



## Charity Finance Directors' Group

Mergers and Collaborations

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Ian Harris

David Lawrence

John Graham



**Ian Harris**  
**Z/Yen Group Limited**  
**5-7 St Helen's Place**  
**London EC3A 6AU**  
**(020) 7562 9562**  
[ian\\_harris@zyen.com](mailto:ian_harris@zyen.com)



## Collaboration and merger

- Tour d'horizon
- Pros and cons
- One, two and three dimensional tour
- How unitary are you to start with?
- Risks compared
- Examples





## Why Collaborate or Merge?

- Economies of Scale
- Avoid duplication & waste of resources
- Reduce unhelpful competition
- Clearer proposition to funders
- Better able to meet charitable objectives
- Increasing pressure to “do something”





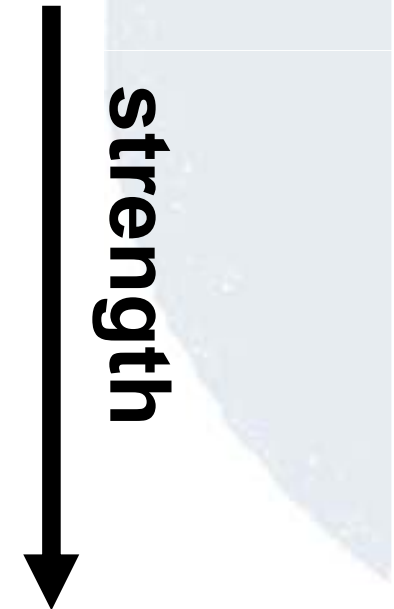
## Why Not Collaborate or Merge?

- Stakeholder loyalty (staff, clients, trustees)
- Cost/effort
- Loss of identity
- Competition is good
- Pensions
- Hard to align cultures
- Glibido



## Collaborations & mergers continuum (one dimensional)

- Commercial partnerships & relationships
- Clubs and mutuals
- Special purpose joint ventures
- Shared services
- Partial mergers
- Full mergers





# Collaborations and mergers

## Two dimensions

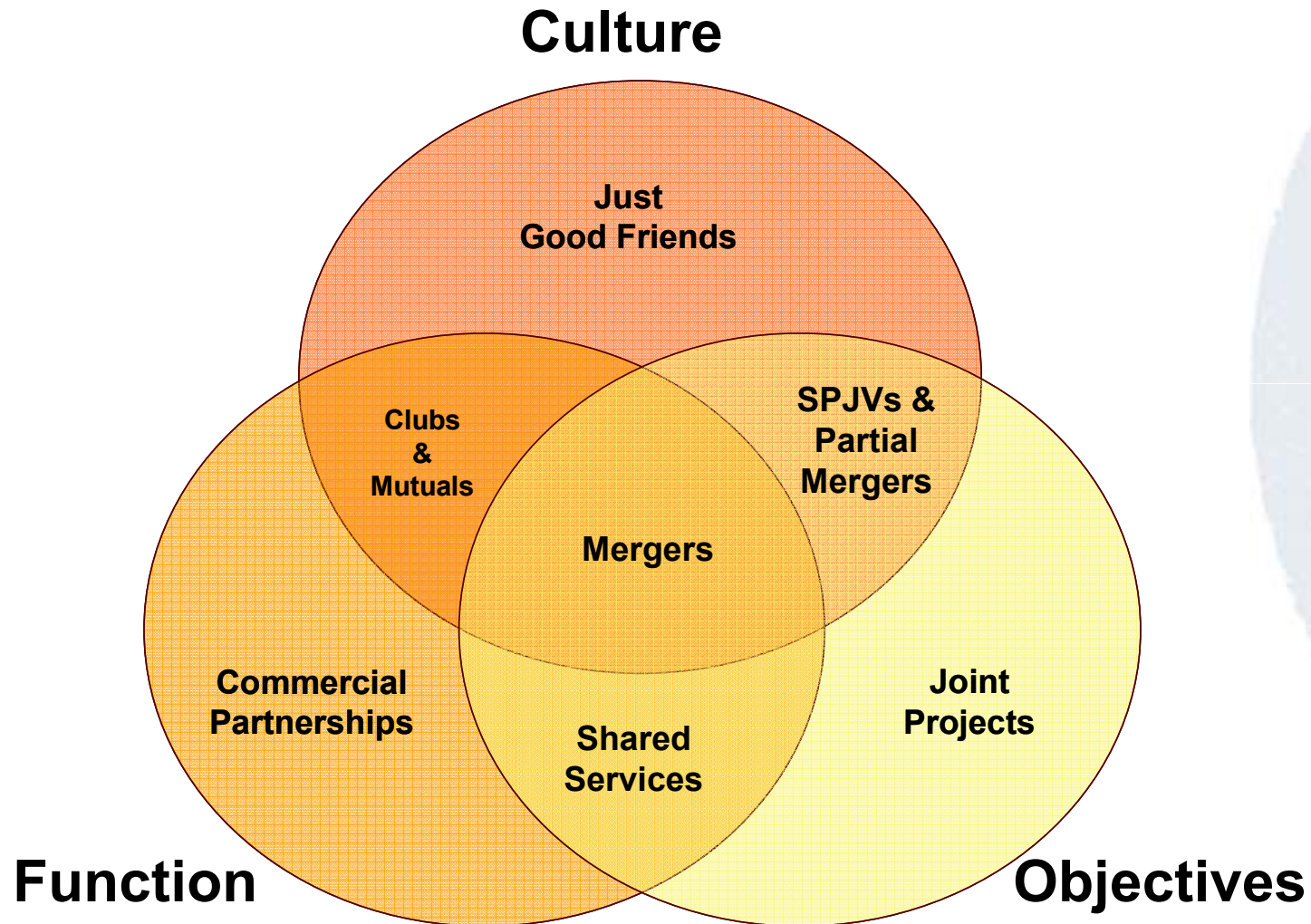


<b>Function</b>	Core	<b>Clubs, Mutuals, SPJVs</b>	<b>Mergers Etc.</b>
	Non-core	<b>Commercial Partnership Models</b>	<b>Shared Services</b>
		Indirect	Direct
		<b>Objectives</b>	





# Collaborations and mergers the third dimension





# Confederal Unity?

Operation	Central	<b>Unitary</b> <i>UK, France</i>	<b>Confederal</b> <i>EU</i>
	Local	<b>Federal</b> <i>USA, Germany</i>	<b>Associative</b> <i>UN</i>
		Intrinsic	Delegated

**Legitimacy**





## How unitary are you to start with?

- Moving towards unitary models is much like merger – serial merger
- Entities that aren't unitary find it much harder to collaborate or merge
- Unitary elements within non-unitary entities could collaborate but probably cannot merge
- Know your limits!





## Risks Compared (2003)



<b>Risk</b>	<b>Merger</b>	<b>Collaboration</b>
Power balancing	Often deal breaker	Intrinsic part of many deals
Culture clash	Loveless marriage	Learning experience
Governance gap	Often breaks deal pre merger	Often leads to tears post deal



## Merger Examples

- CFDG and Charities Consortium
- Union mergers – UNISON, UNITE
- Cancer Research UK
- Livability, Age Concern/Help The Aged
- Catch22
- NSPCC & ChildLine



## Collaboration Examples

- UK Vision Strategy
- Charityshare
- Social Care Councils Four Countries Programme
- Associate Agreements (RNIB & Action For Blind People)

