RELEVANT *reviews*

Coming to Terms with the "M" Word

"Merger" needn't be a dirty word. Here are guidelines for forming mergers, alliances, and other collaborations.

BY TERRENCE FERNSLER

Nonprofit Mergers and Alliances: A Strategic Planning Guide

By Thomas McLaughlin. John Wiley & Sons. 288 pages. Hardcover, with disk. Published by John Wiley & Sons. Available through the Society for Nonprofit Organizations' Resource Center *(see page 24).*

Today's nonprofits are being held accountable as never before. They must be able to justify the way they handle the money given them. That is why integrated service delivery has become essential.

Does this mean mergers? Not necessarily. There are other levels of integration, such as alliances, affiliations, networks, and partnerships. Thomas McLaughlin covers them all in this comprehensive book, defining and explaining each one.

As he points out, however, the strategy of nonprofit collaboration is so new that the terms are often vague and blurred together. Thus, he lays out a model against which terms can be measured, based on the premise that different forms of collaboration affect different aspects of the organization. The model is interesting, well thought out, and cuts through terminology to the reasons behind collaborations.

Mergers and alliances needn't be mutually exclusive, McLaughlin notes. Alliances can help prepare an organization for a merger. The steps that go into building alliances lay the groundwork for a full merger. These steps, which McLaughlin describes in detail, include the following:

- Explore your expectations. Decide on a purpose.
- Assemble a planning committee. Agree on objectives.
- Develop a working committee structure.
- Obtain support from your board and other stakeholders. Educate people about the benefits of alliances and how they differ from mergers.
- Devise an action plan and timetable. McLaughlin's model will help you decide what tasks are necessary and in what order you should pursue them.
- Build trust between organizations with open communication. Be sure to pay attention to differing cultures. Often, unrecognized class differences are the real driver behind feelings of "us vs. them."

NONPROFIT COLLABORATION IS SO NEW THAT THE TERMS ARE OFTEN VAGUE.

Alliances offer the combined resources of several organizations to find solutions to critical problems. While alliances can take more time than mergers, they offer enormous flexibility. A merger has a single focal point of leadership, governance is straightforward, and organizational boundaries are the sum of the two former organiza-

Nonprofit World • Volume 17, Number 6 November/December 1999
Published by the Society for Nonprofit Organizations
6314 Odana Road, Suite 1, Madison, WI 53719 • (800) 424-7367

tions. Alliances are less clear-cut but provide more options.

Organizations ripe for alliances or mergers tend to have certain characteristics. These include:

- absence of a permanent executive director
- two organizations with compatible services, non-overlapping markets, and geographic compatibility
- special assets, such as complementary directors, or real estate.

Certain red flags may foreshadow the need for a merger:

- balloon loan payments coming due
- records in disarray
- indispensable staff
- late insurance payments
- loss of license, accreditation, large donor, or large contractor
- maxed-out line of credit
- non-financial liabilities
- unpaid payroll taxes
- unacknowledged CEO-staff conflict
- unexamined accounts receivable
- unreported litigation.

If you have trouble confronting the dreaded "M" word, this book will help you come to terms with it. As McLaughlin tells us, mergers don't deserve the bad name we tend to associate with them. The bad things that happen to an organization after a merger, such as services being shut down or people losing jobs, would almost certainly have happened without a merger–and probably worse.

McLaughlin also explores many alternatives to mergers and ways to make the transition seamlessly. Exercises throughout the book will stimulate your thinking and help you apply the principles to your own situation. The disk that accompanies the book contains a plethora of easy-to-adapt forms and worksheets, such as a questionnaire to help determine the degree of acceptance or resistance to a proposed collaboration.

If your organization is serious about a merger or alliance, get this book. It will help you avoid many mistakes. ■

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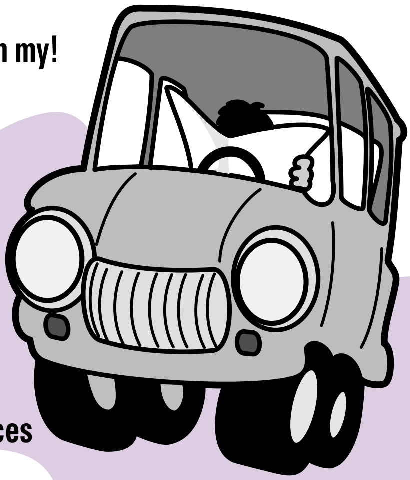
Coming Up in NONPROFIT WORLD



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