**Understand the non-negotiable issues.** The location of the future office and the name of the new organization can be highly sensitive issues.

**You can’t please everyone.** Nor should you try. Instead, consistently focus on what’s best for your community, not companies or individuals.

**Budget adequate time for due diligence.** Mergers can take more time than you expect. Make sure all facts about the finances of both entities are fully understood.

**Expect the unexpected.** Unanticipated issues involving money, politics, people or image will arise. Boards should be prepared to be nimble and flexible during the merger process.

**Listen—a lot.** Then listen some more. The “big issues” may look different from each side of the table.

**Be wary of how your merger will affect other local business organizations.** If you consolidate leadership organizations, you may make other organizations nervous. Invite them to be part of the process. Even if they refuse your offer, doing so will help them see you’re not a threat.

**Be deliberate about melding cultures.** Allow cultures to come together rather than forcing them to come together. This takes patience, the inclination to let employees express concerns, and willingness of the CEO to defend both cultures’ traditions.

**Honor the past while looking ahead.** A merger has to be about finding commonality and keeping the best elements of predecessor organizations. Programs and initiatives that aren’t working or no longer fit the goals of the new organization should be considered for the chopping block, but don’t forget the intangibles as each is assessed.

**Align benchmarks with new goals.** Traditional methods of tracking membership retention or ED investment dollars might not tell you whether you are succeeding.

**Budget for member surveys following a merger.** A survey lets you know whether you are on track, allows you to make necessary modifications to your work plan, enables you to promote your interest in what members think and provides substance to build marketing campaigns.
The departure of a chief executive can be a catalyst. Perhaps one reason is spurred by more than one issue or set of circumstances. What drives the urge to merge—or at least the desire to explore such a possibility? Reasons vary by community. Often the decision is spurred by more than one issue or set of circumstances. The departure of a chief executive can be a catalyst. Perhaps one group’s CEO was against a merger, but the door opened when he or she retired or found other work. When a vacancy exists, board leaders may be more willing to explore a merger since they no longer need to worry about pitting one CEO against the other for leadership of a combined organization.

Strong working relationships between groups may spark a desire to go down the merger path. But just the opposite can be true, too. A consultant’s report suggesting two organizations need to be better aligned may plant the seed for a future deal. Volunteers can tire of serving on dual boards or hope that a streamlined organization will allow them to trim their financial support. Frustration with one group’s pace of progress also can trigger change.

Why the Interest?

What drives the urge to merge—or at least the desire to explore such a possibility? Reasons vary by community. Often the decision is spurred by more than one issue or set of circumstances. The departure of a chief executive can be a catalyst. Perhaps one group’s CEO was against a merger, but the door opened when he or she retired or found other work. When a vacancy exists, board leaders may be more willing to explore a merger since they no longer need to worry about pitting one CEO against the other for leadership of a combined organization.

Strong working relationships between groups may spark a desire to go down the merger path. But just the opposite can be true, too. A consultant’s report suggesting two organizations need to be better aligned may plant the seed for a future deal. Volunteers can tire of serving on dual boards or hope that a streamlined organization will allow them to trim their financial support. Frustration with one group’s pace of progress also can trigger change.

When Chambers Merge with EDCs

Community and political leaders around the country are scrutinizing the success of the Greater Oklahoma City Chamber of Commerce in overseeing many functions within one organization. Leaders in Colorado Springs, Colo., are in the process of merging the area’s chamber and economic development entity, in part because of what they’ve seen done by the OKC chamber of commerce.

Don’t let the name of the organization mislead you, says Roy Williams, OKC chamber president and CEO, and chairman elect of the ACCE Board of Directors. “Almost no other metro in the U.S. has the model we have,” he says. “We’re an economic development organization first and a chamber second. Often times it’s the reverse.”

And unlike many other chamber/EDC blends, the Greater Oklahoma City Chamber of Commerce didn’t reach its present form as a result of mergers. Instead, it grew internally as leaders saw the need for such services. Today, the organization has an annual budget of $17 million, 70 full-time employees and more than 5,300 members.

“We’re the go-to organization,” says Williams. When separate entities exist, it can be “politically extremely tough.” And if there is a crisis, such as a financial one, “You can’t have multiple organizations going in all different directions,” he explains. When the chamber and EDC are separate, “They compete for resources, talent and leadership.” The Greater Oklahoma City Chamber’s web site explains its role, “Together we work to foster growth in the Oklahoma City economy, creating a better business climate and a higher quality of life.”

The chamber has a contract with both the city and neighboring county to handle economic development. At the same time, the chamber runs a 10-county economic development partnership encompassing 45 regional economic development partners. Partners pay a fee based on population, which the chamber matches. The chamber then markets the region to new employers and performs duties such as building economic impact models and developing web sites. Williams believes his well-trained, highly qualified staff has “raised the professionalism” of what partners would be able to offer by themselves.

The chamber also operates the city’s Convention and Visitors Bureau, including a visitor center. Williams sees a direct connection between economic development and the CVB. Most visitors bureaus focus on “heads in beds,” he says. But since his CVB is part of a larger economic development organization, “We like to bring the right heads [here],” he says, such as trade shows representing targeted industries.

Williams is justifiably proud of the role the chamber has played not only in helping the city develop Metropolitan Area Projects (MAPs) plans, but also in leading efforts to help finance them. Beginning in 1993, the chamber led a campaign to pass a five-year, one-cent sales tax to fund major projects that included the construction of a 20,000-seat indoor sports arena and construction of the Bricktown Canal. In December 2009, voters approved a one-cent sales tax that went into effect in April 2010 for 93 months. What will the MAPS initiative achieve? Eight projects, including a new convention center, a modern downtown streetcar, senior health and wellness aquatic centers and 57 miles of new walking and biking trails.

Many chambers are defined by how well they execute chamber programs that are typically geared only to members, says Williams. Not so in Oklahoma City. “We’re charged with building a better community, not building the best chamber of commerce,” he says.
Hard times—and the belief that organizational change can fix economic woes—led at least one community to a merger. “Responding to an ongoing depressed economic recovery and prolonged double digit unemployment…” is the opening phrase of the Marion County, Fla., merger announcement.

In Rochester, N.Y., the chamber merged with the Industrial Management Council in 2003 after it became apparent that hard times and the decline in the manufacturing sector would result in the eventual demise of one of the groups. Certainly there had been talk about merging before, but “the business community was strong enough that it could support both [organizations]” so leaders were not forced to choose, says Sandy Parker, president and CEO of the Rochester Business Alliance, which was formed as a result of such a merger. “It took the economics of the community to really force the situation,” she says.

While a merger may be influenced by any of these factors, the overriding consideration often comes down to believing that a merged organization makes the region more competitive in attracting new companies and new jobs. Indeed, says Radcliff, “Unless a community comes to the conclusion that the reason they are doing this is to be more competitive on a global stage,” the merger is more likely to fail. If the drivers of a merger are more “mechanical”—saving money or saving one organization—than “visionary,” he says, “ultimately [the merger] won’t be successful.”

### Advantages of Mergers

When mergers succeed, there can be significant advantages for the community. When someone needs assistance, whether it’s a business leader or site selector, “If they don’t have to go through the process of deciding who to call, there is already an advantage,” says Brian Hilson, president and CEO of the Birmingham (Ala.) Business Alliance.

Tara Barney, CEO of the Quad Cities Chamber of Commerce, believes a combined EDC and chamber entity is “a strong value proposition. It’s a better way to align results.” As head of the Iowa Quad Cities Chamber, Barney had helped set up a joint venture

---

**The Benefits of a Merger—without a Formal Merger**

Sometimes, a formal merger between two entities doesn’t make sense. In such cases, a management agreement may result in economic efficiencies without the complications of merging staffs, boards and finances.

That’s what happened about five years ago in Bowling Green, Ky. At the time, the Bowling Green Area Chamber of Commerce led economic development efforts in the area, but did not control the Intermodal Transportation Authority, which owned Kentucky Transpark, an 800-acre business park. When the head of the Transportation Authority took a new job, the time seemed right for the chamber to collaborate more closely with the group, says Jim Hizer, CCE, CEcD, who headed the Bowling Green chamber at the time. Today he is president and CEO of the Pensacola Bay (Fla.) Area Chamber of Commerce.

Finances and cultural differences precluded the possibility of a formal merger. For starters, Intermodal Transportation Authority staffers were public-sector employees, says Hizer. At the same time, operations of the ITA had been financed, in part, by publicly issued debt, which chamber leaders did not want to assume. And, notes Hizer, a “full-fledged merger” can be “more difficult to unwind if it doesn’t work.”

Instead, the boards of both organizations signed a management agreement. Since there were skeptics on both sides, the contract included a 90-day cancellation clause, allowing either party to cancel if it didn’t work out. As a result of the agreement, Hizer oversaw the staffs of both groups. When the ITA had a staff vacancy, the agreement was amended to allow the chamber staff to assume the duties of that employee.

“Effectively after three years, we had a complete merger of staffs,” says Hizer. During those three years, the budget of the ITA was cut by more than 50 percent, thanks to the agreement, while the organization continued to provide the same services, according to Hizer.

The agreement, it turned out, was the first step toward creating a more unified economic development approach for the region. The Transpark, notes Hizer, was the region’s greatest ED asset. As a result, the chamber’s economic development efforts and those of some of the other counties and cities in the region overlapped. At the same time, not every local government could afford to hire someone devoted to ED full-time, Hizer explains.

The Bowling Green chamber then entered into menu-of-services agreements, allowing different governmental entities to pay only for the marketing/management services they needed. The pooled fees allowed the chamber to add a director of regional development. The fee for service agreements “effectively eliminated competition between Bowling Green and other counties,” he says.

The collaborative effort helped one county attract an Indian company looking to expand into the U.S. The expertise and experience of the ED staff at the chamber allowed the county to land the deal, something Hizer says would not have happened without the menu-of-services agreement. The agreements also resulted in the development of a South Central Kentucky legislative agenda, which provides a more unified approach to requests for aid from the legislature.
with the Illinois Quad City Chamber to handle economic development in the Moline, Ill.-Davenport, Iowa, metro area divided by the Mississippi River. Subsequently, the two chambers merged into one entity known as the Quad Cities Chamber of Commerce, which she now heads.

When economic development takes place in a combined organization with the chamber, employees can align business attraction efforts better with the needs of the community. “We want to attract businesses that are the right balance with existing businesses,” Barney says. When traditional chamber employees gain a broader understanding of economic development, their focus moves beyond planning a “cool event,” she says, to planning a cool event that helps members see their role in the local economy and expand their business relationships.

In Lexington, the 2004 merger of three entities boosted confidence among volunteers that the community was spreading a consistent message, says Quick. After all, when you have multiple organizations handling economic development, you may inadvertently be working against each other, he explains. An added bonus? “Volunteers love it,” he says. “Instead of serving on two or three boards, they serve on one.” There was another benefit. The merger “gave us some clout we just didn’t anticipate,” says Quick. “There’s a renewed sense of optimism in the business community.”

Following the merger of a chamber and manufacturers association in Reading, Pa., the new organization’s stature increased. “The movers and shakers saw us in a new light,” says Ellen Horan, president and CEO of the Greater Reading Chamber of Commerce and Industry. In Syracuse, N.Y., Rob Simpson, president of CenterState Corporation for Economic Opportunity, believes the merged organization he heads is “viewed by state and elected officials as more powerful.”

Beyond all those benefits, the real test of success is in whether the increased stature, clout and consistent messaging move the prosperity agenda forward in a way not possible before. In Spokane, Wash., it’s easy for Rich Hadley to point to a project that did just that. Greater Spokane Inc., which was created by combining the EDC and the chamber, has been lobbying to attract a medical school. Why? Advocates say it will boost the area’s reputation as a regional medical center, allow it to keep young would-be doctors, and help attract research and biotech companies. In May 2011, the Washington Legislature allocated $35 million for phase one construction of a biomedical and health science building. “We were able to do it because we’re regional, unified and focused,” says Hadley, president and CEO of Greater Spokane Inc.

In Syracuse, Simpson says the “strength of the new organization made it a much more powerful advocate” when putting together incentives for an aluminum manufacturer that wanted

If you answer “no” to any of these questions, we know you’ll find value in a brief consultation with Stacey Breslin, ACCE’s Vice President of Benefits Services. Stacey will work with you to identify ways to reduce the burden of administering your retirement plan. Contact Stacey today at 703-998-3549 or email her at sbreslin@acce.org.

**The benefits of an MEP!**

*Are your …*

- Retirement plan administrative tasks quick and efficient?
- Plan contributions invested on day of receipt?
- Distributions and loans processed in a timely manner?
- HR professionals fully knowledgeable about the legal provisions within your plan?
- Plan data updates sent electronically?

**The ACCE Advantage**

*Benefits for Members by Members*

*Provided in partnership with The Principal Financial Group®.*
to expand. The manufacturer also considered Kentucky and Ontario, but chose central New York, resulting in the region’s largest manufacturing expansion in 15 years.

Not So Fast …

Successful mergers certainly reap benefits, but executives say it’s unwise to think a merger is always the best solution. Hilson, a long-time chamber executive whose background is in economic development, says ED can work—and work well—both inside and outside chambers. “It depends on whether the community leadership establishes priorities, sticks to them and insists on performance,” he says.

“Every community is unique,” says Quick. “Each does economic development differently. Every community has to decide which model fits it.” Indeed, says Hilson, there may be compelling reasons to keep the entities separate, including concerns about public funds being turned over to the chamber or fears of one organization losing identity when combined with another. Other times, geography can prove problematic, says Radcliff. Some metro areas straddle states, and politicians may not want to worry about co-mingling public dollars across state lines. Or, the boards of organizations may decide they don’t want one organization to manage legislative agendas in two states, as the Quad Cities Chamber does.

Determining the best future for one’s community means more than debating the pros and cons of a merger, suggests Radcliff. There are many other organizational models, including federations, partnerships and menu-of-services models that might help a community better achieve its desired outcomes. Indeed, Simpson attributes some of the success in Syracuse to the fact that leaders were not set on a merger from the outset. “When you start the conversation with a pre-determined outcome to merge organizations, you are more likely to fail or run into obstacles that will slow you down,” he says. When leaders are open-minded about outcome, function can dictate form, rather than the reverse, he explains.

A successful merger also requires the right timing and the right leadership, say industry professionals. A few months after the merger between the chamber and EDC in Spokane, an article in the Spokane Journal of Business reported that such a deal “never could have happened five or 10 years earlier, when collaboration between them was thought to be tepid at best.” Hadley acknowledges there were “hard feelings” in the past between the two groups. At one point, the EDC had been part of the chamber, but separated during a fundraising campaign. In Syracuse, Simpson says, “historically [the organizations] had not been the best of friends.” A separate manufacturers’ association still exists in central New York.

Even if a merger might have been warranted previously, it takes the right volunteer leadership to make it happen, says Charles Van Rysselberge, CCE, president of CVR Consulting LLC in Charleston, S.C. Some volunteer chairs “may like the title of top volunteer,” he says, but prefer to maintain the status quo rather than doing the extra work involved in orchestrating a merger. He likens it to a board chairman who allows an ineffective CEO to stay on at a corporation, only to have the next chairman engineer the CEO’s ouster.

It’s also important to communicate with executives of merged entities. If a merger seems likely in your future, visit with someone who’s done it and find out what worked and what didn’t. How are their communities similar to yours? How are they different? How could their ideas be tweaked to work for you? Officers of the Spokane chamber and economic development council visited Lexington and Milwaukee before forming Greater Spokane Inc. During a combined retreat of both boards, Spokane leaders listened to Milwaukee’s Tim Sheehy, CCE, ACCE’s current board chairman, talk about his experiences. In Lexington, Quick’s examination of mergers in other communities “was very significant and very important to [our] overall success,” he says.

Challenges—and then Some

When two companies merge, they must decide on a new name, a location, potential staff consolidation and how to combine cultures. When two business organizations merge, they must grapple with all those issues, plus a host of complications, such as pleasing politicians and soothing bruised board egos.

The Indianapolis Star reported in August on discussions to merge part of the city’s economic development arm with the Greater Indianapolis Chamber of Commerce. One of the sticking points? Finding a way to handle a merger without diluting the political power of the city mayor, who appointed the board of the ED arm, known as Develop Indy.
When Chambers Merge with EDCs

"Every community is unique. Each does economic development differently. Every community has to decide which model fits it."

Bob Quick, CCE
President and CEO
Commerce Lexington Inc
Kentucky

Or consider the emotions in Marion County, Fla. Following votes by the economic development board and the chamber board to merge, the Star-Banner newspaper quoted a prominent businessman and former chairman of the EDC as saying, "I take this as a personal slap in the face." Why? The man didn’t want the EDC to move out of an Enterprise Center at a local community college, to which he had donated $600,000 for construction. Additionally, the center was located next to a building on campus that was named after him in appreciation for a $2 million donation.

Mergers between EDCs and chambers face added scrutiny because of public funds that finance EDCs to varying degrees. Both politicians and taxpayers may raise concerns about the ethics of public dollars being used by an organization that endorses candidates and/or issues, and handles lobbying on behalf of businesses. Generally, says Radcliff, "The more public money invested in any of the entities, the harder it is to get [a merger] done."

"We had to overcome a lot of skepticism that public policy could be done in an organization that gets public dollars," says Hadley, whose Greater Spokane Inc. currently receives about $600,000, nearly 20 percent, of its $3.1 million budget from contracts with federal, state and city governments to provide economic development. Greater Spokane opened a separate bank account for the public money to allay fears that the money would be used for anything other than its intended purpose.

Even careful accounting does not shield an organization from criticism when politicians are unhappy about the business-led group’s position. In Lexington, some politicians resent the fact that Commerce Lexington lobbies against some local ordinances that could negatively impact job growth, says Quick. Weighing in on policy matters is essential, he explains, and it’s important on the front end for chamber boards to consider whether accepting public dollars might impact public policy efforts. "Ultimately, good public policy leads to job creation," he says.

In Naples, Fla., the chamber of commerce is taking over some responsibilities of the now-defunct Economic Development Council, which disbanded last September. The chamber has decided it will accept no public dollars so its advocacy role is not compromised, says Mike Reagen, Ph.D., president and CEO of the Greater Naples Chamber of Commerce.

A carefully-considered compromise took shape in Syracuse, where the chamber and Metropolitan Development Association revamped public policy roles in the new organization, says Simpson. Previously, the chamber operated a PAC that endorsed specific candidates. The MDA did not have a PAC, but did engage in policy advocacy. The new organization retains the PAC for issues, but no longer endorses candidates. The change, Simpson believes, bolstered the group’s “ability to build relationships on local, state and national levels on both sides of the aisle.”

Reaching Out and Reaching Deep

Chambers are known for representing businesses of all sizes, including many Mom and Pop firms. Economic development councils and manufacturers groups tend to attract the largest employers in an area. When mergers occur, boards of both organizations have a vested interest in ensuring members feel they still have a place within the new entity.

“You never want to be the organization that is accused of not caring about small business,” says Hilson. But, he adds, “You never want to be an organization accused of only caring about small business.” Different merged organizations have found ways to engage members of all sizes following a merger. Greater Spokane Inc. started a Small Business Council in 2010. It consists of approximately 25 members from small businesses that play a real advisory role, says Hadley. They also have taken on some specific projects, such as working with cities on streamlining business permitting. In hindsight, says Hadley, he wishes the Council had been organized at the time of the merger that spawned Greater Spokane Inc. in 2007.

In the Quad Cities, leaders decided not to have a small business council but a Business Growth Council comprising locally owned businesses. It includes representatives of many small businesses, as well as major employers such as John Deere, which is headquartered on the Illinois side of the river. Leaders believe locally-owned businesses, regardless of size, have different needs than those of companies headquartered elsewhere, says Barney.

Even when members favor a merger, chamber executives face the challenge of generating revenue for the new organization that is equal to the combined revenues of the entities that existed prior to the merger. Investors may think membership in one organization, instead of two or more, entitles them to reduce their overall financial support. To head off that mentality, some board chairs and execs identify key members of both organizations and ask them to continue investing at the pre-merger level, or to give even more to help cover merger costs. That may not be the best approach, cautions Radcliff of Resource Development
In Ocala, Fla., informal merger discussions between the Ocala/Marion County Chamber of Commerce and the Ocala/ Marion County Economic Development Corp. had occurred for some time, but they became formal in January, 2011, when the chamber chair initiated board discussion. The dialog centered on economies and efficiencies, but more importantly, would a merged organization with a unified economic and community agenda help our community fast forward out of double digit unemployment? And would that agenda provide a vision for the future of Ocala/Marion County? The vote to trigger the discussion was unanimous.

### A Merger Timeline

**By Jaye Baillie, APR, IOM**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>Chamber board votes to open discussion of a merger with the EDC</td>
</tr>
<tr>
<td>February</td>
<td>EDC Board votes to explore the concept</td>
</tr>
<tr>
<td>March</td>
<td>An exploratory committee, with representatives from both organizations, was appointed.</td>
</tr>
<tr>
<td>May</td>
<td>Joint board retreat was held with the following tasks identified:</td>
</tr>
<tr>
<td></td>
<td>✦ Provide a comprehensive, long-term economic strategy for the community</td>
</tr>
<tr>
<td></td>
<td>✦ Improve the business development services delivery system</td>
</tr>
<tr>
<td></td>
<td>✦ Develop a comprehensive economic strategy with external metrics (using the Florida Chamber’s Six Pillar concept: Talent Supply &amp; Education, Innovation &amp; Economic Development, Infrastructure &amp; Growth Leadership, Business Climate &amp; Competitiveness, Civic &amp; Governance Systems and Quality of Life &amp; Quality Places)</td>
</tr>
<tr>
<td></td>
<td>✦ Find the most efficient and effective ways to execute the strategy and services</td>
</tr>
<tr>
<td>April-July</td>
<td>Exploratory committee held regularly scheduled meetings to analyze strategic plans, budgets, staffing, facilities, and revenue sources (including dues and private and public sector investors). The committee researched other merged organizations and identified best practices of chambers and EDCs.</td>
</tr>
<tr>
<td>August</td>
<td>Exploratory committee presented their findings and recommendations to a joint meeting of the chamber and EDC executive committees, which unanimously approved a recommendation to merge to be presented to a joint meeting of the two organizations. Both boards voted affirmatively on the recommendation to merge.</td>
</tr>
<tr>
<td></td>
<td>The exploratory committee transitioned to a Merger Leadership Group, retaining several members of the original exploratory group and adding new representation from the EDC and chamber boards. The chairs of the exploratory committee remained in their leadership roles for the newly formed group.</td>
</tr>
<tr>
<td>September</td>
<td>A decision was made to issue an RFP to retain a consultant with both merger and capital campaign experience.</td>
</tr>
<tr>
<td>October</td>
<td>24 proposals were received from across the nation.</td>
</tr>
<tr>
<td>November</td>
<td>The Merger Leadership Group narrowed the field to two, and conducted in-person interviews</td>
</tr>
<tr>
<td>December</td>
<td>The team selected two consultants, TIP Strategies of Austin, Texas (for strategic direction, merger plan and organizational structure) and Convergent Nonprofit Solutions, Atlanta (for the capital campaign).</td>
</tr>
<tr>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>Initial visit by the consultants for kick-off meeting to outline the scope of work and to begin the initial series of interviews with key community and government leaders.</td>
</tr>
<tr>
<td>Feb.-March</td>
<td>Interviews continue along with formulation of the merger plan.</td>
</tr>
<tr>
<td>Spring</td>
<td>Final plan approval anticipated with roll-out and launch of capital campaign.</td>
</tr>
</tbody>
</table>

Jaye Baillie, APR, IOM, is president and CEO of the Ocala/Marion County Chamber of Commerce in Ocala, Fla.
Group. Organizations should tailor their fundraising goals to match the goals of the new organization. At the same time, he says organizations should avoid building a fundraising campaign solely around the merger. “That’s not a big idea,” he says. “The big idea is ‘what we can do now that we couldn’t do before.’”

Of course, it’s not merely campaign investments that affect budgets. Leaders must create new dues structures, which may be particularly tricky when one organization’s dues was based on member revenue and another used a total employees model. “It was a struggle,” says Horan, to create a dues formula for a merged organization. How one partner dealt with non-profits or part-time employees may affect the new dues model.

**People and Politics**

Merging local business organizations bears little resemblance to corporate mergers. That’s because CEOs and board members of companies located in different regions may barely know each other. But when two or three business groups in the same community merge, nearly everybody knows everybody else. The people involved may live in the same neighborhood, attend the same church, have mutual friends and play golf together, which makes the issue of choosing a new CEO—and board members—a lot more delicate.

Board members may decide to open a national search, making executives of the groups jittery about their chances of obtaining the top position. Long-time friends may find themselves competing for the same job. Board members may have to fire a CEO friend, and a CEO may end up telling a board member that there isn’t a place for him or her on the newly configured board.

Leaders of merged organizations describe the CEO selection process as tense and anxiety-provoking. “It was a very difficult period,” says Horan, who headed the Manufacturers Association of Berks County before it merged with the chamber in Reading, Pa. “Luckily it went quickly.” As a single mother, Horan told her school-age children that they might need to relocate. Quick had similar concerns. In 2001, right after he moved to Lexington to become head of the chamber, business leaders started asking him why the chamber was independent from other organizations.

---

**Mergers Mentioned in this Story**

**Birmingham, Ala.** In 2009, the Birmingham Regional Chamber of Commerce and the Metropolitan Development Board merged to form the **Birmingham Business Alliance.**

**Lexington, Ky.** In 2004, the Greater Lexington Chamber of Commerce, Lexington United (economic development) and the Lexington Partnership for Workforce Development merged to form **Commerce Lexington.**

**Naples, Fla.** The **Greater Naples Chamber of Commerce** merged with the Downtown Naples Association four years ago, and then turned its operation over to a new Business Improvement District in 2011. The chamber is currently absorbing some of the responsibilities of the Economic Development Council of Collier County after it ceased operations Sept. 30, 2011. Chamber leaders also are working to initiate the Partnership for Collier’s Future Economy, which will involve three universities and other state agencies.

**Ocala, Fla.** The **Ocala/Marion County Chamber of Commerce** and the **Ocala/Marion County EDC** announced last August a merger of the two groups, which was to be completed this year.

**Quad Cities of Iowa/Illinois.** In 2001, five entities, including the Davenport, Iowa, chamber and downtown organization merged to form Davenport One. In 2009, the business community’s loss of confidence in the Quad-City Development Group led to the creation of Quad-Cities First, a joint venture between the Iowa Quad Cities Chamber (formerly Davenport One) and the Illinois Quad City Chamber. Quad-Cities First is a public/private partnership focused on business attraction and marketing. Shortly afterwards, the Bettendorf, Iowa, chamber merged with the Iowa Quad Cities Chamber. In 2010, after working closely on Quad-Cities First, the Iowa Quad Cities Chamber and the Illinois Quad City Chamber merged to form the **Quad Cities Chamber of Commerce;** Quad-Cities First remains part of that organization.

**Reading, Pa.** In 2005, the Berks County Chamber of Commerce and the Manufacturers Association of Berks County merged to form the **Greater Reading Chamber of Commerce & Industry.**

**Rochester, N.Y.** In January 2003, the Greater Rochester Metro Chamber of Commerce merged with the Industrial Management Council to form the Rochester Business Alliance.

**Spokane, Wash.** In 2007, the Spokane Regional Chamber of Commerce and the Spokane Area Economic Development Council merged to form **Greater Spokane Inc.**

**Syracuse, N.Y.** In 2010, the Greater Syracuse Chamber of Commerce merged with the Metropolitan Development Association to form CenterState Corporation for Economic Opportunity, known as **CenterState CEO.**
He worried he might need to uproot his wife and three young children if a merger took place.

In Rochester, N.Y., the board and staff of the two groups involved took an unusual approach. When Parker and the head of the chamber went to their respective boards to recommend a merger, they had already worked out an agreement about the leadership of the combined organization. They would both continue to work for the new entity, with the chamber head leading the organization until retirement two years later, after which time Parker would take over. Parker made the sacrifice to wait two years before heading the organization because she believed the merger “was the right thing for the community.” She also reasoned that she had more years left in her career than the other leader.

In hindsight, Parker would not recommend such a strategy, despite the fact that she heads a strong organization today. In the grand scheme of things, two years is a relatively short time, she says, but it was a “very difficult” two years. Even though she ultimately reported to him, people who had worked for her previously came to her with problems, and people who had worked for him previously came to him with problems. If your organization opts for such a structure, don’t make the mistake of handling it on a handshake, Parker says. Even though the other leader was “probably not ready to leave” at the end of two years, she says, he was contractually bound to do so.

That’s Not All
Anyone frustrated by working with one board may wonder how to integrate two or three boards into one. “The structure of the board [following a merger] is not a one-size-fits-all proposition,” says Hilson, echoing a truism about virtually every aspect of a merger. “The governance structure needs to be tied to whatever the priorities are.” Currently, the Birmingham Business Alliance
When Chambers Merge with EDCs

has one of the largest boards in the nation: 130 board members, including 40 members of the executive committee. The board meets quarterly and has more than 30 committees.

Decisions must be made about how many people will compose the new board, how many will come from each organization and who assumes chairmanship of the combined organization. Leaders would be wise not to underestimate the significance business leaders attach to serving on these boards. In a report about the challenges of mergers in non-profits, Reagen once wrote, “Unlike their corporate counterparts, officers and board members of a nonprofit organization receive no material gain from a merger. While some individuals may benefit personally from leading a larger and perhaps more prestigious organization, others, such as mid-level managers who may not be invited to serve in the surviving entity, lose independence, identity, job security, or some combination of the three.

“What we did not want to do is fire key leaders,” says Quick. “In some cases, they were big investors, super volunteers or both. We wanted to build trust in the new entity.” Commerce Lexington merged the three boards over three years. It also kept past leaders involved through events and programs. In Syracuse, N.Y., Simpson says conversations with leaders about stepping off the board “were some of the most difficult conversations I’ve had.”

Numerous other decisions must be made. Where is the best location for the combined entity? If a new location is not feasible, how do you convey to staff members who move from one location to another that they are valued? Will you need to lay off staff? If so, where do you begin? Will you need to expand your staff? Will job descriptions be rewritten? Which programs should be eliminated? How do you blend cultural aspects such as customer service mindsets, pace of work and employee relations? If the CEO is hired from one of the existing organizations, how can that person best bond with employees of the other entity?

Orchestrating a merger is not for the faint of heart. It takes time, patience, trust, respect, a thick skin and the ability to articulate a new vision for your community. But leaders involved in successful mergers proudly point out that it’s possible to create an organization greater than the sum of its parts.

Katherine House is a business writer based in Iowa City, Iowa. Thanks also to Dave Csintyan, president and CEO of the Greater Colorado Springs Chamber of Commerce, and Elaine Barreca, senior V.P. of communications for the Quad Cities Chamber of Commerce, for providing background information for this article.