

Case Study: NetAid

Snapshot

Name of Organization:	NetAid
Type of Organization:	International Development
Type of Engagement:	Nonprofit Merger
Social Impact Area:	Sustainability

Background

NetAid is a New York-based organization that works to educate, inspire and empower new generations of young people to fight global poverty throughout their lives. Founded in 1999 by the United Nations Development Programme and Cisco Systems, the organization started with rock concerts in 1998 to raise awareness of global poverty. Its initiatives soon expanded to include a dynamic online educational website with opportunities to take concrete actions to improve the lives of impoverished people through innovative programs such as the NetAid Global Citizen Corps, which empowers high school students in the U.S. to educate and rally their peers in efforts to end global poverty.

While NetAid had a powerful vision and innovative programming, the organization was losing money overall each year. Realizing that this was not a sustainable model, NetAid wanted to explore opportunities to partner with other nonprofits that would help continue its mission. With this goal in mind, the president of NetAid, Kimberly Hamilton, approached CWV to explore merger opportunities for the organization. Kimberly saw the value of working with CWV as an opportunity to expand the reach of NetAid's awareness and action opportunities for youth in a more sustainable way.

CWV's Solution

In order to identify potential merger opportunities for NetAid, CWV helped NetAid develop a value proposition to other organizations. CWV determined that although NetAid was losing money each year, it still had \$3,000,000 in cash reserves that would be an asset for other nonprofits. NetAid also had developed a strong presence in the high school and collegiate community and had a sophisticated website which could be of great interest to international development organizations looking to improve their youth outreach.

Once NetAid's value proposition was articulated for potential partners, CWV consultants then performed an initial scan of potential merger opportunities. CWV identified twelve organizations, assessed their organizational and mission fit with NetAid, and facilitated initial discussions with the most promising organizations. At the end of these discussions, CWV developed recommendations regarding which partner organizations should be pursued further and suggestions for how partnership relationships could be structured. Additionally, CWV provided NetAid with advice for transitional planning and prepared NetAid leadership to address all of the essential issues they would face in the event of a major organizational change.

Initial merger conversations with potential partner organizations were fruitful, with one nonprofit, Mercy Corps, an international humanitarian aid and development organization that focuses on emergency relief services, economic development and civil society issues, emerging as the most promising partnership. Mercy Corps was particularly interested in NetAid's web-based youth outreach programs and saw great opportunity in sharing that knowledge. Once the

partnership with Mercy Corps was developed, NetAid re-engaged CWV to help negotiate the merger and assist with managing the organizational transition. The merger was successfully completed at the end of 2006.

“The merger proposition came at the right time for us. From our standpoint it clearly made strategic sense to leverage what expertise NetAid already had built and integrate it into the web-based and outreach arm of Mercy Corps.”
–Neal Keny-Guyer, Chief Executive Officer, Mercy Corps

Results

As a result of its engagements with CWV, NetAid was able to articulate its value proposition to other nonprofits and successfully merge with Mercy Corps. Both NetAid and Mercy Corps were excited about the synergies that their organizations had which could allow them to further their mission impact.

Specific results from the NetAid/Mercy Corps merger include:

- Full integration of NetAid’s staff and strategies into the Mercy Corps organization.
- Utilization of NetAid’s sophisticated web technology to increase Mercy Corps’ outreach to high school and collegiate students.
- Opening of the \$5.4 million Action Center to End World Hunger in 2008, including educational programming and web-based outreach by NetAid. A second center will be opening in Oregon (Mercy Corps headquarters) with the help of NetAid’s technological expertise.
- Incorporation of NetAid board members into Mercy Corps’ advisory board and the board for the Action Center to End World Hunger.

“I think we’re much farther down the road towards our objectives and measurements of success through the merger than if we had tried to create skills and talents on our own. NetAid had great online expertise and such a youthful culture that brought some great energy and passion into our organization.” –Neal Keny-Guyer

Lessons Learned

The engagement with NetAid highlighted the importance of developing a clear value proposition for organizations that are interested in partnering or merging. Acknowledging the assets and mutual needs of organizations involved in a potential partnership allows for innovative synergies to take place that can further mission impact and sustainability.

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