

Will More Nonprofits Merge?

When times get tough, talk often turns to merger. The Foundation recently invested \$70,000 to smooth the way for one such marriage.

Fact: “There are more nonprofits than lawyers in the United States,” a 2009 research report noted. It’s called congestion. And now there are fewer dollars to fund its continued existence.

Consider Massachusetts. The state has nearly 37,000 nonprofits — almost double what it had just two decades before. “In an expansive, booming economy, this kind of growth might be welcome or at least sustainable,” wrote Paul S. Grogan, chief executive at the Boston Foundation, “but in an economy that is shrinking, it is cause for serious concern.”

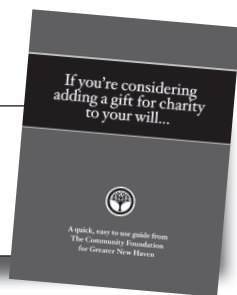
Nonprofits are starting to see his point. In a recent poll conducted nationally by the Bridgespan Group, 20 percent of nonprofit executive directors who responded “stated that mergers could play a role in how they respond to the economic downturn.”

Ask Sandra Koorejian and Marilyn Cormack. Sandy saw trouble ahead for the agency she heads, Domestic Violence Services of New Haven. Government grants, her prime source of funding, looked shaky. So in pursuit of long-term stability, she sought a cost-savings merger with a group providing similar services, The Umbrella, run by Birmingham Group Health Services. And Marilyn, Birmingham’s CEO, knew the merger was critical to the survival of the women and children affected by domestic violence throughout the area. That merger was consummated on April 1. A \$70,000 grant from the Foundation helped cover the costs of the transition.

Will there be more mergers locally? Guidestar counts 1,292 nonprofits in New Haven, roughly one for every 100 city residents. Maybe the time is ripe for some carefully managed consolidation.

Of course, a merger is no panacea. Successful mergers are tough. But they can save an important mission. And The Foundation has made it a priority to help with operating grants so our vital nonprofits will get through the downturn.

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