



Meeting M&A Solutions

📌 strategic planning Mergers and Acquisitions

Summary: As community banks find themselves deliberating M&A, some banks have found other workable and interesting alternatives.

Some days are busy with back-to-back business meetings, making it challenging to get things done. To help, here are some reminders of key elements: 1) Keep the guest list small and only invite those needed; 2) Keep the outcome in mind and focus on discussion or decision; 3) Keep it simple by eliminating PowerPoint presentations; 4) Keep everyone informed and involved to make the time count; and 5) Be creative by having walking meetings or using outdoor spaces sometimes. These reminders should help your team prepare for any future meetings.

Meeting structure is important in this busy world, and structure can be useful when considering M&A opportunities too. As the generational shift occurs, some major shareholders will transfer ownership from one generation to the next. That can result in community banks finding themselves either up for sale or facing a potential opportunity with the bank down the street.

If you are faced with either situation, capital can be accessed perhaps by pulling together individuals from within the community itself, but to do that a list is needed first. This is easy to do, but it does take time, so you may want to task someone to begin.

Next, some banks are looking to boost business opportunity by entering into non-traditional merger agreements structured as mergers of equals (MOEs). This allows the bank to leverage strengths and streamline the costs of some key operations. Here, instead of merging in the traditional sense this is accomplished through an MOE by joining forces through the creation of a shared holding company. Of course, culture matters a lot here and such structures can be difficult to pull off. Nonetheless, depending on the bank, its management team and board structure, this may be an option to consider.

Another way some community banks have avoided entering into the merger or acquisition fray is by taking a good, hard look at the strategic plan. Begin by challenging the assumptions and expectations as to whether it will get your bank where it needs to go, on the timeline indicated. Be sure to get all of the sacred cows out in the process to truly see where things stand. Then, change what needs to be changed and focus on leveraging key areas of strength, opportunity and advantage.

There are many different types of mergers, so knowing the options is a good starting point too. There are horizontal mergers (two banks combine together), vertical ones (bank acquires company that helps it get closer to customer), conglomerate (bank acquires a company in an unrelated industry), reverse (where a larger bank merges into a smaller one) and a host of subsidiary structures too. Suffice it to say, there are lots of ways to do all of this and each one has its pros, cons and must also fit into the fabric of the highly regulated banking industry. So, expert help and expertise in house are critical to success no matter the course selected.

Of course, community banks that are around today know a thing or two about long-term survival, because the past decade alone has been brutal. That said, the world continues to change and now that you have some tax dollars jingling in your pocket, look for some bankers to take some risks and seek out product or business line

game changers too. As you think about this today and prepare for tomorrow, we wish you effective meetings as you go on about your day.

INTRODUCING CHECK IMAGING FOR CANADIAN CASH LETTERS

PCBB's enhanced cash letter service for Canadian checks can help your bank minimize its credit exposure, increase operational efficiency and deliver faster fraud notification. Learn more about our [check imaging for Canadian cash letters](#).

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.