

# Exploring the Nonprofit Merger Option

09.09.21 | Linda J. Rosenthal, JD



There's no such thing as a quick and easy merger. That was a key takeaway from our recent post: [A Look At Two Pandemic-Era Nonprofit Mergers](#) (August 27, 2021).

Nor is a formal merger a do-it-yourself situation. There's no adequate step-by-step, how-to guide. Instead, you need some "look before you leap" overviews before you speed-dial professional advisors.

This topic is generously covered by experts in the field; a quick Google search will yield voluminous results. To help you wade through this thicket, we've selected several favorites.

## *CompassPoint's "How, Why & Why Not"*

[CompassPoint](#) is a 45-year-old, Oakland-CA based, nonprofit leadership development practice. It "helps leaders, nonprofit organizations, and movements committed to social justice realize their full power." The website is an excellent information portal.

Among the many linked resources is [The M Word: A Board Member's Guide to Mergers, How, Why & Why Not to Merge Nonprofit Organizations](#) (2005) Alfredo Vergara-Lobo, Jan Masaoka & Sabrina L. Smith, CompassPoint (PDF, 30 pp.). It's a visually pleasing and well-organized first step for nonprofit boards that may be considering the merger option.

"Most likely," the authors begin, "you've opened this booklet because you know a nonprofit organization that is, will be or perhaps should be exploring merging with another nonprofit...." It's ... "designed as a practical guide to help nonprofit board members, executives and funders think through a merger"; "... a quick trip through a merger's terrain," giving a "rough guide to expectations, processes and obstacles often encountered in a merger experience."

“Think of it,” they explain, “as an annotated map of the merger journey that will give you a sense of the adventure before you actually embark.”

That’s why we recommend this report as a great starting point for your “look-before-you-leap” reading.

### *Additional Overviews*

A few more recommended overview links include (but are not limited to):

- [Nonprofit Risk Management Center](#) is a 501(c)(3) nonprofit that “inspires effective risk management practices and risk leaders across the nonprofit sector” and has an extensive resource library. See particularly: [Nonprofit Mergers](#), Erin Gloeckner, Project Manager, a webinar slideshow from June 2013 (30 slides). The program covers: The merger process • Risks and challenges of mergers • Tips to help you merge successfully • Examples of successful nonprofit mergers.
- [CapinCrouse LLP](#) is “a national CPA and consulting services firm” serving mission-focused not-for-profit organizations, churches, and higher education institutions since 1972 by providing support in the key areas of financial integrity and security.” It, too, has an impressive collection of [nonprofit resources](#). See particularly, by Fran Brown, Managing Partner: [Three Best Practices for Nonprofit Mergers](#) (April 19, 2017) (PDF, 2 pp.) and [A Template for Successful Nonprofit Mergers and Acquisitions](#) (April 2, 2018) (PDF, 3 pp.)
- [NEO Law Group](#) is a San Francisco-based law firm headed by our colleague and friend Gene Takagi, Esq. The firm’s Nonprofit Law Blog has a formidable set of over 25 posts from 2006 to the present, collected in a special tab on the website titled “Collaborations & Mergers.” See particularly, among the most recent titles: [Nonprofit Mergers: Tips & Traps](#) (August 15, 2020) and [Nonprofit Mergers: Common Risks](#) (August 2, 2020)

### *Conclusion*

Of course, as we’ve pointed out in our spring 2021 series titled *Nonprofits in Crisis: Alternatives to Closing* – especially in *Parts One and Two* – a formal merger is “... the most well-known and popular way that organizations can combine” but it’s “just one choice on a continuum of strategic restructuring options.” See also, [Merging Wisely](#) (Spring 2010), *Stanford Social Innovation Review*, David La Piana, an essay written in the wake of the Great Recession of 2009 but which continues to provide valuable insight today.

Coming up next: The nonprofit sector has provided us with a vast collection of surveys and studies of already completed nonprofit mergers, providing important lessons.

— Linda J. Rosenthal, J.D., FPLG Information & Research Director