



Charity Finance Directors' Group

Mergers and Collaborations

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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

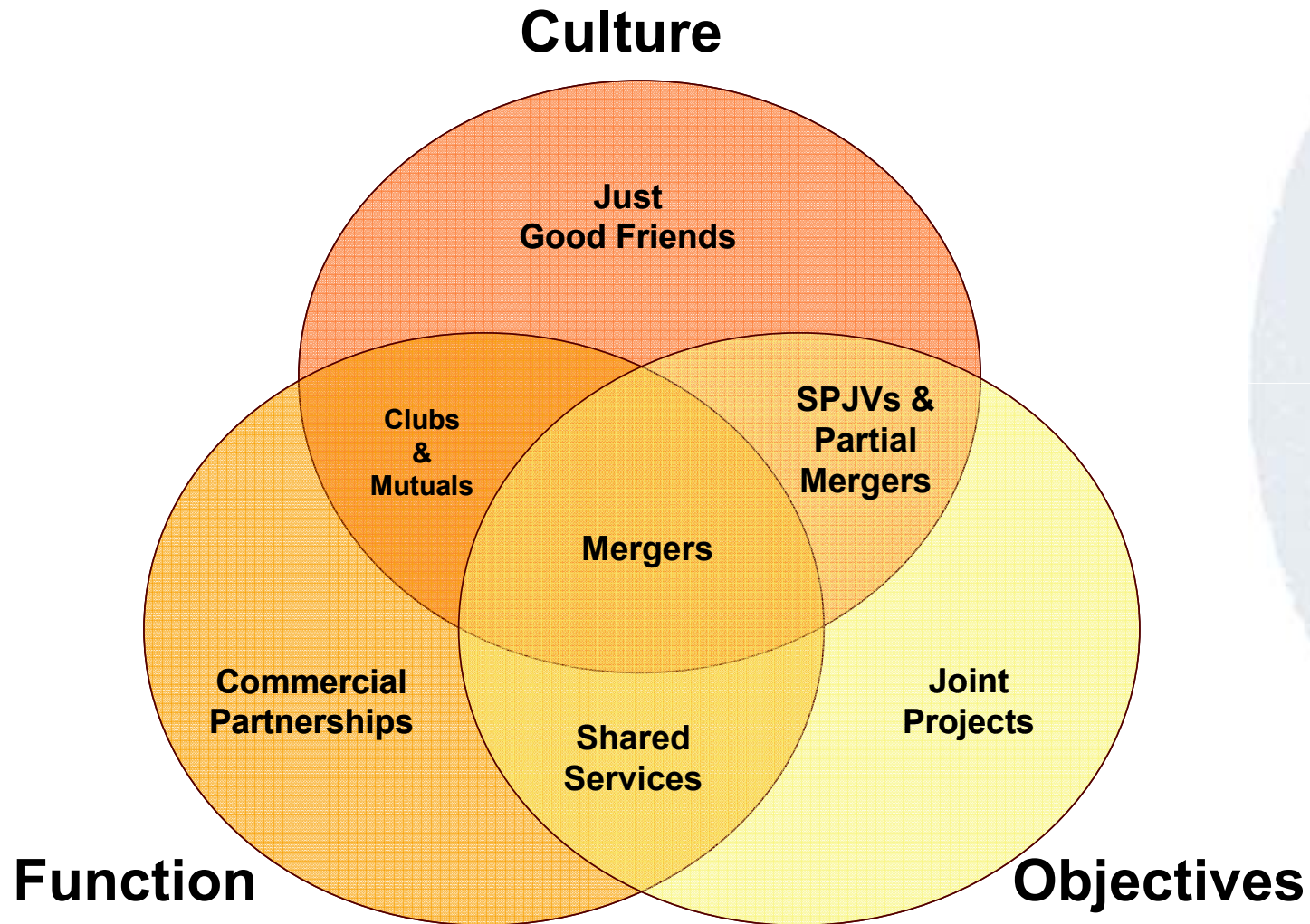
Two dimensions



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



Collaborations and mergers the third dimension





Confederal Unity?

Central	Unitary <i>UK, France</i>	Confederal <i>EU</i>
Operation		
Local	Federal <i>USA, Germany</i>	Associative <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)



Risk	Merger	Collaboration
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)

