

WHEN 1 + 1 + 1 > 3

The Prouty Project Facilitates a 3-Way Merger for a Multi-Billion-Dollar Firm



The rules of arithmetic are often set in stone. When you add 1+1+1, you always get 3. But as the old saying goes, **“the whole is greater than the sum of the parts.”** Philosophically speaking, there are instances where $1 + 1 + 1 > 3$. Prouty’s long-time partnership with Compeer, a multi-billion-dollar financial services firm echoes this sentiment, and our strategic planning work with the board and senior management team demonstrated how this concept can be true in real world applications.

See how The Prouty Project helped in the creation of a \$20+ billion financial services firm.

The Challenge: Creating Newco

Most mergers involve the complex process of making two companies into one, all with the goal of creating a “sum” that is far greater than the parts. This process is often painstaking, and decisions have to be made when the two companies come together. Anyone who has been a part of a merger can attest to how difficult it can be to make two companies into one greater entity.

Prouty facilitated this process with three companies.

Prouty began exploring this 3-way merger between its client and two other entities, a merger that would result in a new \$20 billion financial services firm. Mergers are complex enough when working with two companies, two CEOs, and various board members, but this wasn’t an ordinary merger. This coming together of three companies would involve:

- Three CEOs
- Three separate boards consisting of a total of 45 members
- A 15-person merger committee
- Representatives from all three management teams
- Lawyers
- Various consultants from marketing and other fields involved with the three entities.



ABOUT COMPEER

Compeer is a member-owned cooperative that provides loans, leases, risk management, and other financial services throughout 144 counties in Illinois, Minnesota and Wisconsin. With more than \$20 billion in assets, they are one of the largest cooperatives in their industry, but it wasn’t always this way.

Prouty’s involvement with the organization dates back more than 30 years ago. They began working with one of the three smaller entities that would eventually be combined into the organization it is today.





All of this needed to be combined into a new organization (“Newco”) with a focus on what would come to be known as the “Big Four:”

1. A new name for Newco
2. A CEO of Newco
3. The location of Newco headquarters
4. A new board that is the appropriate size and make-up (17 members were decided upon).

How 1+1+1 Became Greater than 3

Three organizations, each with their own mission, values, culture, and people would not only need to become one, but that singular organization would need to become greater than the sum of its parts. Prouty worked with three CEOs, 45 board members, 15 people on the merger committee and many others to piece together merger and acquisition criteria that met everyone’s expectations and placed Newco on the right path to success.

After many months of discussions and negotiations around the “Big Four,” the merger was ultimately approved by the regulators. “Newco,” which later became known as Compeer, has been a huge success since their formation.

Prouty has helped them as the organization continues to integrate, grow, and leverage their new technology and capabilities. They have evolved from a \$130 million firm to a \$20 billion firm that is constantly looking for new markets, products, services, and alliance opportunities.

When Prouty is part of the equation, 1+1+1 can often be greater than 3.

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