



Five Ways to Promote a Successful Merger

The Issue: The Perfect Financial Storm

When Union Graduate College recently announced it will merge its small, but stable, program with the much larger Clarkson University, it was indicative of a larger trend among a handful of higher education institutions currently considering, or going through, a merger. For Union Graduate College, an institution with fewer than 400 full-time students, the decision to merge with Clarkson University is intended to strengthen both programs and potentially leave room for expansion, according to Clarkson University.

As is the case with Union Graduate College, many higher education institutions — especially those with small enrollments — are facing financial hardships, limited prospects for enrollment, and a decline in net tuition revenue, with one in 10 public and private colleges reportedly experiencing “acute financial distress,” according to 2014 Moody’s report. As more colleges and universities continue to face these dire financial conditions, mergers and acquisitions are becoming a viable option and consideration for survival.

Huron’s Point of View:

5 Keys to a Successful Merger

For mergers or acquisitions to be financially and strategically attractive to both parties, each need to demonstrate their value and ability to facilitate a smooth transition, while simultaneously working to preserve key, identifying aspects of their landmark programs and core traditions. This is no easy endeavor, as it requires proactive planning long before an agreement is signed.

A solid foundation must be in place in order to bring about a successful merger. This can be achieved through:

1. Bringing Value

To appeal to a potential merger partner, each institution must bring their most-valued assets to the table. The key is to maximize and demonstrate the benefits and positive qualities of each institution. Massachusetts-based Salem State University, for instance, considered a possible merger with the financially struggling Montserrat College of Art in a deal that would have helped Salem State acquire property and boost their current academic offerings. After six months of considering the merger, however, Montserrat said the transition would

be too expensive and complex, ruling out a formal merger. But the lesson still rings true: When considering a merger, each institution should to see value in the potential arrangement; otherwise, the deal runs the risk of falling flat.

2. Checking Egos at the Door

It is human nature when one partner feels it is stronger, and therefore, believes it has the right to dictate the terms of an agreement. But that attitude can be caustic, and it could cause a merger to fail. In an ideal situation, both parties involved must feel comfortable with the terms of the arrangement. This means, from the top down, institutional leaders, faculty, and support staff should aim to see the big-picture instead of getting tangled in personal minutia, such as job titles and seniority.

3. Developing a Common Vision

History and traditions are important intangibles, especially at colleges and universities. Not only do they help develop an institution’s reputation and brand, but they shape faculty and student academic identities. Thus, when two brands merge — potentially bringing widely divergent histories and cultures — they may find themselves

at a difficult crossroad. In order for both parties to be comfortable with the transition, the academic and social cultures of the two partners must be in sync.

4. Being Transparent

When Sweet Briar College, a small women's college in Virginia, announced in March it would close its doors, it came as a surprise to many in the higher education industry. While that announcement has since been reversed — and the college continues to stay open — the importance of transparency while making a decision to close became known.

Many faculty members, as well as students past and present, said they were unaware about the college's decision-making process, and the possibility of closure came as a surprise. It is important, therefore, to provide a broad vision wherein everyone has a genuine understanding of the challenges and consequences at hand. To be successful, a merger requires consistent communication as well as a process for explaining how all parties can benefit.

5. Proceeding with Caution

An institution's decision to merge or acquire should never be taken lightly — yet dire circumstances are pushing more to contemplate and seriously consider this radical option. If you are a college or university stuck in this precarious position, know that you are not alone, as there are legal, business, and strategic resources available for your transition. Most importantly, when you remain focused on your institution's mission and purpose, making a challenging decision can become just a little bit easier.

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