

Better for business in the south

Bringing together the OSEA and the OCC



Q & As

What has the process been?

Discussion commenced in June 2020 and the Boards signed an MOU and convened a sub-committee that worked through the process with legal support and considered the business imperatives, benefits and risks of the proposal. After the sub-committee completed this work the Boards of each organisation approved the proposal to merge and agreed to take the proposal to their respective members.

In 2016 an external consultant was employed at a cost to members to complete a business case when discussions on a merger were last held. The subcommittee decided that the details covered in this work were substantially the same and it would be prudent not to replicate the work. They considered these papers in their decision making and concluded that the proposition to merge was in the best interest interests of members.

The process for this transaction is governed by the rules of the OCC and those covered by the Incorporated Societies Act 1908.

At the Special General Meeting (SGM) of 30 September 2020 members gave positive consideration to the proposed merger. The process now is that members will now vote again, with the option of electronic voting offered by ElectionNZ, or in person at the SGM to be held (in Dunedin) on 15 October 2020 on a further motion. If this vote is positive the proposal will proceed. A further meeting (SGM) will need to occur at a time no earlier than 30 days after the AGM which will formalise the winding up of the current entity.

If members do not vote in favour of the merger proposal at the SGM on 15 October 2020 the merger will not proceed.

What are the reasons the Board considered the merger?

The Directors of both organisations agree that a larger singular organisation will:

- Provide improved representation and advocacy for business at a local and national level, with a strong regional mandate
- Enable continuous improvement and wider delivery of services

- Deliver greater efficiencies in business operations
- Allow greater ability to adapt to the changing business environment and needs of members
- Reduce duplication and confusion about what each organisation represent and deliver
- Provide a far stronger and effective singular organisation which is modern, relevant, sustainable and fit for purpose in the future
- Strengthen and protect our business communities future more effectively
- One Business and One Voice represents Southern Businesses
- A stronger combined balance sheet to facilitate accelerated capital investment

What will the benefits of the merger be?

- Reduces confusion on the market – one entity and voice
- Leverages off strengths and capabilities of each organisation to deliver efficiencies
- Improves ability to offer/deliver new products and services and collaborations in the future
- Improves the ability to attract a wider and new membership base from being able to be more relevant
- Delivers a stronger balance sheet to invest in the future
- Allows for investment and leverage of technology to improve member access and experience
- Will enable an improved delivery of training offerings and events as both offer complementary skills
- Scale can promote future growth opportunities and leverage current strengths
- Improved and consistent member engagement on local and national issues
- The opportunity to be part of Business NZ expands the opportunity for advocacy and connection to decision makers in Wellington and partake in some of the sub groups that Business NZ operate in such as Sustainable Business and Buy NZ Made

What are the risks if the merger proceeds?

- There will be a loss of some revenue as approximately 25% of members are common to both organisations and going forward they would pay only one fee.
- There is potential for loss of members that do not see value in being part of the new organisation.
- The new organisation has to have Chamber accreditation approved through the New Zealand Chamber of Commerce Incorporated.
- Additional transitional costs are higher than anticipated, particularly if the transition to one entity takes longer or is more difficult than planned

What are the risks if the merger does not proceed?

Like many member organisations, the Chamber faces a challenge to remain relevant in their business model to rapidly changing expectations. Whilst the Chamber has always adapted over its history, there is an opportunity cost if the merger does not occur, in that it will not deliver anything like the value for money and service proposition that can be achieved with the combined firepower both organisations assets. We don't want to miss out on the

benefits of becoming a single entity working to one goal and being a unified voice on all advocacy matters, providing comprehensive business advice and support, with a much larger member base to achieve impact and influence locally and nationally on business matters in the South.

The Chamber will continue to face:

- A small and declining membership – not inconsistent with other membership organisations
- Lack of scale to leverage and develop/deliver other opportunities
- Profitability challenges – increasing costs and decreasing revenues from fee revenue and training, particularly as members post Covid consider more carefully discretionary spend
- An inability to meet and deliver to greater members expectations, new products and service delivery, technology and innovation and being relevant in the future world
- Confusion in the market with two small business advocacy groups lacking cut through and the ability to influence on behalf of business in the region

What is the Vision for the new entity?

The vision, mission strategy and strategic roadmap will be developed by the transitional board together with the Chief Executive if the proposal is approved.

Once some work has occurred in this area it is considered that members will be invited for their feedback through the likes of surveys and focus groups before roll out and implementation.

What happens to OSEA and OCC services over this timeframe?

OCC and OSEA have delivered valuable, complementary services and support for their respective members for well over a century each. OSEA has 1027 members and OCC has 960.

The boards of OCC and OSEA are committed to retaining the services currently delivered by OCC and OSEA across Otago (and Southland in the case of OSEA), so members can be assured that both organisations will continue to provide services as they currently do.

Going forward, the matrix of value offered, services and centres of excellence currently offered by OSEA and OCC needs to be considered, areas of overlap identified, and opportunities to adapt or introduce new services considered. Any future changes to services will be done in consultation with and based on feedback from members.

Ultimately, members will be able to access more products, services and local and national advocacy as a result of this merger.

No changes to the existing relationships between the OCC and the three other local Chambers in Otago are anticipated as a result of this proposal.

What about membership fees?

There are no changes to member charges planned for the merged entity until at least 30 June 2021.

Where members belong to both organisations and previously paid two annual membership fees, they will only be charged one fee. It will be the responsibility of the transitional board to determine the fair and appropriate membership fee schedule to be levied from 2021.

If the merger is approved any new members that join after the merger will do so at the joint membership offering.

It will be up to the new Board to establish a pricing schedule for membership fees moving forward.

What will the new unified organisation be called?

The name of the merged entity is to be registered as Business South. This is not set in stone and further trading names can be used or this changed in the future if the members and or the Board consider that there is something that better represents the entity.

Feedback on this name has been received and we acknowledge this.

The constitution of the new entity retains the names "Otago Chamber of Commerce" and "Otago Southland Employers' Association" so both the OCC and OSEA names may be used as appropriate, depending on the situation. These are strong well established brands in their own right, and this merger is about creating a combined new entity that retains the legacy brands, creates a new one and ensures that as a consequence everything is on a stronger footing with a future focused relevance.

Where will the new unified organisation be based?

In the longer term it will be important to bring staff and operations for the merged entity together under the same roof, but no decision has been made about where this might be.

Consideration on being able to deliver services and being accessible to members will certainly be part of the decision making, and with many organisations this will be a combination of physical interaction and digital.

It is envisaged that the OSEA brand will continue to have a representation in Invercargill.

How will this impact the other Chambers in the Otago/Southland region and NZCCI?

As the regional hub for the Chambers of Commerce, Business South (Otago Chamber of Commerce) would continue to support the interests of the Southland, Queenstown and Wanaka Chambers of Commerce as they have to date.

Commented [NA1]: This date is too early. More time will be needed to confirm the new membership fee and also the name of the organisation being joined.

The merged entity plans to continue delivering export documentation services including “certificates of origin” and FTA services to all businesses in the wider region in partnership with the Southland Chamber of Commerce, as is current practice.

We have a positive, collaborative working relationship with all other Chambers around the region as we jointly strive to further the interests of members across the Otago/Southland region and we do not see our collaboration or support of these entities changing.

NZCCI will need to accredit membership to the organisation going forward each year, as it does presently. We have been in contact with NZCCI (New Zealand Chambers of Commerce Inc) on this process.

What happens to Contracts that the Chamber presently operates?

The Chamber operates several contracts to support businesses in the regions and with education services. These will either be novated if the contract allows or continued to be delivered under the brand. The same staff and team that members and businesses have dealt with in the delivery of these services will still be the face of the business

Are any staffing changes planned as a consequence of the merger?

The new single unified organisation would have one Chief Executive who would be responsible for leading and building Business South.

Apart from the need for that key role, no decisions have been made about the new unified organisation’s structure or staffing. Therefore all staff roles, other than the two CEOs, will continue on current terms and conditions at the time of the merger.

The appointment of the Chief Executive would be managed by an external organisation through an executive management appointment process which will provide the organisation, members and appointee with the mandate knowing they are the best person to undertake the role and take the new organisation forward.

A consideration of the optimal structure and roles for the new organisation, will be undertaken when the Chief Executive role had been filled, then the appointee will have the opportunity to review the new organisation’s staffing needs and any potential growth opportunities the larger, combined membership may bring in line with the vision of a new Board.

The proposed entity would provide an opportunity for staff to be part of a larger team, potentially greater opportunities to learn new skills, have a greater exposure to different and new business activities and support a larger member base.

The Board wants to stress that the merger proposal is in no way a reflection on the performance of either the OSEA or OCC. It is a response, in a rapidly changing and increasingly challenging business environment, aimed at ensuring the long term sustainability of the services currently provided by two organisations and enabling them to

be enhanced. We are very proud of the current team and seek to ensure that their strengths are retained and put to use in the future to a wider membership audience as part of a proposed organisation, fit for purpose to deliver for their business' growth aspirations and ambitions.

If members agree with this merger what will the Board look like?

For the first 12 months of operations OCC and OSEA, along with the new entity Business South, will be governed by an interim, single board which will act as a transition board. The transition board will be established if member approval for the merger has been confirmed.

An equal number of directors from both OSEA and OCC will form the inaugural/transition board of Business South and assume governance responsibility for both OSEA and OCC. Each organisation's board will be responsible for selecting the individuals they wish to serve on the transition board.

In the following year the Board of eight will be elected by members. The Board can appoint up to a further three board members should they wish to add extra expertise and regional representation.

What happens if I members say no to the proposal?

The merger will not proceed.

What is the cost of the merger?

There is no cost to members.

There are costs including legal and compliance costs to hold the meetings to vote on this proposal. There is potential for some employment related costs.

In bringing two businesses together it is not uncommon in the first instance to require some extra support to assist in transition and integration to the businesses, their systems and processes and there is potential cost for this.

Our members are different this will not work

Some members do belong to both organisations, some are unique and others very similar.

By merging we believe that in the longer term the best interest of all members will be better met.

How do I get more information?

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