THE CREDIT UNION OUTLOOK

A MORE DISCIPLINED APPROACH TO MERGERS

Featuring **Pete Hilger,** CEO, Allied Solutions,
and **Tony Hernandez,** President & CEO, DCUC

The Executive Perspective

A merger can create opportunities to strengthen a credit union's future. Evaluating those opportunities requires a clear understanding of where the institution is headed and whether the proposed combination supports that direction.

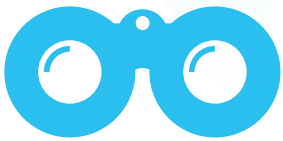
In this *Credit Union Outlook*, Pete Hilger and Tony Hernandez discuss bringing greater discipline to merger and investment decisions. Their conversation emphasizes strategic fit, cultural considerations, financial contribution, and the leadership judgment needed to understand a transaction's longer-term implications.

Start with Strategic Fit

An opportunity deserves consideration in the context of the institution's existing plans. Hernandez encourages boards and CEOs to look across a three- to five-year window and ask whether a merger makes sense alongside everything else they are trying to accomplish.

Hilger extends that perspective to acquisitions and investments, asking whether a decision will help prepare the organization for the next five to ten years. The central question is how the opportunity advances a defined strategic goal.

Before moving forward, identify what the transaction would help your institution accomplish. Be specific about the capability, member benefit, or growth priority it supports. Use that purpose to guide the evaluation.



EXECUTIVE TAKEAWAY:

Define how a proposed merger supports your institution's direction before deciding whether to pursue it.

Weigh Culture and Capacity

A merger introduces another organization's culture while the credit union may already be working through changes of its own. Hernandez highlights the importance of considering those demands together.

Leaders need to assess whether the timing makes sense and how the combination could affect other priorities. A transaction that appears attractive on its own may require more attention, resources, or organizational change than the institution is prepared to manage.

Bring those considerations into discussions between the board and leadership team. Examine what integration would require, where competing demands could emerge, and how much risk the institution is willing to accept. Make readiness part of the decision.

EXECUTIVE TAKEAWAY:
Evaluate cultural fit and organizational capacity alongside the opportunity a merger presents.

Strategic Direction
What priority would this transaction advance?

Financial Contribution
How would it contribute to revenue, earnings, and long-term goals?

Integration Readiness
Can we support the cultural and operational work it would require?

Look Beyond the Expected Return

Hilger describes Allied's approach to evaluating opportunities through revenue, earnings, strategic initiatives, and its broader growth vision. His point is that an anticipated financial return needs to be considered alongside what the investment helps the organization achieve.

For credit union leaders, that means examining how a proposed transaction supports future capabilities and member needs. Hernandez reinforces the importance of thinking through second- and third-order effects: what the decision could set in motion and what those consequences might require.

Consider how the transaction could influence other investments, leadership attention, and the institution's ability to execute its plans. Use those questions to develop a fuller view of the opportunity and its tradeoffs.

EXECUTIVE TAKEAWAY:
Consider financial contribution together with strategic value and the consequences that may follow.

Put the Conversation to Work

Use these questions to guide your next leadership discussion:

- Which strategic objective would this merger advance?
- How would integration affect our culture, resources, and existing priorities?
- What longer-term consequences should we consider before committing?

What would this merger help us accomplish, and are we ready to make it work?

Before advancing an opportunity, establish a shared rationale between leadership and the board. Clarify the intended value, the demands of integration, and the assumptions that need further examination. Let that assessment guide whether the transaction makes sense for your institution at this time.

Continue the conversation.

Continue exploring these insights with the companion video, "A More Disciplined Approach to Mergers," featuring Pete Hilger and Tony Hernandez as part of *The Credit Union Outlook* series.

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