

## TOOL #6: SELECTING A MERGER PARTNER

In 60 percent of the cases in the Chicago Metro Merger Study, one or both parties considered other merger prospects prior to selecting each other. The process of selecting a merger partner should be intentional, focused, and results-oriented.

There isn't one way of choosing a merger partner. However, here are some guidelines you can follow when considering how to select a partner that is right for your nonprofit organization:

1. **Reflect on your organization's strengths, weaknesses, opportunities, and threats (SWOT).** Where are you weak? Where would you like to be stronger? What opportunities you would like to capitalize on but can't on your own? Thinking through your own SWOT analysis, write down your list of strengths, weaknesses, opportunities, and threats.
2. **Prioritize your SWOT list (see Tool #1 [link to tool], in the "Me" section).** What are the two or three most important items that, if addressed, would really propel your organization forward in its mission? For example: geographic expansion, expanded services, access to unrestricted funding, stronger Board of Directors, etc. Write down your top three SWOT items.
3. **Match your SWOT list to potential merger partners.** Identify the characteristics of a potential merger partner that would best help you address your top SWOT priorities. For example:
  - Ability to raise \$2.5MM or more in unrestricted funding annually
  - Serves a multicounty region
  - Has an established Quality Evaluation Department
4. **Identify additional criteria for your potential partner.** For example:
  - Trustworthiness
  - Mission alignment
5. **Create a matrix to evaluate potential partners.** List your criteria across the top. Brainstorm nonprofit agencies and place them along the left column. (See sample below.)
6. **Fill out the matrix for each prospective merger partner.** Assign a point for each criterion on a scale of 1 – 3: 1 being low, 2 being acceptable, and 3 being exceptional. Tally up the results for each prospect when you are done.

7. **Rank the prospects.** Based on the point totals, list the potential partners from highest to lowest. Discuss the organizations that ranked the highest:
  - Are there organizations that tied? If so, what might distinguish them from each other?
  - What are the top three or four organizations that you would like to approach?
  
8. **Decide how to approach the top prospects.** Identify the best person to approach each one. Determine your next steps, including when you will meet to discuss the results of your conversations.

Please see the following page for a sample prospect matrix.



SAMPLE PROSPECT MATRIX:

PROSPECTS:	TRUSTWORTHINESS	MISSION ALIGNMENT	UNRESTRICTED FUNDING	GEOGRAPHIC REACH	TOTALS:

If the above matrix does not cover your areas of concern, please use the one below and fill it in according to your needs.

PROSPECTS:					TOTALS:

