

TOOL #4: ANALYZE A MERGER STRATEGY

A merger is a strategy and, as such, should be analyzed against a set of measurable outcomes that you want your organization to attain. The definition of a strategy is *a plan of action or policy designed to achieve a major or overall aim*. A strategy should leverage your assets in order to increase the impact you wish to achieve. The same is true for a merger.

Two common ways that nonprofits seek to leverage their assets is by [pooling and trading](#) their assets. When nonprofits *pool* similar types of resources, such as programs, they are adding them together in a way that may have significant impact by claiming a larger geographic region or market share. *Trading* occurs when nonprofits share dissimilar assets in order to access difficult-to-get resources – for example, medical software traded for supportive housing units.

To assess whether a merger strategy is right for your organization, it would be helpful to have recently

- **completed an internal assessment of your organizational assets (see [Tool #1](#) in the “Me” section)**
- completed an external assessment of your environment
- identified your strengths, weaknesses, opportunities, and threats
- set a vision for what you wish to accomplish in the next three years

For further assistance in assessing a merger strategy for your organization, please see the tool on the following page.

Exercise:

To help determine whether or not a merger might benefit your organization from a business perspective, consider this question for each category below: **If you were able to improve in this category, would you significantly advance your mission and organizational objectives?**

If the answer is yes, place a checkmark in the space provided. If you could accomplish this by Pooling or Trading resources with another nonprofit, then circle “P” or “T” next to each sub-item.

Every situation is unique, but if you check more than one of these categories, you might want to consider a merger strategy for your organization. These are the kinds of things a merger can do for you.

___ 1. INCREASE SIZE / ACCELERATE GROWTH

Pool	Trade	Method of Growth
P	T	Market share
P	T	Economies of scale
P	T	Ability to scale other places
P	T	Ability to enter new markets

___ 2. INCREASE VISIBILITY

Pool	Trade	Method of Increasing Visibility
P	T	# of people, institutions, government agencies that know about us
P	T	# of potential donors, volunteers, Board Members who know about us
P	T	# of referrals, clients who might become aware of us
P	T	Access to larger and bigger funding opportunities
P	T	Opportunities for recognition, awards

___ 3. IMPROVE / EXPAND SERVICES & RESOURCES

Pool	Trade	Method of Expanding Resources
P	T	Provide a continuum of services
P	T	Provide more and higher-quality services/products
P	T	Build/enlarge cash reserves
P	T	Create/enlarge an endowment

___ 4. IMPROVE BRAND / MARKETING

Pool	Trade	Method of Strengthening the Brand
P	T	Differentiate our brand
P	T	Reposition ourselves among our competitors
P	T	Communicate in a variety of formats and platforms
P	T	Achieve reputation as a go-to resource for the media on our topics

___ 5. ATTAIN STABILIZATION / SUSTAINABILITY

Pool	Trade	Method of Increasing Stability/Sustainability
P	T	Increase access to restricted funding streams
P	T	Balance the budget
P	T	Increase net assets
P	T	Strengthen cash position
P	T	Create dependable mix of revenue sources
P	T	Be able to plan for the future

___ 6. BUILD COMPETENCIES / ORGANIZATIONAL DEVELOPMENT

Pool	Trade	Method of Increasing Organizational Competency
P	T	Attract and retain professional staff talent
P	T	Increase the strength of the back office and administrative team
P	T	Launch new programs & services
P	T	Provide comprehensive outcome evaluation of operations & services
P	T	Become “best in class”

___ 7. INCREASE POLITICAL INFLUENCE / LEVERAGE

Pool	Trade	Method of Increasing Political Influence/Leverage
P	T	Access to elected and appointed public officials
P	T	Leverage in local, state, and federal levels of government
P	T	Advocacy capacity
P	T	Partnering opportunities with others
P	T	Presence and impact in governmental circles

___ 8. DEVELOP BOARD OF DIRECTORS

Pool	Trade	Method of Strengthening the Board of Directors
P	T	Attract board talent that is highly networked
P	T	Focus on governance/fundraising rather than operations
P	T	Have enough talent to fill key board committees

___ 9. INCREASE ACCESS

Pool	Trade	Method of Increasing Access/Diversity
P	T	Increase diversity among staff, leadership board
P	T	Increase access among decision makers, donors, resource people
P	T	Create access to new contacts in critical markets
P	T	Create access to new information critical to trends in the field

___ 10. OTHER

Pool	Trade	Method of
P	T	
P	T	
P	T	
P	T	