

Merging an NGO - Experience and Reality

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About us

- ✓ We help NGOs to be better funded, operate better and deploy smarter strategies
- ✓ A social enterprise with many services subsidised. Training is already free for partners.
In-person training is back!



Christian Meyer zu Natrup
Managing Director
chris@mzninternational.com

Talking points

- Overview
- What do we mean by “merger”?
- What makes it successful?
- What makes it fail?

1. Overview

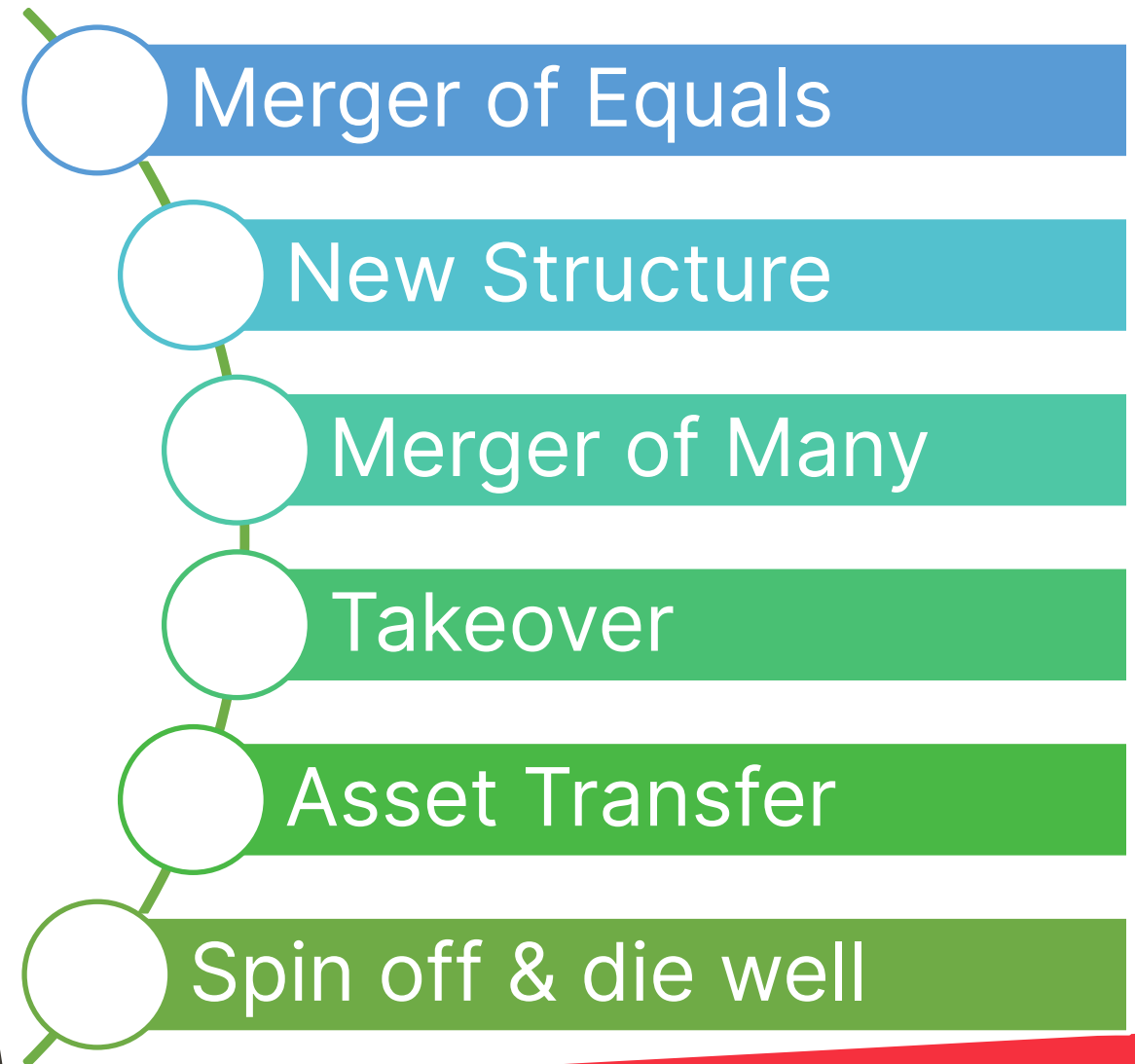
“As
government
funding dries up,
we need a
structure
to earn and raise
more income”

US top 10 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
- Over 2022: We expect a substantial surge in EU- non-EU structural mergers

2. What do we mean by 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 tend to work more often
 - Expansion into new sector
 - Expansion into new income market
 - Change NGO structure



3. What makes it a success - 2 key questions

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

3. What makes it a success - KSFs of a merger

- 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 itself the purpose of the merger. Consumes a lot of time and can become end in itself. Mergers should achieve something greater than a merged organisation.
- 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

5. How to get it right

- M&A is a good tool to expand reach, income sources and eliminate double structures in sector.
- 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.

Stay in touch!

We are here to make doing good better. We help non-profit organisations secure more funding, drive innovation and develop smarter strategies.

By 2030, most of our services to NGOs will be free of charge or subsidised. Training already is.

CHRISTIAN MEYER ZU NATRUP

chris@mzninternational.com

New blog, podcast and upcoming events
www.mzninternational.com



Upcoming webinars:



How to Turn Around a Financially Distressed NGO

23 August 2023
3 to 4 pm CEST



Quarterly Funding Briefing

6 September 2023
3 to 4 pm CEST