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## Pittsburgh nonprofit groups could be eyeing strategic acquisitions in tough economy

Pittsburgh Business Times - by [Patty Tascarella](#)

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Todd Owens, a principal of Downtown-based nonprofit consultants [W Dewey & Kaye](#), a [W McCrorry & McDowell](#) company, said nonprofit organizations that are heavily reliant on government funding and have not developed compensating strategies for the cutbacks "will definitely be feeling the economic pressure as soon as this July."

Last month, two local foundations announced plans to merge. The Community Foundation of Westmoreland County will become part of the much larger Pittsburgh Foundation, pending authorization by the commonwealth of Pennsylvania, which is expected within three months. CFWC will retain its identity, staff and offices, but will be able to realize savings.

CFWC President Kirk Utzinger expects to see more nonprofits combine.

"Economics combined with growing pressures to reduce duplication, overhead and dysfunctional organizational models will drive this initiative for many years," Utzinger said. "Smaller organizations must have something unique to offer the acquiring partner — product or service or culture. Larger organizations must be able to communicate a clear message that allows for meaningful levels of local identity or ownership, autonomy and retention of the smaller organization's culture."

Just as with for-profit companies, compatibility is crucial on multiple levels — staff, trustees, donors and community partners.

"The organizations must truly like and respect each other, and play well prior to courting," Utzinger said.

Owens said pluses for a smaller organizations can include stability, potential for higher compensation/benefits, better information technology and systems, more opportunities for staff advancement and professional development.

"That said, in nonprofit acquisitions, the imperative is advancing mission and increasing impact," he said. "Nonprofits, by and large, are significantly undercapitalized and, as a result, economic savings are rarely the primary outcome."

A full merger takes more time, costs more money, and is, potentially, more stressful to the organization "than you might initially think," Owens said. "If the rationale for the merger is short-term cost savings, you will likely not realize that goal."

He believes alliance and merger structures can be more adaptable and relevant than a full merger.

"The first two questions to ask are: Do we trust and have experience working with the potential merger partner? Are there any red flags that need to be addressed early on to see if it is a fit?" Owens said.

*For the full print edition story: "Some companies, including banks, have been positioning themselves to make acquisitions" click [here](#).*