

Nonprofit Mergers: How, When, and Why?

Who We Are



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La Piana Consulting helps the social sector navigate change.

Today's Agenda

- Mergers as a Collaborative Strategy
- Merger Case Studies
- Negotiating and Implementing Mergers
- Questions
- Additional Resources



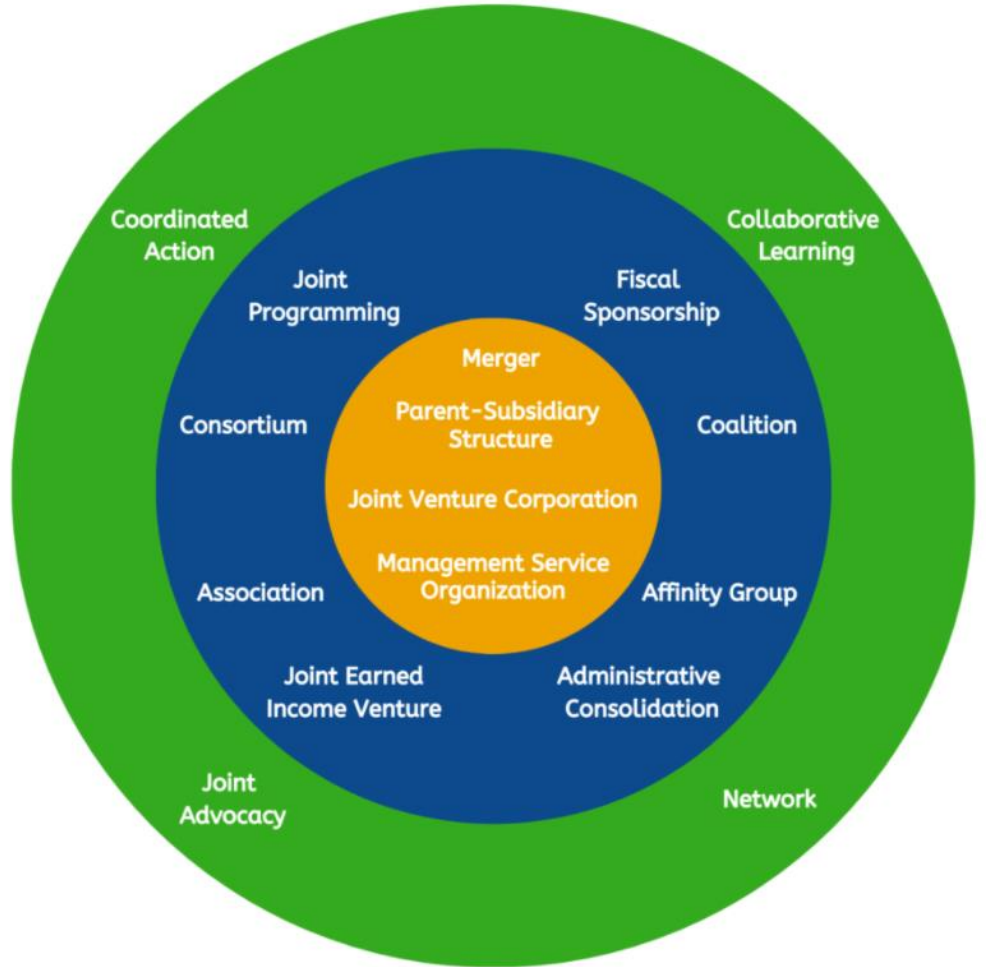
Definitions

Strategy – a coordinated set of activities that build upon or create a differentiating strength to advance an organization's mission

Strategic Partnerships – collaborations that enhance the capacity of the participating organizations for mutual strategic benefit

Collaborative Map

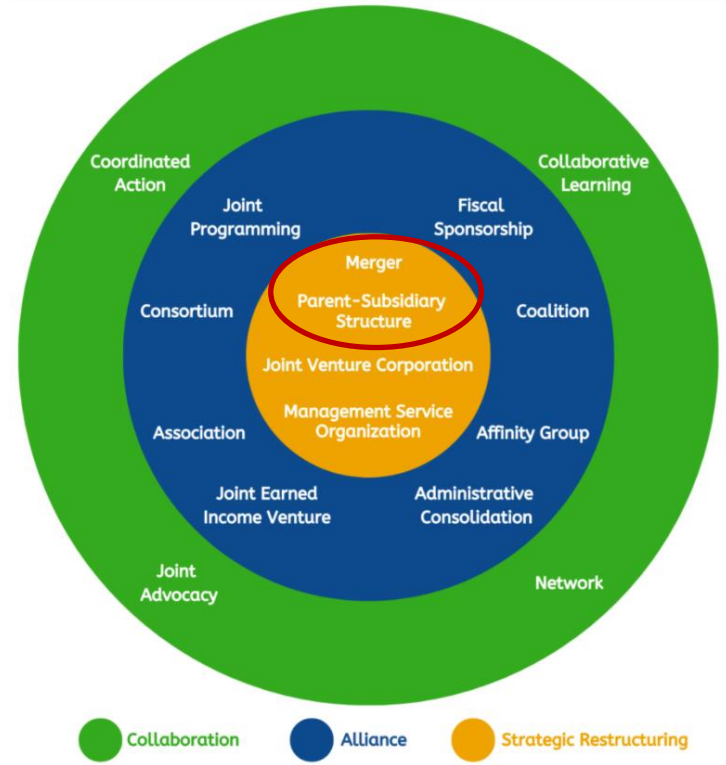
- Collaboration
- Alliance
- Strategic Restructuring



Strategic Restructuring

- Combine specific skills and expertise
- Consolidate administrative and program areas
- Enhance service offerings, expand reach, and/or eliminate redundant administrative or programmatic activities

Strategic restructuring can provide the benefits of highly integrated and permanent partnership



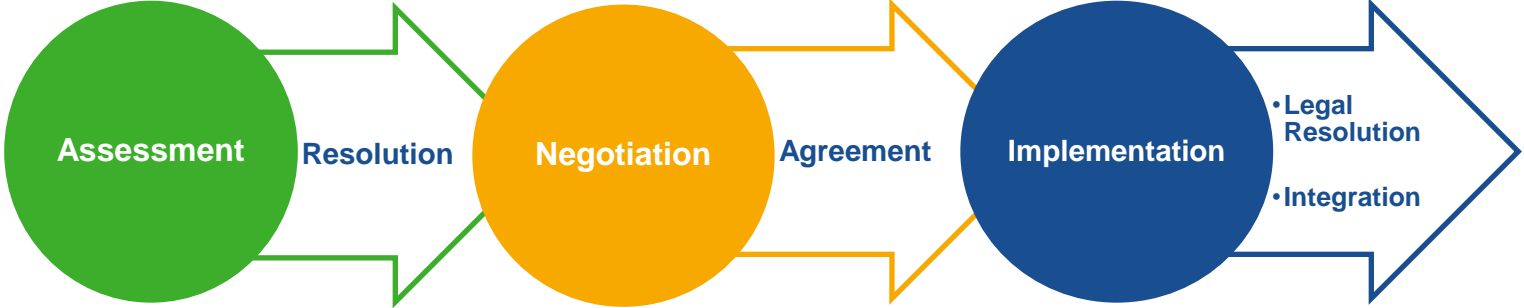
Case Studies

- **Keep America Beautiful and RETREET:** Acquisition with cobranding
- **Safer Chemicals, Healthy Families and Toxic Free Future:** Acquisition with separate branding
- **Men's Shelter of Charlotte and Urban Ministry Center:** Founding Executive retirement; renamed as Roof Above
- **Communities in Schools of Charleston, Greenville, and Midlands:** Geographic expansion; renamed as Communities in Schools of South Carolina
- **Foundation Center and GuideStar:** Seeking to enhance services to the nonprofit sector; renamed as Candid

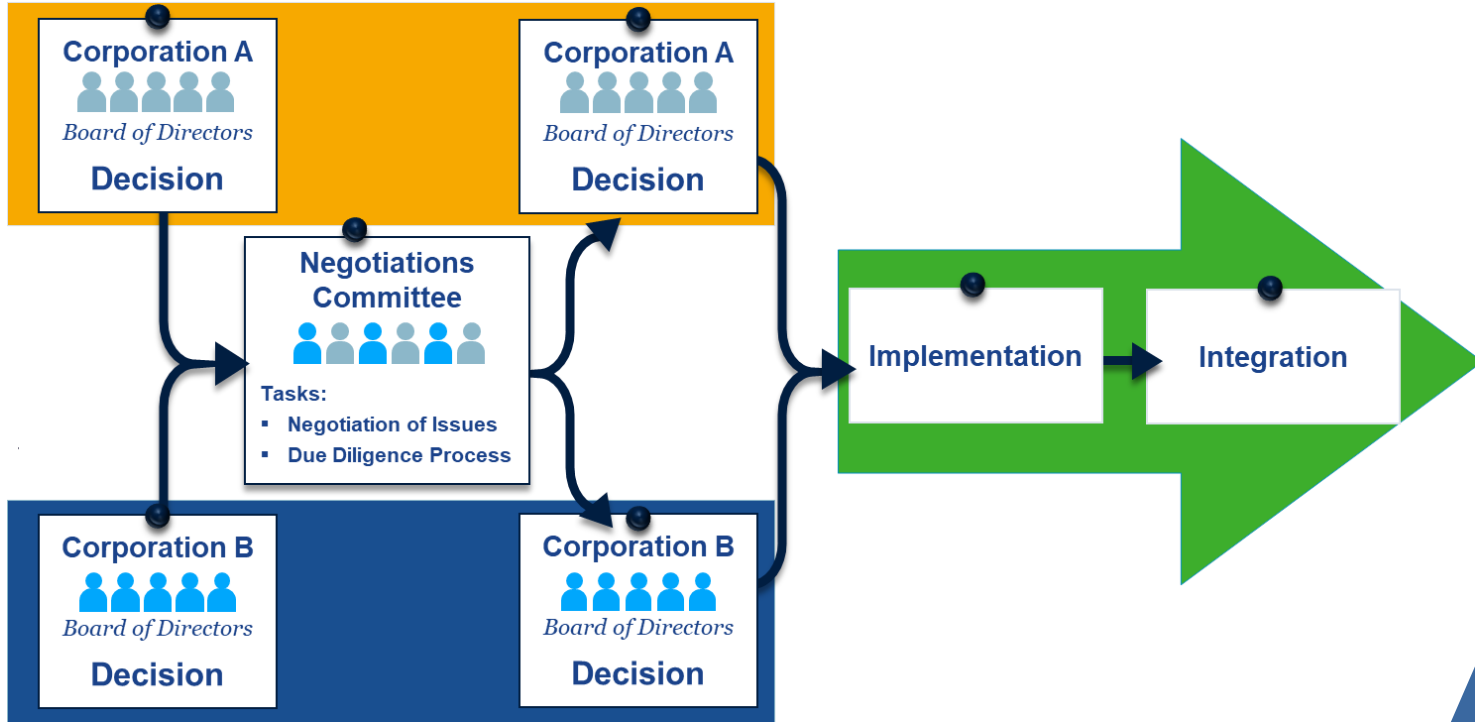
Mergers and Brand Identity

- **International Institute of Rhode Island and Dorcas Place Adult and Family Literacy Center:** Dorcas International Institute of Rhode Island
- **Diversified Community Services and United Communities of Southeast Philadelphia:** New corporate name (Greater Philadelphia Community Alliance) but retained local community facility names
- **Rainforest Alliance and UTZ:** Kept existing certifications and set out to jointly develop an innovative new standard
- **Toledo Symphony and Toledo Ballet:** Formed Alliance of Performing Arts with distinct symphony and ballet sibling programs
- **Incorporated Research Institutions for Seismology and UNAVCO:** Solicited member input and renamed as EarthScope Consortium

Strategic Partnership Phases

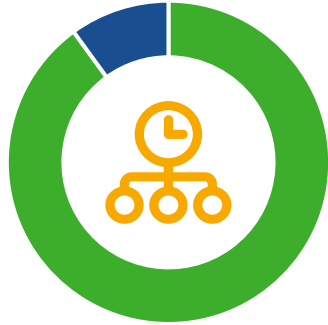


Negotiating



Issues to resolve typically include governance, financial model, leadership and staffing, capital, programs, communications, etc.

Implementing



Planning

- Develop operational and program plans
- Strategic plans
- Business plan
- Change management and culture



Legal Resolution

- File with state and / or formally approve
- Approve plan
- Begin operating as partners



Integration

- Systems
- Administrative
- Programmatic
- People and culture

Resources Needed



Negotiations:

- Third-party consultant to facilitate exploration
- Support for financial due diligence
- Attorneys for legal due diligence



Integration:

- Attorneys to draft legal agreements, submissions to regulators, board resolutions, new by-laws



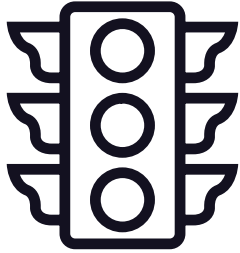
Implementation Planning & Execution:

- Support for cultural integration
- IT support to integrate systems / data
- HR / legal support to integrate staff
- Consulting support for strategic planning
- Marketing / communications / branding support

For Profit vs. Nonprofit Mergers

| | Business Mergers | Nonprofit Mergers |
|-------------------------------|---|---|
| Driver | Profit / market share | Impact / public good |
| Negotiations | Often transactional | Often relationship / identity focused |
| | Typically begin with financial and legal analysis | Most effective when starting with agreement on partnership mission, vision, and values |
| Financial Implications | Frequently prioritize efficiency, resulting in cost reduction | Typically require additional staff and funding to achieve impact goals of the merged entity |

Halted Negotiations



- Merger is not always the answer; a decision not to partner is not a failure
- If the original partnership structure will not work out, are other forms of partnership possible?
- Negotiate a positive, mutually supportive external message
- Often, organizations are strengthened even if a partnership does not come to fruition

Merger and Alliance Toolkit

Flexible support for the journey toward a strategic partnership

Practical guidance and concrete methods for:

- Assessing collaborative opportunities
- Negotiating agreements
- Implementing partnerships
- Integrating systems and structures to pursue a common mission

<https://www.lapiana.org/resources/toolkit>

Consultation Support

Meet with a La Piana consultant to discuss your current situation and get advice on what steps to take next

Topic areas may include

- Assessing readiness and partner compatibility
- Evaluating strategic alignment, benefits, and risks of a strategic partnership
- Developing negotiating or implementation plans
- Addressing roadblocks to successful partnership

Contact information on final slide

Closing Thoughts

- Partnership is a strategic tool, not an end in itself
- Clarity of purpose is important!
- Clear, proactive communication is critical to success
- Mergers can take significant time and money
- Invest in cultural integration and change management
- To sustain a partnership, develop, monitor, and refine shared strategic plan

Thank you!

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