

Exploring a Merger or Strategic Alliance

High points to consider before, during, and after the conversation.

Mergers and strategic alliances can help nonprofits expand impact, share resources, and strengthen sustainability, but the path forward demands careful study, honest conversation, and disciplined process. **This tip sheet focuses on the FEASIBILITY STUDY portion of the process, but outlines the key phases, study elements, and success factors boards and staff should weigh as they explore a possible alliance.**

1. The Partnership Matrix

Not every collaboration ends in a merger, and not every challenge calls for one. Before deciding on a strategic alliance, it helps to locate where your organizations sit (or want to sit) on the partnership continuum. Each stage represents a deeper level of integration, with greater shared benefits and greater shared commitment.

Stage	What it looks like	Best when...
1. Cooperation	Informal, short-term information-sharing or referrals. No shared resources or decision-making. Each organization keeps full autonomy.	You're getting to know one another, or want to test the relationship before committing to anything formal.
2. Coordination	Aligned activities, schedules, or messaging. Modest joint planning. Still fully independent organizations.	You serve overlapping populations and want to reduce duplication or improve referrals without restructuring.
3. Collaboration	Shared programs, staff, space, or fundraising. Joint decision-making in defined areas. Distinct organizations, but interdependent.	You see real impact gains from working closely together, but each organization still needs its own identity and governance.
4. Merger	Full integration of governance, finances, programs, and operations under one combined entity.	Sustained, long-term mission impact requires unified leadership, structure, and accountability.

Adapted from common nonprofit collaboration frameworks, including work by La Piana Consulting and Arthur Himmelman.

Tip | The matrix is a conversation tool, not a verdict. Many successful alliances move through several stages over time. Cooperation can build the trust needed to explore deeper integration later.

2. Recommended Phases When Considering a Strategic Alliance

If your organization decides to explore the deeper end of the matrix, a strategic alliance typically moves through five phases. Stay disciplined about the order, especially the placement of legal and accounting work.

1. **Conduct Feasibility Study** | A joint task force of board and staff representatives from each organization studies mission, finances, core values & culture, and operations to determine whether an alliance makes sense.
2. **Consider Task Force Recommendation** | The feasibility study task force presents its recommendations to both boards (or all boards, if more than two organizations are involved). Both boards (or all boards) must agree to a resolution to move forward, pending due diligence.
3. **Engage Professionals to Conduct Due Diligence** | If the recommendation is a MERGER (or some form of integration), engage professionals to complete legal, insurance, and accounting reviews. Draft strategic alliance agreements and any required state filings. Sequencing matters: complete the feasibility study first so you don't incur professional fees before both organizations agree the alliance is feasible.
4. **Approve Strategic Alliance** | Both boards (or all boards) formally approve the strategic alliance agreement.
5. **Integrate Organizations** | Combine programs, staff, governance, brand, and operations under the new structure.

Tip | Don't skip the feasibility study to save time. Investing in a clear, honest study up front protects both organizations from sunk legal and accounting costs, and gives boards the confidence to proceed (or walk away).

3. What a Feasibility Study Should Examine

A complete study looks at far more than the balance sheet. Plan to assess each of the following:

- **Mission compatibility.** Are the missions of both organizations genuinely compatible? Where do they reinforce each other, and where might they pull in different directions?
- **Program and service alignment.** Do programs and services complement, duplicate, or conflict with one another? What would a unified service portfolio look like?
- **Cultural alignment.** How do the two organizational cultures actually operate day-to-day? Pace, decision-making, communication norms, risk tolerance, and staff experience.
- **Financial sustainability.** Review current and projected finances under each organization's existing business model. Stress-test assumptions.
- **Fundraising capacity.** Assess the combined ability to attract and retain donors, grants, and earned revenue. Consider engaging a fundraising consultant for an objective view.
- **Staff leadership.** Who leads the combined entity? What roles do current executives play? Is there clarity and buy-in?
- **Governance structure.** Examine board legal structure, composition, practice, and role. How will a merged or affiliated board be constituted?
- **Organizational design.** Define structure, staffing, responsibilities, authority, and accountability for the combined organization.
- **Communications.** Decide on name, brand identity, and core messaging (both internally and externally) well before integration begins.

Remember | A feasibility study is a decision-making tool, not a commitment. Its purpose is to help both boards make a clear-eyed choice to proceed, to pause, or to part ways with mutual respect intact.

4. Ingredients of a Successful Collaboration

Process matters, but people and posture matter more. Across nearly every successful nonprofit alliance, these elements are present:

- **Big-picture leadership.** Board leaders keep returning to one question: how will this alliance better serve each organization's mission and the community?
- **Trust.** Built on belief in the integrity and competence of both parties, plus shared experience and a history of prior contact.
- **Participation and inclusion.** Bring the right voices in early, not just senior leaders. Staff and key stakeholders should see themselves in the process.
- **Careful communications.** Be deliberate with internal and external messaging. Choose language carefully; sequence what is shared, with whom, and when.
- **Attention to culture.** Recognize that values, norms, and ways of working differ, and that culture eats strategy if ignored.
- **Balance with everyday business.** The feasibility work is real work, but it cannot eclipse the day-to-day mission. Resource it accordingly.
- **Ongoing evaluation and flexibility.** Build in checkpoints. Be willing to adapt or pause the process based on what you learn.

5. Common Barriers and How to Counter Them

These are the friction points that most often stall or sink a nonprofit alliance. Naming them early makes them easier to manage.

Watch for	Lean into
Lack of trust between the two organizations or their leaders.	Invest time in shared experiences - joint board meetings, site visits, candid conversations about history and concerns.
Autonomy concerns: fear of losing identity, voice, or control.	Be explicit about what changes and what stays. Document governance rights, brand decisions, and decision-making authority.
Self-interest: protecting roles, programs, or favored donors.	Surface interests openly and early. Use a neutral facilitator if needed. Anchor every decision in mission impact.
Organizational culture mismatch.	Conduct a cultural assessment in the feasibility phase. Plan deliberate culture work into integration; don't assume it will sort itself out.

6. Before You Begin: A Quick-Start Checklist

If your board is just starting to explore a possible alliance, work through these questions first:

- Is there a clear, mission-driven reason to explore this alliance (beyond financial pressure alone)?
- Have both boards informally signaled openness to the conversation?
- Can we form a joint task force with balanced representation from both boards and staff?
- Do we have the capacity (time, attention, and modest budget) to run a feasibility study without neglecting daily operations?
- Have we agreed on confidentiality, communication protocols, and a realistic timeline?
- Have we identified outside support (e.g. fundraising consultant, legal counsel, accountant, facilitator) that may be needed in later phases?