

How Should You Deal with a Merger Proposal?

As a board member, can you – should you – keep your organization from merging?



Q I'm on the board of a nonprofit organization that is in good shape financially and has very good programs. Another organization that is much bigger than ours wishes us to merge with them.

From 14 board members presently, we'll be able to have only two board members on the acquiring organization's board. I understand that there has to be a vote of 2/3 of our board for the merger to happen.

I am not in favor of this merger since we give families a choice of a smaller organization as opposed to a very large organization. What should I do?

You need to lobby your friends on the board.



please get in touch...

We would love to hear your response to anything in **Nonprofit World**, your comments about any aspect of the nonprofit sector, and your concerns about your daily work. Please get in touch in any of the following ways:

Drop us a note at: Letters to the Editor, Nonprofit World, P.O. Box 44173, Madison, Wisconsin 53744-4173.

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Please include your name, organization, address, phone number, and e-mail address. If you'd like your comments to appear anonymously, please let us know. We look forward to hearing from you!

A If you can round up more than one-third of the board to say no, you can stop the merger. If two-thirds want to proceed, they can do so. So if you really oppose it, you need to lobby your friends on the board to see if you can find enough to agree with you and stop the process.

Mergers in the nonprofit world usually take a long time to negotiate in order to make enough board members (and other stakeholders) feel comfortable with the proposal and understand how it will result in better, more efficient, and more effective services for the community. It doesn't sound as though the organizations have invested enough time in this proposal to reach that point, at least not with you.

There can be real advantages in combining resources, and you may just want to slow the process down in order to negotiate better protections for your programs. There are no absolutes, for example, on how many (or few) of your directors could serve on the surviving board. You may be able to structure the affiliation to keep the small-organization feel of your services. If you see any potential merit in the proposal, it may be worth continuing the discussion to reach a better result. If you don't, you just have to count the votes.

– *Don Kramer, Nonprofit Issues, nonprofitissues.com*

For more insights into whether a merger is right for you, see resources at NonprofitWorld.org, including:

A Merger Can Be a Great Opportunity (Vol. 40, No. 2)

Four Steps to a Merger (Vol. 33, No. 2)

Building Blocks for a Successful Merger (Vol. 31, No. 1)

