WEIGHING UP THE STRATEGIC CASE FOR NOT-FOR-PROFIT M&A

BAXENDALE

A BAXENDALE QUICK GUIDE

What can be achieved through merger or acquisition

More services to offer. By merging with or acquiring an organisation that provides different services but in the same markets

Access to new markets. By merging with or acquiring an organisation that provides the same or similar services but in different markets

Improved capacity. This can be about bringing in new management skills to fill existing gaps or access to innovative approaches such as digital delivery of services.

Growth and financial sustainability. This is almost always a key aim of M&A activity, with achieving financial sustainability increasingly important due to the impact that Covid-19 is having on the economy.

Social impact. All not-for-profits have one thing in common, they exist to make peoples lives better. M&A activity can and should lead to this ultimate objective.

Potential challenges

Strategic misalignment. This occurs when M&A strategy is not developed in a way that supports organisational strategic objectives.

Poorly defined M&A rationale. Not being clear about what is to be achieved through M&A can lead to unfocused partner search with little basis for opportunity evaluation.

Lack of M&A deal resource. Not having the specialist skills in-house or access to the right external support to develop and execute M&A deals.

Loss of Identity. A potential challenge if mergers are likely to be considered, especially if the Board have concerns around maintaining brand and cultural identity.

Capacity to integrate. A key question for any not-for-profit should be the extent to which the management team can do their day job at the same time as integrating both organisations.