

INSIDE DEVELOPMENT » BUSINESS INSIGHT: MERGERS

How a midsize NGO creates 'mergers from strength and power'

By Aimee Rae Ocampo | 14 April 2014



East Meets West President John Anner at the Thien Phuoc Orphanage in Vietnam, one of the beneficiaries of the organization's health care programs. Anner said EMW looks at three criteria before considering a merger. Photo by: East Meets West

For the past couple of years, discussions on the future of international nongovernmental organizations have painted a bleak future for the "squeezed middle"— midsize NGOs with a specific technical specialization or that are highly dependent on a specific funding source.

East Meets West is trying to dispel that notion.

Based in Oakland, California, this midsize NGO focuses on delivering health, education, and water and sanitation programs in South and Southeast Asia. Last year, East Meets West merged with Blue Planet Network — a partnership forged around the same time that Save the Children merged with Merlin, which instigated a buzz about merger and acquisition potential in the NGO and international development community.

Instead of completely folding into EMW, however, Blue Planet Network retained its name, brand, website and email address and has become a division of the firm. Lisa Nash, who is the executive director of Blue Planet Network, kept her title and has also become chief marketing officer of East Meets West.

"The Blue Planet Network board dissolved, we dissolved our 501(c)(3) [and] we took East Meets West's 501(c)(3)," Nash told Devex. "Three of the Blue Planet Network board members [then] joined the East Meets West board."

East Meets West is now set to finalize another merger, this time with Coach for College, a "service learning program" that holds summer camps for rural children in Vietnam. The initiative, which brings together U.S. student-athletes and Vietnamese university students to teach "academics, sports and life skills," targets children in rural, low-income areas who are most at-risk from dropping out of school.

EMW currently runs large scholarship programs in Vietnam and India, which help children from low-income families finish high school. Coach for College, EMW President John Anner told Devex, can continue to provide support to these children during the summer.



Parker Goyer, founder and director of Coach for College. Photo by: Coach for College

"We'll be taking over their whole organization, all their staff, everything," Anner said. Once the transition is complete, Coach for College will become a project under EMW.

Four other organizations are also "under active consideration" for potentially joining forces with EMW, according to Anner.

But what is behind East Meets West's merger strategy?

EMW has been incorporating all of its programs under one of three core areas of expertise: water, sanitation and hygiene; health; and education. The process includes evaluating current partnerships to determine if any affiliate could be a good fit for the company. It also involves evaluating startups for their impact on beneficiaries, synergy with EMW's core mission, and funding and scalability potential — both in the countries where they are founded and where they deliver their programs.

According to Anner, EMW analyzed the NGO sector in the United States and found there are 12,400 organizations registered to work internationally. Of these, 10,500 have annual budgets of less than \$1 million.

"The sources of funding are drying up ... so it's very difficult to grow and have the impact that you want to have," Anner said. "So we thought to ourselves, let's see if we can approach a number of these organizations and do a series of mergers that create something that's just bigger and more powerful and more financially stable."

Blue Planet fell neatly into EMW's WASH programming. Long-term durability is one of the biggest problems in the WASH sector, mainly because projects are often poorly designed from the onset. With its open, peer-review model, Blue Planet is able to facilitate constructive discussions between members, which often results in projects that are planned and designed properly and have a better chance of gaining donor funding.

READ: Online platform unlocks knowledge stream for WASH

"Excellent programmatic fit" is one of the three criteria EMW looks for in an organization with merger potential. Blue Planet's online platform was a unique product that fit the bill.

Coach for College, on the other hand, was not as clear-cut. EMW was a financial partner in Coach for College's 2012 summer program in Vietnam. In addition to helping finance the program, EMW provided the necessary licensing and infrastructure, and hired and managed local staff. Even so, Chief Financial Officer Tom Low was initially not convinced that a long-term partnership with Coach for College is in line with EMW's strategic priorities until Low and the rest of the leadership team in Oakland met Parker Goyer, founder and director of Coach for College.

"That meeting was the real turning point," Goyer told Devex. "They were able to see in person my passion for the program and the care with which I had tried to both develop and evaluate it."

You can't do a merger with an organization where you don't have people that you really like and trust.

— John Anner, East Meets West president

At the end of the meeting, the leadership team decided Coach for College would be a good fit for its "accelerator model within the education sector." EMW's board formally approved the partnership in February 2014. Coach for College, which currently has a contract with Duke University, will officially become part of EMW in September 2014.

And this is the second criteria EMW evaluates in potential partners: the people involved. The management team and staff, according to Anner, is "essential in these kinds of mergers because they're built on good personal relationships and you can't do a merger with an organization where you don't have people that you really like and trust."

The third criteria — and perhaps the one most vital to the survival of any organization — is that the funding sources of potential partners should not overlap with EMW's.

"Part of the problem for small nonprofits is that they're very fragile financially," Anner explained. "One big donor pulls out and they lose half of their operations. So this allows us to have a much more diverse revenue base and therefore be a lot more stable financially for both us and for all the merged entities."

Blue Planet derives much of its funding from foundations, trusts, associations and the private sector. At the moment, the largest donors to EMW's WASH programs are the Australian government and the Bill & Melinda Gates Foundation — which, prior to the merger, has not provided funding to Blue Planet.

Coach for College, meanwhile, gains funding mainly from U.S. universities and athletic conferences — a category of donors that EMW has not leveraged for its education programs.

Before any merger is finalized, EMW discloses the plan to donors to explain the rationale for the deal and, hopefully, get their endorsement. Anner noted that in his experience donors are often frustrated with how many small NGOs there are doing the same thing, and that they'd rather see — and fund — fewer high-impact organizations.

"Most mergers in the nonprofit world happen from desperation," Anner said. "What we're trying to do is create mergers from strength and power."

Read more:

- Carolyn Miles: Merger is just beginning of a trend
- iNGO mergers: A solution but no silver bullet
- Reinventing the international NGO

Join the Devex community and access more in-depth analysis, breaking news and business advice — and a host of other services — on international development, humanitarian aid and global health.

ABOUT THE AUTHOR



Aimee Rae Ocampo

In her role as editor for business insight, Aimee creates and manages multimedia content and cutting-edge analysis for executives in international development. As the manager of Development Insider, Devex's flagship publication for executive members, she is constantly on the lookout for the latest news, trends and policies that influence the business of development.

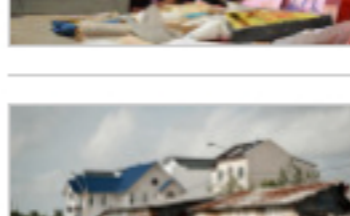
MORE ON THIS TOPIC



Developing partners renew WASH pledges



Bangladesh: How to turn human waste into power



Event preview: This week in development cooperation

Developing Asia should spend more on equity-promoting programs

JOIN THE DISCUSSION

0 Comments Devex - International Development News  Login

Sort by Best  Share  Favorite

 Start the discussion...

Be the first to comment.

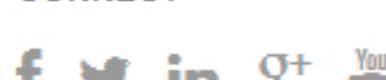
 Subscribe  Add Disqus to your site

DISQUS

EXPLORE DEVEX

- › Community
- › Funding
- › For Executives
- › Jobs
- › News

CONNECT



International Development Business · Careers · News

Founded in 2000, Devex serves a global community of 500,000 development professionals and one thousand funding agencies, companies, and NGOs in 100 countries.

About Devex
Membership & Services
Advertise
Post a Job
Contact Us
Join our Team

ADMINISTRATION

[Edit this Article](#) [Devex NewsLab](#)

ADVERTISEMENT