

May 2018

Charity Merger Survey 2018

What leaders in the sector think

Firetail



Executive Summary

We asked leaders in the charity sector why there are not more mergers, who should merge – and what can be done about it

Introduction

Yet again there's been more reporting on the lack of mergers in the sector. We know that this is a source of frustration. We asked leaders in the sector what they think about mergers, why there are not more, who should merge and what can be done about it.

This research is based on an online survey run in Feb 2018. The respondents were chiefly charity Chief Executives, members of charity senior leadership teams, and trustees.

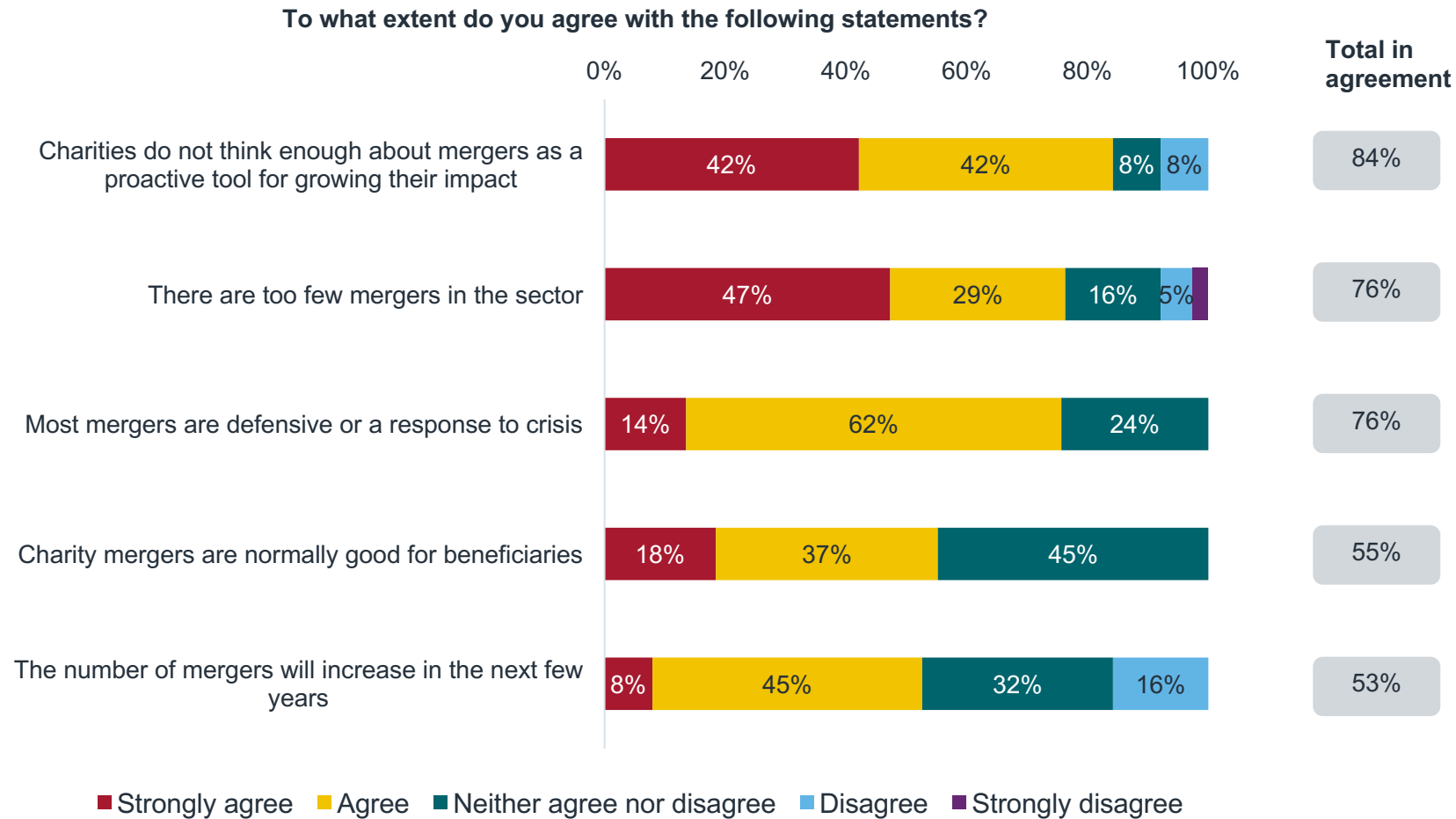
Key findings

- Leaders mostly agree that there are too few mergers (76% agree) in the sector and that most mergers are defensive or a response to crisis (76%)
- They strongly agree that charities do not do consider mergers as a proactive tool for growing their impact (84%)
- Opinion is more divided on whether mergers are good for beneficiaries (55%), and what prospects there are for seeing more mergers in the near future (53% agree that the number of mergers will increase in the next few years)
- Staff and trustees are seen as the most significant barriers to more mergers (59% and 49% see them as a major barrier); opposition from funders and restrictions in governing documents are seen as the least constraining factors
- Children & Young People, International Development and Disability are seen as the top areas for consolidation
- Respondents identified 29 specific mergers that they think should take place, with some receiving multiple nominations. Although the precise combinations differed, cancer charities and children's charities were the most frequently identified.



Findings

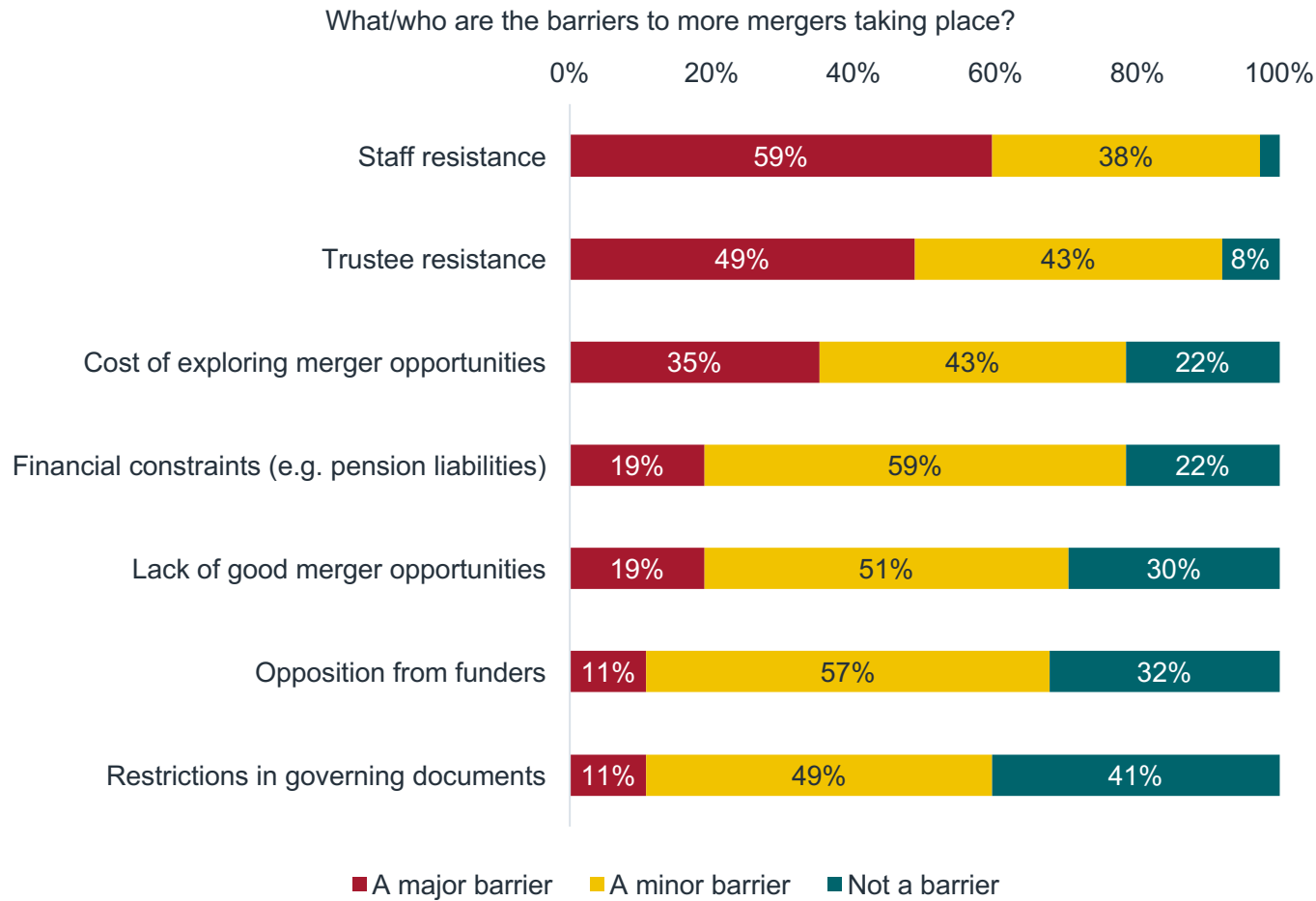
Leaders don't think that charities think about mergers as a proactive option for growing their impact



Base: 38

Findings

Staff and trustees are seen as a the main barriers



Base: 38

Charity leaders on barriers to mergers

“It’s quite hard to generalise (esp. staff and trustees: total veto to not a problem in principle in the context of strategic change). But strategic capacity, opportunity cost of serious exploration seem foundational. The other barriers don’t get triggered without that. And are potentially surmountable with it. But a hard nut to crack incrementally.”

Charity senior leader

“There seems to be an underlying assumption that mergers are a good thing and are therefore an inevitable or expected cause of action for a charity. They are just one option that should be under consideration when charities review their strategic options, along with winding up.”

Charity Chief Exec

“Essentially there is a lack or horizon scanning by trustees who tend to only think about it when things are looking tricky, by which time financial constraints become a reality.”

Other

“Senior management/founder resistance more is likely to be influential than staff resistance.”

Charity senior leader

“Ego - both of staff / passion for THEIR charity and THEIR way doing things. Threat of loosing jobs for senior staff in a constricted space.”

Charity senior leader

“I think we just lack imagination about it and are very busy elsewhere, rather than it being actively considered and then abandoned for any of the reasons above.”

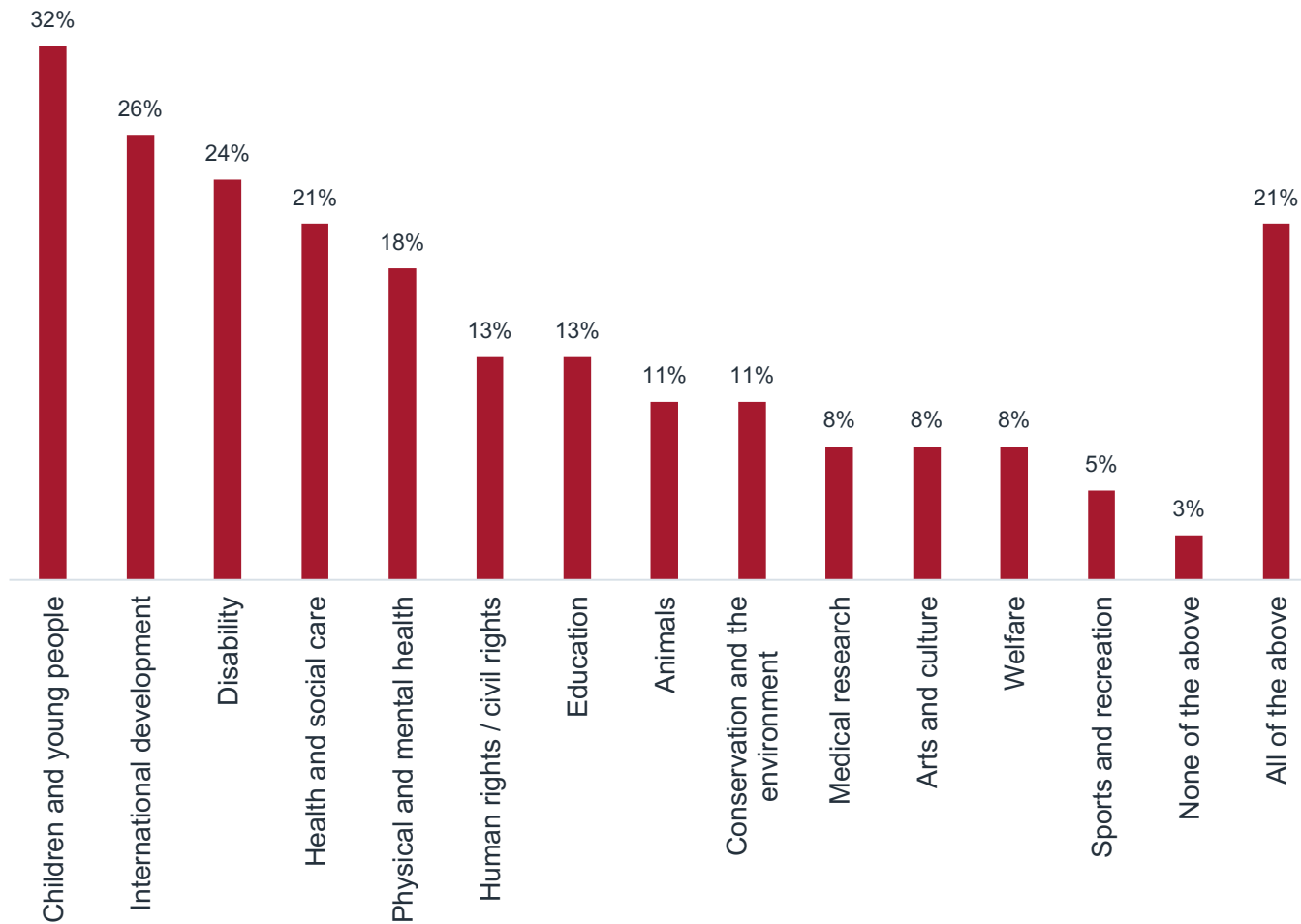
Charity senior leader



Findings

Children & Young People, International Development and Disability are seen as the top areas for consolidation

What sectors do you think would benefit from consolidation? Please tick up to three



Specifics mergers

Respondents identified 44 specific mergers that they think should take place

Of these, 9 involved cancer charities, including combinations of major players (CRUK, Macmillan, Marie Curie) and combinations of medium-sized charities (Anthony Nolan, Bloodwise, The Brain Tumour Charity and Brain Tumour Research)

A further 6 of the mergers involved different combinations of large children's charities, including Action for Children, Barnardo's and NSPCC

Specific mergers cited more than once:

- Action for Children and Barnardo's
- Shelter and Crisis
- Anthony Nolan and Bloodwise

Base: 38



Findings

What specific charities do you think should seriously consider merging?

Action for Children	Barnardo's
Action for Children	NSPCC
Bloodwise	Anthony Nolan
Carers Trust	Carers UK
Comic Relief	Children in Need
Crisis	Shelter
Cancer Research UK	250+ new cancer charities
Epilepsy Society	Epilepsy Action, Epilepsy Research UK
Hope and Homes for Children	Lumos
Macmillan Cancer Support	Cancer Research UK
Macmillan Cancer Support	Marie Curie
Meningitis Research Foundation	Meningitis Now
Migrant Voice	Migrants Rights Network or JCWI
Migrants Rights Network	JCWI
Military (most)	Military (most)
ONE	Global Citizen
Ovacome	Ovarian Cancer Action
Oxfam	Action Aid
Pancreatic Cancer Charities	72 other pancreatic cancer charities
Refugee Council	Refugee Action
Restless Development	YMCA
RNIB	Guide Dogs
SafeLives	Women's Aid
SANE	Rethink Mental Illness
Teach First	Ambition School Leadership
Teenage Cancer Trust	Clic Sargent
The Brain Tumour Charity	Brain Tumour Research
Turning Point	Addaction
Youth United	Step Up To Serve

Bold: Multiple respondents



Charity leaders on possible mergers

“AFC and Barnardo's do the same thing and are in competition - so, support costs, management costs would reduce, expertise and focus would be complimentary/added impact, policy voice is stronger. NSPCC have voluntary income and Barnardo's have a strong trading arm. Together a mega merger would be powerful and benefit funders, clients and be a stronger voice to government.”

Charity Chief Exec

“Most corporate mergers *destroy* shareholder value. So maybe the charity sector has the level about right - only the careful and the desperate should proceed.”

Charity Chief Exec

“I think consolidation is required in much of the health and social care sector given funding is being driven down and regulatory requirements increase so some consolidation to face that would help.”

Other

“I've restricted to one sector, but the principle benefits - reduced cost base, more spend for front line activity, great advocacy weight, working capital freed up from reserves (what's the total charity sector reserve base that is not currently put to work on impact - a billion???)”

Charity senior leader

“These are more high profile charities but the majority of merges should be of the proliferation of small charities. The number of tiny charities in the UK is needlessly huge.”

Charity sector worker

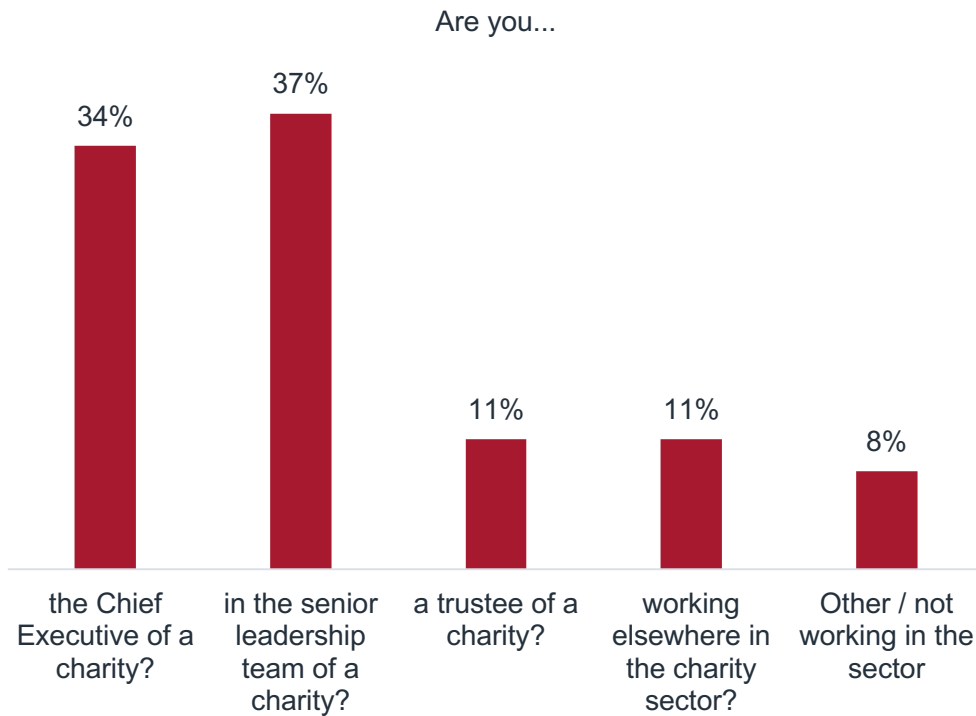


Approach

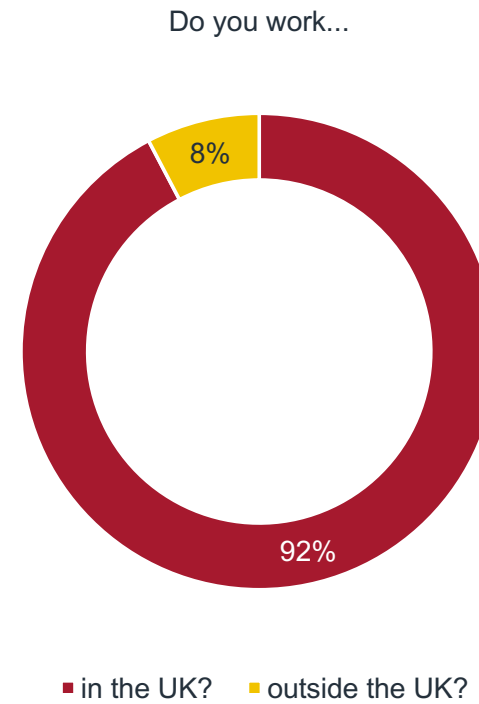
Methodology

Methodology

- Fieldwork carried out in February 2018 via online survey
- Respondents recruited through Firetail's network, regular briefing and social media



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