MzN International

Merging an NGO - Experience and Reality

Lessons learned from mergers

Do Good. Better!

We believe that **doing good** can be done **better.**

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TODAY

- Overview
- What do we mean with „merger“?
- What makes it a success?
- What makes it fail?

Presentation with 10 slides followed by Q&A and discussion.

Content is free to share.

1. **Overview**

"As government funding dries up, we need a structure to earn and raise more income"

US top10 board member currently preparing a change merger

- **UK**: 58 mergers involving 116 organisation in 2018/19 – with over half (54%) involving small non-profits under GDP1m
- **USA**: 112 mergers, involving 280 organisations (Early reporting)
- **Europe**: 85 mergers, involving 350 organisations, often part of change processes
- 2021 and 2022: We expect a substantial surge in EU-non-EU structural mergers

2. What do we mean with merger

- Most NGO mergers are takeovers out of financial trouble of one party, with weaker NGO brand and ops fading soon (face-saving terminology)
- Most fail to deliver cost saving or synergies
- Change mergers (new structures creating) are those that tent to work more often
  - Expansion into new sector
  - Expansion into new income market
  - Change NGO structure

- Merger of Equals
- New Structure
- Merger of Many
- Takeover
- Asset Transfer
- Spin off & die well

3. What makes it a success

- Clarity on 1+1=3. What can we only do together?

- Synergies only materialise if
  - clear leadership to overcome cultural and strategic “mesh and mess”
  - strong financial and process integration expertise to quickly take advantage of increased scale or depth

- Financial benefits should start rolling in within 6 months
  - Cost reduced: Eliminate what is double (back office ops, programme delivery)
  - Fundraising brand usage: Merge your reach and increase income

- 90% of successful mergers had independent advice and evaluation

4. What makes it a failure

- Merger is means to an end. Consumes a lot of time and can become end in itself
- Done from a position of weakness, takeover sold as merger
- Devil is in the detail – siloes and double structures happen often, become entrenched and are costly (every day)
- Culture and Trust issues not managed by hesitant leadership trying to govern too much by consensus

3. How to get it right

- M&A is a good tool to expand reach, income sources and eliminate double structures in sector
- Post-Brexit merger surge: best way to access EU funding is to be in the EU. Merging with an organisation overcomes new-start up problems
- Focus on the money: Savings and income needs to be materialise in within a few months
- Get it done: A protracted merger with lots of follow up restructures erodes buy in and confidence.

Thank you!

Stay in touch!

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14 December, 3-4 pm CET

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