Nonprofits might merge for any number of motivations, from improving programs and services to averting a financial meltdown. And it can be a tricky business. Charities that join forces can lose a lot at the negotiating table — offices, employees, the ability to make governing decisions, even their names and brands.

Sometimes nonprofit unions go south for good reasons, says Jo DeBolt, a partner at La Piana Consulting who has counseled many organizations through mergers. For example, one party may realize it has little to gain from partnering with another, she says. But some fail even when there is a clear benefit to both groups.

The Chronicle spoke with nonprofit leaders and other experts about how to prevent merger discussions from crumbling. Here’s their advice.

1. Make sure that key decision makers at your organization are on board.

Talks can fall apart due to egos and self-interest, sometimes by people who actively undermine the process because they think they will lose their jobs or status. Building consensus among trustees and top executives from the start can help prevent such problems.

2. Base the decision to merge on what’s best for the mission, not on a lack of money or other resources.

Consider what will best advance your work and the broader social impact that will result from a merger, not what will most likely preserve your organization’s structure, says Peter Kramer, associate director of the Nonprofit Finance Fund. He previously managed that organization’s Catalyst Fund for Nonprofits, which provided grants to help charities in the Boston area merge or collaborate.

When merger discussions start, steer clear of focusing on how much money the organizations can save or how the move might “right the ship” financially. The motivating question should be, “How can our constituents be better served?” says Mr. Kramer.


Board support is key to a merger’s success, according to the Northwestern report. In 85 percent of the cases analyzed, a board chair or other trustee emerged as the chief advocate for the merger.

Their views are in line with a report released today that analyzed 25 nonprofit mergers in the Chicago area. Nonprofits “pleased with merger outcomes suggested that mission played a central role in guiding the merger,” according to the study, commissioned by Mission + Strategy Consulting and conducted by researchers at Northwestern University. Organizations risk “mission drift” if they don’t accurately assess whether their goals are truly compatible before entering into a merger, the report says.

4. Make sure that key decision makers at your organization are on board.

Talks can fall apart due to egos and self-interest, sometimes by people who actively undermine the process because they think they will lose their jobs or status. Building consensus among trustees and top executives from the start can help prevent such problems.

5. Base the decision to merge on what’s best for the mission, not on a lack of money or other resources.

Consider what will best advance your work and the broader social impact that will result from a merger, not what will most likely preserve your organization’s structure, says Peter Kramer, associate director of the Nonprofit Finance Fund. He previously managed that organization’s Catalyst Fund for Nonprofits, which provided grants to help charities in the Boston area merge or collaborate.

When merger discussions start, steer clear of focusing on how much money the organizations can save or how the move might “right the ship” financially. The motivating question should be, “How can our constituents be better served?” says Mr. Kramer.

Keeping the mission at the forefront of the talks is vital because a merger might require a nonprofit to reduce services or prompt some employees and trustees to leave the organization, says Ms. DeBolt.

Their views are in line with a report released today that analyzed 25 nonprofit mergers in the Chicago area. Nonprofits “pleased with merger outcomes suggested that mission played a central role in guiding the merger,” according to the study, commissioned by Mission + Strategy Consulting and conducted by researchers at Northwestern University. Organizations risk “mission drift” if they don’t accurately assess whether their goals are truly compatible before entering into a merger, the report says.

5. Bring in board members early.

Board support is key to a merger’s success, according to the Northwestern report. In 85 percent of the cases analyzed, a board chair or other trustee emerged as the chief advocate for the merger.

Involving board members early builds trust and makes it more likely they will stay informed throughout the merger process, says Mr. Kramer. "We’ve seen boards pull the brakes on partnerships" when trust is lacking or trustees are surprised by something, he says.
Another reason board members should be involved from the start: They can be more objective about the details of the merger than executive directors and other staff members, who might focus on protecting colleagues or programs to which they're attached, Ms. DeBolt says.

4. Have a clear understanding of your goals.

Before starting discussions, identify your goals and those of your potential partners, Mr. Kramer says. To do so, he recommends answering questions like:

- Do we want to expand the scope of our services?
- Do we hope to offer new services that complement our current offerings?
- Do we want to adopt new strategies for achieving our mission?

When you start talking with a potential partner, Mr. Kramer adds, it's important to lay out nonnegotiable issues before getting into the nitty-gritty. That will reveal where potential partners agree and where it might be difficult to find a compromise, he says.

Ms. DeBolt recommends a different approach: Identify potential challenges to the merger and try to envision what the groups' shared future might look like. Those challenges might include shuttered programs, laid-off employees, or fears about changes to an organization's culture. But don't frame them in terms of nonnegotiable demands, she cautions; that might hamper discussions at the outset. Instead, acknowledge concerns and agree to address them later.

5. Try to find a partner you know well.

It helps to merge with an organization with which you are already familiar, says Bill Kibler, former executive director of the South Branch Watershed Association in New Jersey. His group merged in 2011 with the Upper Raritan Watershed Association to form the Raritan Headwaters Association. The Northwestern report says that in 85 percent of the cases reviewed, the merging nonprofits had a prior relationship or had collaborated previously.

Ms. DeBolt, who was an adviser on the Raritan merger, says the partnership was successful in large part because the groups had already worked together and respected each other.

Even before he started working at South Branch in 2005, Mr. Kibler was struck by the similarity of the two groups' work: preserving and protecting water and other resources in the 470-square-mile watershed along the Raritan River and its tributaries in central New Jersey. Even then, he thought it made little sense for them to be working separately on the same issues.

Since around 2000, the nonprofits had worked together on stream-monitoring projects and shared an AmeriCorps ambassador. Mr. Kibler also noticed that he and Cindy Ehrenclou, chief executive of the Upper Raritan organization, would often be at the same government meetings advocating for the same things.

"It wasn't necessarily an efficient use of time for us to be going to the same meetings all the time," says Mr. Kibler. The two leaders initiated merger talks in 2009.

6. Try to find a group with complementary services and funding sources.

Organizations that can augment your services, and those with different sources of revenue, make good candidates for a merger.

The Raritan watershed organizations matched up well. Both had educational offerings for children, South Branch provided in-school programs on water quality while Upper Raritan focused on camps, field trips, and other activities outside the classroom. One group only had the capacity to test surface water; the other was able to test groundwater, important in an area where many homes rely on wells.

Even the two leaders' talents were complementary. Ms. Ehrenclou was more skilled at organizational leadership and fundraising; Mr. Kibler's specialties were public policy and water issues. Following the merger, he took over science and policy for the new nonprofit, and she stepped in as chief executive.

7. Get help from lawyers and consultants.

Ms. Ehrenclou says that lawyers reviewed the details of the merger. Ms. DeBolt, the consultant, recommended that the organizations appoint both board chairs, two trustees, and both executive directors as members of the negotiating committee. She also scheduled meetings and assignments for both groups under rigid timelines.

Having a consultant's help was key, Mr. Kibler says; he does not believe the two groups would have made it to the altar without assistance. Outside help is common in mergers: In 80 percent of the cases the Northwestern researchers reviewed, the would-be partners had a third-party consultant or facilitator help them through the process.

Going it alone "would be a disastrous idea," says Mr. Kibler. "It's complicated enough with good help."
Send an email to Timothy Sandoval.