Understanding the Federated Model. A series of publications

Local Business Structures within a Federated Model

Organizations need to consider how ready they are for change, whether they have the resources necessary to support the level of change they envision, and the risks and potential rewards involved.

Big Brothers Big Sisters of Canada
Les Grands Frères Grandes Sœurs du Canada

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Strategic Leverage Partners Inc.

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Executive Summary

Discussions about alliances and strategic restructurings are increasing in the nonprofit sector as organizations look for more effective ways to meet the needs of the communities they serve. Whether set in motion by a sudden change in the status quo, pressure from funders, or strategic plans that point to the need for more efficient and effective tactics, organizations are seeking better ways to organize themselves and leverage available resources.

While collaborations amongst nonprofit organizations have become increasingly common, many are short term in nature and built around available funding. Nonprofit organizations are becoming increasingly aware of the benefits of establishing strategic alliances that are relationship rather than grant based and involve active work on substantial issues on an ongoing basis. Some of these start out as informal collaborations and grow into more formal partnerships around programs and services. Some find the rewards so compelling that they decide to go further and cement the relationship by establishing management service organizations or merging.

Big Brothers Big Sisters of Canada has a long term goal of reaching 100,000 children, up substantially from current levels. While Big Brothers Big Sisters of Canada agencies provide service to over 1,000 communities across the country, there are still many parts of Canada where children do not have access to Big Brothers Big Sisters programs and services. The larger agencies, which already serve beyond their immediate communities, are being approached to extend their reach into other communities. A number of smaller agencies either want to extend their reach or are struggling to maintain service. Many local leaders within the Big Brothers Big Sisters of Canada movement see the need for their organizations to evolve further in order to expand the number of children they serve.

Today, agencies are more willing to talk about mergers and consider structural change as a means of meeting goals, and some agencies are actively looking at opportunities to partner and/or merge with others. Greater collaboration with other youth serving organizations and NGOs is occurring as successful agencies are being asked by funders to take on leadership roles outside of the Big Brothers Big Sisters organization. As a result, these agencies are not only extending their reach within the Big Brothers Big Sisters of Canada network but are becoming more outward looking.

There are numerous approaches to scaling out that allow varying degrees of autonomy and require varying degrees of integration. They range from loose alliances to those that require a change in corporate structure, such as mergers. They run the gamut from arrangements that involve a single community to those that extend to a region or province and involve affiliates of one related organization or many non-related organizations. On the other hand, some of the most successful organizations stay small and create impact by aligning themselves with like minded, long term partners. Rather than scaling out using the approaches just discussed, they share more of a lateral relationship with other organizations to build capacity outside of their organizations and increase their impact beyond what they would be capable of on their own.

Implementing alliances and integrations is not without its challenges. Most of these challenges are around human issues as organizations struggle with the fear of losing what they see as their uniqueness and the cost to their organizations in terms of time, energy, and resources. Organizations need to consider how ready they are for change, whether they have the resources necessary to support the level of change they envision, whether the change will be not only well received but supported by their stakeholders, and the risks and potential rewards involved. Oftentimes, organizations have found that acquiring resources for scaling out is very different from acquiring resources for their original programs or services. As they look to the rewards, organizations also have to consider the downside to the community, the client, and the organization's reputation if things do not go as planned and find the best way to balance risk with reward. Experience tells us that the benefits to brand and knowledge often exceed expectations while economies of scale generally tend to disappoint at least initially.

Given the cost involved, organizations can benefit from the lessons learned by others who have gone though structural change. By far the factor most often credited with success is keeping the mission front and centre. Perhaps equally important is the inclusiveness of the process, trust, and the key role played by the leaders of the organizations involved. Those who have been through change also stress the importance of communication, organizational culture, the process for decision making, due diligence, planning, timing, patience, flexibility, and resources.

This report attempts to provide some consistent language around the organizational structures utilized by Big Brothers Big Sisters of Canada agencies across the country and looks at the various structures available and how successful organizations have extended their services and broadened their client base to achieve greater impact.

It also speaks to what the national organization can do to help facilitate growth within the Big Brothers Big Sisters movement in Canada.

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INTRODUCTION

Background and goals of this research

In 2013, Big Brothers Big Sisters of Canada will be celebrating its 100th anniversary. When Big Brothers Big Sisters of Canada developed its current strategic plan in 2003, the organization established a goal of serving 100,000 children by 2013. More recently, Big Brothers Big Sisters of Canada reaffirmed its stretch goal of serving 100,000 children, but extended the time frame. When the goal was initially established, Big Brothers Big Sisters of Canada established four interdependent priorities to ensure the future success of the network. Key amongst these priorities was ensuring sustainable organizational growth. Since then, local agencies have been enjoying varying degrees of success in increasing the number of children they serve and building and leveraging the infrastructure and alliances necessary to achieve growth on a sustainable basis. Some of the more entrepreneurial executive directors have been proactively seeking out and developing valuable alliances and have, as a result, experienced significant growth. Others have maintained the status quo and have experience little or no growth. A number of local agencies are witnessing a decline in their numbers and are struggling to survive. There is growing concern that the failure of these agencies will have an adverse affect on the Big Brothers Big Sisters brand.

Recognizing that simply increasing the number of agencies would not be the most effective way of achieving sustainable growth, Big Brothers Big Sisters of Canada engaged Strategic Leverage Partners (SLP) to conduct research into various models for scaling out, paying particular attention to the means by which the more successful organizations have extended their services and broadened their client base.

Although not part of the primary mandate of this research, Strategic Leverage Partners also took the opportunity to assist Big Brothers Big Sisters of Canada in learning how the National organization can provide greater value to its members. The findings from this additional work are included in Appendix II.

Overview of research methodology

This study was carried out through the use of a literature review, focus groups, and interviews with agencies and organizations that have been successful in scaling out. Following an extensive literature review, two focus groups were held, one with the Big Brothers Big Sisters of Canada Agency Services Team and a second with the executive directors of the Big Brothers Big Sisters of Canada Metro Agencies group. Individual interviews were conducted with key informants from within the Big Brothers Big Sisters movement in Canada, the United States, and Internationally as well as leaders from other federated organizations and academia.

The literature review provided SLP with background as to the types of structures found within multi-site organizations (both for profit and non-profit), the strategies that organizations have used to scale out and broaden their reach, and the knowledge that these organizations have gained from engaging in structural transformations.

The focus groups provided insight into the types of structures found within the Big Brothers Big Sisters movement in Canada, the strengths and weaknesses of these structures, challenges faced by local agencies, and ways in which the more successful agencies have reached out to broaden their client base and increase their impact. Armed with this information, SLP developed a set of questions to further explore with organizations within and beyond the Big Brothers Big Sisters movement.

SLP conducted phone interviews with the leaders of 10 Big Brothers Big Sisters of Canada agencies, 7 national leaders (past and present) of other federated organizations, and one researcher. SLP also conducted 5 face-to-face interviews with 6 leaders (past and present) of 4 external organizations. Some interviewees responded in writing as well as verbally.

Terminology and language used in report

As SLP carried out this research, it encountered a number of terms that meant different things to different people depending on their backgrounds and experience. It was also quite common to see different terms used to describe similar approaches and structures.

In this report, we attempt to both limit the number of terms used to describe various structures and approaches and use terms in a consistent manner. Because we are reporting back on what we discovered in verbal and written communication, some of the terminology used has been "translated" in an attempt to be consistent with the usage as defined in this report.

REVIEW OF THE LITERATURE

For the purpose of this literature review, "Strategic alliances" is the overarching term that describes relationships that run the gamut from alliances and collaborations at the less structured end of the spectrum to mergers and consolidations at the more structured end of the spectrum. The terms "alliance", "collaboration", and "partnership" are used interchangeably to describe more informal associations unless otherwise noted. "Strategic restructurings" refers to mergers and consolidations unless otherwise noted. The literature is not consistent in differentiating between basic organizational structures and the more informal alliances that can be entered into regardless of the basic organizational structure adopted.

The environment and catalysts for strategic alliances

Discussions around strategic alliances are increasing in the nonprofit sector. This follows a trend of corporate restructurings in the for-profit sector and is driven by a host of factors that include a desire to meet community needs, competition, sustainability, encouragement by funders, and an increasing number of nonprofit leaders with solid management experience. There is also a shift from less formal collaborations to establishing more formal partnerships and integrations and there is some movement in the direction of a network approach to integrated partnerships.

One of the most common reasons cited for nonprofits to pursue alliances and strategic restructurings is to broaden their scope in order to meet community needs. Ferronato and Perry (2003) contend that nonprofits need to find new ways of organizing themselves and collaborating with others to "survive, grow, and thrive". Important factors identified by others include a leadership vacuum, the rise of managed care in the U.S., an increase in the number of nonprofit organizations and competition for resources (i.e., funds, leaders, staff, and board members), the potential for increased funding, pressure from funders, a change in the environment requiring a different way of operating, strategic planning, and sustainability issues as well as a desire to add expertise, collaborate on programs and increase internal efficiencies.

In an extensive study produced by Kohm, La Piana, and Gowdy (2000), the authors contend that strategic restructuring in the broader sense is set in motion when at least two of the following conditions exist: 1) a sudden change in the status quo, 2) the availability of a forward thinking individual willing to champion a strategic restructuring, and 3) a change in the environment that calls for a change in the way an organization does business.

Yankey, Jacobus, and Koney (2001) break down driving forces into environmental, programmatic, managerial, and financial. Under these categories, they identify additional factors that cause organizations to collaborate. These include rapid growth in the sector; a greater need for advocacy; the expansion and diversification of services; a need to ensure that an important service survives; a desire to improve the quality of programs and reputation; the acquisition of intellectual capital; opportunities for specialization; opportunities to energize the board; a need to overcome scandal and increase organizational visibility, and opportunities to diversify funding and gain access to capital.

Strategies for scaling out

Interestingly, when one thinks about sustainability, thoughts often turn to downsizing and streamlining. However, some have found that scaling out has created organizational strength and led to an enhanced ability to meet the needs of the community.

Once an organization has decided that it wants to scale out, it must determine the best way to do so. Anderson, Dees, and Wei-Skillern (2002) provide a conceptual framework, a Matrix of Strategic Options for Scaling, that nonprofits can use to identify and assess their options. One axis represents "what" you can scale (programs, organizations, and principles) and the second axis represents "how" you can scale (via dissemination, affiliation (with varying degrees of formality and prescription), and branching). They identify the pros and cons of each type of scaling and provide a set of factors for organizations to assess as they contemplate their options. These factors include assessing an organization's readiness for change, resources available to make the change, demand for the change, and potential risks and returns.

It is important at this point to differentiate between true collaboration and collaborations that exist in name only, and La Piana (2001) notes the following as the common characteristics of real collaborations. They are relationship based, voluntary, have time to mature, involve active work on substantial issues, and do not depend on grant money.

Approaches to scaling out

Numerous approaches to creating strategic alliances can be found in the literature. Not only do individuals use different terminology to identify the structures used, but often even when similar terminology is used, definitions are inconsistent.

The following provides a number of approaches identified in the literature. Various other approaches are included in a number of the books, reports, and articles reviewed and these publications are included in the bibliography of this report.

Kohm, La Piana, and Gowdy (2000)

In a report on strategic restructuring produced in 2000, Kohm, La Piana, and Gowdy divide strategic restructuring into two main categories, alliances and integrations, the main difference being whether or not a change in corporate structure occurs. They then further subdivide each of these categories into various types of arrangements that can be entered into. Their research allows the reader to visualize where various arrangements stand on a Partnership Matrix that aligns degree of autonomy/integration with the primary focus of the relationship (programmatic or administrative).

Alliances

They define an alliance as "a strategic restructuring that includes a commitment to continue for the foreseeable future, shared or transferred decision-making power, and some type of formal agreement". Alliances do not, however, involve any change to the corporate structure of the organizations involved. They include administrative consolidations and joint programming partnerships in this category. Alliances as they define them tend to be formed between arts and culture organizations, have small budgets, have fairly inactive boards of directors, and be located in rural rather than urban areas.

Integrations

The report defines integration as a "strategic restructuring that includes changes to corporate control and/or structure, including the creation and/or dissolution of one or more organizations". Management service organizations (MSOs), joint ventures, parent-subsidiary structures, and mergers all fall into this category as defined in this report. According to this report, integrations tend to be more common in human services organizations, have larger budgets, have active boards, and tend to be located in urban rather than rural areas.

Yankey, Jacobus and Koney

Yankey, Jacobus and Koney (2001) visualize strategic alliances along a continuum that extends from those arrangements that require the relinquishing of the least amount of autonomy to those requiring organizations to relinquish the most. They contend that the choice of an alliance structure is highly influenced by how much autonomy participating organizations are willing to relinquish. The more autonomy relinquished, the higher the risk and the more structure and control required.

They don't attempt to place strategic alliances in any particular category but do break down the types of arrangements that organizations enter in some detail. They include: co-sponsorships, which typically require participants to give up little autonomy; federations, coalitions and consortium, which require partners to give up more autonomy; joint ventures, networks and parent-subsidiaries, which require more integration, and mergers and consolidations which require the most integration and relinquishing of autonomy. They also consider mergers and consolidations to be separate categories as the former results in one of the organizations becoming part of another, while the latter results in a new organization and the dissolution of the both organizations.

Arsenault

Arsenault (1998) uses a similar approach to that of Yankey, Jacobus and Koney (2001) in that she sees approaches to restructuring falling along a continuum that extends from what she terms joint ventures and partnerships at the low risk, lower cost, greater autonomy end of the spectrum to mergers and consolidations at the high risk, higher cost to create, less autonomy end. She speaks to four structural approaches including joint ventures or partnerships, management service organizations (MSOs), parent corporations, and mergers.

Arsenault defines joint ventures as an "undertaking of two or more organizations for the accomplishment of a specific purpose" and breaks them down into three types: contractual arrangements, partnerships or Limited Liability Companies, and corporations. She sees these as being used for knowledge sharing, obtaining access to markets not currently served, and the development of new products or programs.

Arsenault defines MSOs as entities "created by one or more nonprofits to provide management and administrative services to either organization". She sees two basic models of MSOs: one being formed when an organization identifies that it has excess administrative capacity that it can share with others on a fee for service basis and a second being formed as a freestanding organization by a number of partners to provide management services to them. Services provided by MSOs would include personnel management; facilities management; fiscal services, accounting records, and audit; fundraising; contract management; marketing, and quality assurance.

Arsenault defines parent corporations as "umbrella organizations under which separate organizations can be grouped". Given that autonomy is often negotiated between the parties involved in an umbrella, she notes that this model can incorporate a variety of models depending on where the authority and control is centered.

Arsenault categorizes mergers into horizontal mergers, vertical mergers, conglomerates, and concentric mergers. Horizontal mergers are used to describe when similar organizations such as hospices come together. Vertical mergers are used to describe when two organizations come together to provide a continuum of services, i.e. a merger between a hospital and a nursing home. She uses the term conglomerates to describe organizations that are formed when two organizations in unrelated fields come together. Concentric mergers are used to describe what takes place when two organizations in the same field, but not competitors, such as a mental health agency and substance abuse centre, come together.

In her book, she defines each type of re-structuring and the purpose for which it is best suited as well as differentiating factors such as authority and control, the degree to which the re-structuring requires integration, the degree to which each requires documentation and what that documentation should include, the extent of associated expenses, the risk factors, the possible applications, and the implementation challenges. She also includes a discussion tool for the allocation of power between parents and subsidiaries, much of which can be used for discussions around control and autonomy issues regardless of the structure selected.

Ferronato and Perryman

In June of 2003, Ferronato and Perryman produced a resource guide that spoke to the various approaches used by Big Brothers Big Sisters agencies in Canada to address challenges of organizational sustainability. Rather than describing structures along a continuum, they focused on approaches that have evolved to fit a variety of agency and community needs. The basic premise of their work is that approaches need to be tailored to meet individual circumstances. They categorized these approaches as area-wide approaches, multi-service approaches, and community coalitions. Each of these approaches allows for the incorporation of various structures depending on the circumstances and characteristics of an individual community. "Area wide approaches" include what they refer to as satellites, field offices, and federations. "Multi-service approaches" offer more diversified services, sometimes by diversifying their own services and at other times through partnership arrangements with other organizations. "Community coalitions" include mentoring organizations working with compatible organizations to strengthen the cause of mentoring on a greater scale.

Wei-Skillern and Marciano (2008) on a network approach to integrated partnerships

Some of the most successful organizations stay small and create far greater impact than they are capable of creating on their own by aligning themselves with like minded, long term partners. A network approach to integrated partnerships is a way for small, local nonprofits that are unable to benefit from economies of scale to have impact far greater than their size.

Quite distinct from Wei-Skillern's earlier work, recent work with Marciano focuses on the value of creating long term partnerships with peers that share a bond of trust and bring different skills, expertise and resources to the table in order to achieve a common mission through a network approach. In their words, "Big problems often require big solutions that few nonprofits can offer single-handedly." Rather than building the hub and spoke model many multi site organizations use, they suggest more of a "lateral" relationship between organizations that share a common vision and values to build capacity outside their individual organizations for use by the network. They contend that in order to build wide scale change, organizations need to invest in a range of strategic networks and focus less on their own interests and internal needs and more on the creation of large scale social impact.

Habitat for Humanity in Egypt (HFHE) understood that alleviating poverty would take more than decent housing and replaced its internal focus with a more external focus and enjoyed greater success than Habitat for Humanity had in any other country in which it worked, touching more lives and transforming communities. Rather than trying to develop its own resources in Egypt, HFHE partnered with local organizations that were already tackling poverty locally to gain on-the-ground knowledge and access to deep relationships that the community based organizations already had. HFHE supported these organizations until they were able to stand on their own. In recognizing the value of forging partnerships with a loose network of local nonprofits and building capacity outside of its own organization, HFHE built 8,000 homes in just 8 years.

Wei-Skillern and Marciano use the term "networked nonprofit" for these nonprofit organizations that use this type of a network approach to integrated partnerships.

Structures for scaling out

While the authors describe many similar structures, in some cases they give these structures different names and in others, where they use similar names, they provide somewhat different definitions. These definitions vary in a number of areas, the most common being the level of autonomy and independence; the sharing of functions, resources, and services; requirements for commonality of mission and goals, and the rights and responsibilities of the various parties. Descriptions of the various structures used in two of the approaches presented in the previous section are provided below.

Kohm, La Piana, and Gowdy (2000)

The following is a list of the structures and their descriptions as set out by Kohm, La Piana, and Gowdy.

Alliances

Administrative consolidations are alliances that include the sharing, exchanging or contracting of administrative functions to increase administrative efficiency of one or more of the organizations.

Joint programming is a restructuring that includes the joint launching and managing of one or more programs to further the programming mission of the participating organizations.

Integrations

The authors refer to four types of integrations and below are summaries of their descriptions of each:

- Management service organization (MSO) involves the creation of a new organization that is launched to carry out and integrate administrative functions to increase the efficiency of the parties.
- Joint venture involves the creation of a new organization to "further a distinct administrative or programmatic end", with partners sharing the governance.
- Parent-subsidiary structure involves the creation of a new or the designation of an existing organization(s) to oversee and increase the efficiency of the administrative functions and programmatic services of the other organization(s) by integrating those functions and services. While the identities of the organizations often remain intact, it is not unusual in this type of structure for them to resemble a merged organization.
- Merger involves the integration all of the functions of two or more organizations for the purpose of increasing their efficiency and program quality. A merger takes place either when one or more of the organizations are dissolved and become part of the surviving organization or when two or more organizations are dissolved and establish a new structure that incorporates some or all of the functions of the old organizations.

In a separate article, La Piana Associates present a further option for sharing administrative functions:

- An administrative collaboration is an informal arrangement that involves the sharing of services or expertise (examples: best practices, underused resources, staff time)

Yankey, Jacobus and Koney (2001)

The following are the classifications and descriptions as set out by Yankey, Jacobus, and Koney in their report:

- Co-sponsorship is an alliance in which two or more organizations share (although not always equally) in the offering of a particular program or service. The organizations share in the potential benefits and risks associated with sponsoring the program or service.
- Federation is an alliance of member organizations established to centralize common functions. This type of alliance frequently coordinates fundraising, public relations, training, and lobbying for members. Members are independent, but the alliance often determines members' roles and resource allocation through policy development.
- Coalition is an alliance of independent organizations which usually share a political or social goal. This form of alliance is frequently established for a limited or specific purpose(s). Member organizations retain autonomy and make varying contributions based on their resources and expertise. This form of alliance may have a central coordinating staff (volunteer or paid).
- Consortium is an alliance of organizations and individuals representing customers, service providers, and other agencies who identify themselves with a specific community, neighbourhood or domain. Members collectively apply their resources to implement a common strategy and achieve a common goal. The alliance frequently is sponsored by convening organizations that take responsibility for overall coordination.
- Network is an alliance of organizations which share resources for mutual benefit such as service provision. Formal, legal documents govern the sharing of resources, but organizations maintain their own identities, governance and core functions particularly for activities beyond the scope of the network

- Joint Venture is a legally formed alliance in which member organizations maintain joint ownership (generally through a joint governance board) to carry out specific tasks or provide specific services. Member organizations retain their individual identities and governance for activities outside the scope of the joint venture. If an organization withdraws, the joint venture dissolves or reconfigures. This type of alliance frequently functions as an unincorporated business, with financial results flowing directly to partners.
- Parent-Subsidiary is an alliance in which an organization acquires, creates or affiliates with another organization to better pursue its mission. The parent oversees the subsidiary, the range and power of oversight determined by the design of the parent corporation's by-laws. In many instances there is interconnectedness between the parent's board and the subsidiary's board. This type of alliance frequently is established by a parent corporation to avoid losing its tax-exempt status or to limit liability.
- Merger is a statutorily defined alliance in which one organization is totally absorbed by another. The absorbed organization is completely dissolved and the surviving entity owns the assets and liabilities of both. A merger may be traditional, discretional, or involuntary.
- Consolidation is an alliance in which two or more organizations come together to form a new organization. The participating organizations are dissolved to create the alliance. The assets and liabilities of the former organizations are combined and a new governing board is created

Whether an organization merges or consolidates is dependent on factors such as the degree of identity retention desired by each party, the strengths and weaknesses of the parties involved, and how the resulting organization wants to present itself to its stakeholders.

Challenges to developing alliances and strategic restructurings

Most challenges in forming strategic alliances are around human issues rather than financial, program or service issues. Egos, fear of change, fear of letting go of what you already have, fear of the unknown and fear of failure frequently block strategic alliances. Fear of loss of status, fear of lost jobs, and power struggles are also thought to be important factors. In some cases, organizations have to be willing to dissolve their corporate structure, which requires a leap of faith regardless of any agreement put in place.

Several studies spoke to the importance of a good cultural fit. One that spoke to the significant role that cultural difference can play in planning, implementing and managing strategic alliances noted that culture clashes are often not anticipated and thus not planned for and can result in people pulling in different directions, lack of trust, and a greater investment of time, money, and effort than initially planned for. In some cases, they can go so far as to derail strategic alliances that make perfect sense from a fiscal or programmatic perspective.

Kohm, La Piana, and Gowdy (2000) broke down challenges into four areas: leadership problems, funder problems, client problems, and others. The authors cite difficulty on the part of leaders in sharing control and/or making decisions based on personal ego issues as being central to problems in the area of leadership. Under the heading of funder problems, study participants noted the difficulty of convincing funders to maintain funding when restructuring occurred. Under client problems, although there were few, they did note the confusion that can be experienced by clients in non-merger restructurings. Other challenges mentioned by participants centered around the time and effort required to restructure, the lack of availability of successful models used by others in similar situations, and fear of losing visibility and identity. Although participants in this study included staff layoffs, competing goals, dealing with stakeholders, and working out legal agreements among the least significant challenges experienced, these factors were noted throughout the literature reviewed as challenging in either the discussion or implementation phases of a strategic alliance.

Others spoke to relationship problems that can and do occur between national and regional staff. Some cite an organization's fear of losing its uniqueness, not paying enough attention to the interests of all of the parties involved, not appreciating the depth of change required, and not recognizing the threat of resistance early enough. This same report noted that smaller organizations often fear being "swallowed up" by larger organizations.

Another significant challenge has to do with the time that needs to be invested and the assistance that is required following change. Many nonprofits, particularly the smaller ones, are extremely lean and completing these transactions can come at great personal costs to the executive directors, who often become overextended and don't have the benefit of mentoring programs.

Boards can also create challenges. In a paper presented by Harrow and Cripps (2004), they spoke about the lack of leadership on the part of boards and their failure to tackle difficult issues and postulated that boards were abdicating their responsibilities in this area. Some sources noted that board members can be overly protective of their chief executives and have difficulty putting the needs of their organizations ahead of their chief executives. Board representation can also be an issue as can different approaches to governance when organizations join forces.

One study noted that organizations have a tendency to loose momentum when the circumstances that led to seeking a partner change and also once a restructuring has been successfully negotiated. It also spoke to the difficulties posed by continuing to operate out of separate locations, the challenges that arise when systems to support the new entity are inadequate and resources are constrained, and the confusion and anxiety that accompany the departure of a key leader.

Kohm, La Piana and Gowdy (2000) determined that integrations are more challenging than alliances, particularly in the areas of staff layoffs; dealing with funders; culture; adjustment to new roles; administration; trust; interpersonal conflict, and communication.

Wei-Skillern and Marciano (2008) feel there are numerous practices in the nonprofit sector that hinder the wide scale adoption of a network approach to integrated partnerships. Leaders tend to measure their success by growth rather than impact and thus tend to have more of an internal focus. Boards often share this internal focus. In addition, funders tend to provide program funding rather than unrestricted funds, making these types of networks difficult to support.

The Process

What to consider up front

There are a number of factors that should be considered even before organizations contemplate what they want to scale and how they want to scale. In 2002, Anderson, Dees and Wei-Skillern collaborated on a piece of research around strategies for scaling out and arrived at a set of variables, referred to earlier in the discussion of strategies for scaling out, that organizations can use to assess their options: readiness, resources, receptivity, risks, and returns.

In the area of readiness, they identify the need to have demonstrated success and a reason to think that this success will be transferable. It will not be transferable if the success depends on a particular leader or conditions that exist within a particular market. There must be both a strong commitment on the part of the organization and the depth of resources to make it happen. The key leaders must not only be passionate about the alliance but possess skills that will differ significantly from those required for service delivery. While organizations do not have to possess all the necessary skills on day one, they must be well positioned to build them to meet the demands of the transformation process.

In the area of resources, requirements will vary with the complexity of the "scaling path" being considered. In addition, acquiring the resources necessary for scaling out is very different from acquiring resources for the original service, organization, or principal. Once again, while organizations do not need to have all of the necessary resources at the beginning, they do need to have a plan as to how they will acquire them and a resource model that can be scaled to support the structure they are considering.

The most important elements of receptivity are demand, comparability, and openness. The authors note that while it is one thing to establish need, need does not always equate to demand. Demand implies a willingness on the part of key local stakeholders to contribute resources. Organizations also need to assess how similar conditions are in the current and the target market, and how open the new community will be to accepting people and ideas from beyond its boundaries.

In the area of risk, they identify the need to assess the likelihood of the innovation being implemented correctly and the downside to the community and clients as well as the cost to the organizations in terms of time, money, resources, and perhaps most importantly, reputation, should it fail. The authors note that "social entrepreneurs must recognize and evaluate the trade-offs, finding a path that reduces and manages the risks, while improving the chances of positive impact." In discussing returns, the authors noted that benefits to brand and organizational knowledge often exceeded expectations while economies of scale tend to disappoint.

Selecting a partner

The literature also provides advice on selecting a partner.

Wild Rose Foundation (2001) suggests that an organization first determine what it can offer to a partnership and what it needs and wants in a partner and only then move to identifying potential partners. Following that, it suggests that the organization establish its compatibility on a number of fronts, beginning with the purpose of the partnership and the alignment of mission, values and strategy. Ferronato and Perryman (2003) speak to the careful consideration that has to be given to organizational differences, both those that are obvious, such as size and types of programs, and those that go deeper and are often not immediately apparent. Examples of these would be leadership style and culture.

In the case of administrative partnerships, Coy and Yoshida suggest that organizations should look for a partner that has a mission consist with that of its own organization, similar types of programs, similar type of funding, and an interest in making improvements. In addition, the potential partner should be a solid organization with a sterling reputation and one in which there is trust.

It is not surprising that mergers in the nonprofit area often times occur between parties that know each other well and want to find ways to build on previous successes in working together. In a study of nonprofits in Allegheny County carried out by Dewey and Kaye (2007) over half of the participants had a relationship prior to exploring a merger, mainly in the area of program alliances and collaboration.

The Integration Process

Ferranato and Perryman (2003) contend that agencies should start by determining their own strengths and weaknesses and assessing their opportunities and threats and then design a plan to build on their strengths and address the challenges identified. McKinsey & Company (2001) suggests an analysis of seven elements of organizational capacity, including aspirations, strategy, organizational skills, human resources, systems and infrastructure, organizational structure, and culture.

Once agencies have made the decision to pursue a strategic restructuring, they can either proceed slowly and allow the relationship to grow over time, which is favoured in much of the literature, or they can move quickly to respond to a need caused by sustainability issues or changes in the environment. Ferranato and Perryman (2003) in another of their reports propose a four stage process for mergers and "other deep partnerships" that takes between 18-24 months and includes a succession of steps from making a decision in principal (3-4 months), to overcoming challenges (3-6 months), beginning the merger process (6-12 months), and ultimately redesigning the organizational structure. Most agree that the time involved is often longer than expected.

The Wild Rose Foundation (2001) has produced a guide that takes an organization from determining its own strengths and needs to cementing a deal and evaluating and improving the partnership. The guide suggests that organizations clearly set out the anticipated benefits of the alliance so that they will have something to benchmark to and have a clear action plan and evaluation procedures in place. Another study produced by the Charity Commission for England and Wales (2003) noted the need for realistic expectations so that the parties involved can meet their responsibilities and the importance of policies for day-to-day management to ensure monitoring, accountability and transparency.

Vergara-Lobo, Masaoka & Smith (2005) note the different roles played by the board, the executive director, and funders. While their report speaks to mergers, the roles apply equally to other types of alliances and integrations. The board is charged with making the final decision to accept or reject the merger, but the board members can also initiate the idea, approach potential partners, interview funders and community members, and test assumptions underlying the benefits to be derived. The executive director most often initiates the discussion and becomes part of the merger team. They suggest that the team begin with a list of points that will need to be resolved, ranging from timelines, mission and vision, to who will sit on the board and who will lead the organization from a management perspective, budget, timelines, name, structure, programs and location.

Due diligence is an important part of the process, particularly when mergers are being considered. Vergara-Lobo, Masaoka, and Smith (2005) speak to the need for merger teams to explore debt, pending lawsuits, union issues, membership, and the transferability of bequest, endowments, grants, and contracts and exchange corporate, financial, fundraising, and human resources documents. They stress the importance of doing a side-by-side analysis of the parties involved and the new merged organization, looking at human resources, finances, fundraising, and board matters such as recruitment policies, expectations for personal contributions, board committees, and terms.

Key success factors, lessons learned and tips for achieving success

A number of factors are cited throughout the literature as being paramount to the success of strategic alliances.

Keep mission front and centre: Having a compatible mission and developing a common vision is by far the most often cited key success factor. Regardless of the type of arrangement being pursued and despite the best of intentions, there are always times when frustrations build and problems appear insurmountable. At these times, experts advise, looking beyond personal needs to those of the community. A common thread throughout the literature was that potential partners will be able to stay the course if the mission is kept front and center and reinforced throughout the process and organizations focus on the end rather than the means.

Trust: Trust is equal in importance to focusing on the mission and a main theme throughout the literature reviewed. Yankey, Willen, Jacobus and McClellan (2005) produced a report on the role of trust that spoke to the importance of knowledge sharing, not exploiting vulnerabilities, honouring confidentiality, and living up to commitments to the formation of trust. It also spoke to the value of having a prior relationship. While trust between the board and the CEO is particularly important, building trust, respect and mutual understanding should extend to staff, volunteers, and board members.

Leadership: The literature speaks to the importance of leadership and a champion to driving organizational change, board support and encouragement, and positive relations between the board and the executive. Some felt strongly that this leadership should exist in each organization involved. It also speaks to the need to cast egos aside and put the mission front and center and the value of early agreements around leadership issues.

Communication: Communication needs to be frequent, open and inclusive and should start early to avoid rumours from spreading. It is also important to be inclusive, listen and not assume anything, be open to new perspectives, and ensure that promises are not made that cannot be kept. Paying close attention to the interests and concerns of staff and other key stakeholders during the implementation phase is essential. Care must be taken to differentiate constructive criticism from destructive comments used to protect one's job or turf.

Inclusion: Including all of the stakeholders in the process helps to engage parties at all levels and improve the chance of success. Ensure that the interests of each of the parties are considered.

Decision making: Determine how decisions will be made, define measures of success, and involve the board in the process. Ensure that the role of the agency leading the process is clearly spelled out in the memorandum of understanding along with the process for making major decisions. Use objective criteria to help keep emotions in check.

Independent facilitation and services: The value of an independent facilitator to help the parties through the process surfaces in much of the literature. In one study, over 60% of respondents engaged outside expertise, most frequently in the areas of legal guidance, facilitation, due diligence work, organizational assessment services, and financial reviews, respectively.

Due Diligence: Due diligence is an essential part of the process and there are various approaches that can be taken and various tools to assist in the process. Due diligence should be viewed as a continuous process that extends into the implementation phase. Partnerships and alliances of any form must make sense from a business standpoint and meet the needs of each of the parties.

Planning: Conduct a thorough planning process. Some thought that the structure should not be decided on early in the process, believing that "structure needs to flow out of function and function needs to flow out of vision, dreams, goals, and deepening relationships".

Timing: Partnerships are best pursued when each of the parties is operating from a position of strength. This is paramount to having the resources necessary to take on the additional work and expense and to parties coming to the table as equals and negotiating accordingly. Merging or partnering out of fear or satisfying an immediate need tends not to work well.

Patience and Flexibility: Partners should avoid taking on too much too quickly. It is important to understand that alliances take time and hard work and to allow sufficient time to develop relationships, work through issues and create win-win situations. There must be time to dream, plan, and act and opportunities for people to be educated and time for them to participate in the process. It is important to take the time to build relationships even if there are issues that could otherwise be solved quickly. Although being inclusive can lengthen the process initially, it can also increase buy in and go a long ways towards mitigating problems in the future.

Organizational Culture: Pay attention to differences in values and cultures if and when they surface. It is important to get at the hidden issues that can create problems. When you are contemplating arrangements that will be of a more permanent nature, it is particularly important to examine cultural issues in order to ensure that there is a proper fit between the organizations. Kohm (2004) notes the importance of determining up front how much cultural difference is acceptable and the importance of leaders providing clear and consistent messaging around the importance of cultural integration.

Associated Costs: Ensure that there are sufficient resources available to make the restructuring work and be careful not to under-estimate the cost of integrations in terms of money, human resources, and time.

Human Resources: It is essential to let go of turf issues and keep egos in check. When offices are at a distance, consider hiring local staff with the skills and expertise necessary to work independently.

Boards: Board must be involved and supportive. They must also put their organizations ahead of the career aspirations of their executive directors.

Financial Resources: When new alliances form, particularly in the cases where a number of unrelated parties come together, it is important to have the financial resources to ensure that they can move forward and achieve something concrete.

Advisory Committees: Advisory committees can encourage local engagement but for them to work they need to establish clear roles and responsibilities.

Stakeholders: Alliances and strategic restructurings take a good understanding of the parties involved, including the behaviour of the membership and the ability to obtain sufficient support.

For those pursuing a network approach to integrated partnerships, factors of particular importance are:

- focusing on the mission rather than your organization
- working with both complementary and competing organizations
- building trust across the network rather than exercising control
- viewing yourself as equal, interconnected partners rather than hubs with partners as spokes
- being flexible in terms of the currency with which each partner contributes,
- freely sharing success with others in the network
- demonstrating commitment to the impact of the network above a single organization

KEY FINDING OF SLP'S INDEPENDENT RESEARCH

This section reports on the findings of focus groups and key informant interviews carried out by Strategic Leverage Partners. It begins with an overview of the environment in which nonprofits operate and the trends and challenges that have been driving structural change within the sector. This overview sets the context for the ensuing discussion around the evolution of organizational structures at several organizations that have undergone major transformations.

Next, it focuses in on the landscape and challenges specific to Big Brothers Big Sisters of Canada and the structures found among its local agencies. Finally, it speaks to lessons learned by those who have lead or been actively involved in major transformations in the hope that readers of this report and its accompanying resource kit will benefit from this knowledge.

In addition to the findings related to the primary goals of this research, Strategic Leverage Partners took the opportunity to assist Big Brothers Big Sisters of Canada in learning how the National organization can provide greater value to its members. The findings from this work are included in Appendix II.

Environmental Trends driving structural change

The focus groups and interviews revealed a number of trends driving structural change within the nonprofit sector.

- Funders are using evidence-based decision making and increasingly allocating resources to where they are most effectively employed. As a result, agencies are being asked to demonstrate not only need but also the efficiency and effectiveness of their organizations. This has caused some agency leaders, particularly those of smaller organizations with limited resources, to explore alternative ways of structuring.

- There is a demand for greater accountability and demonstrating success in for-profit terms and a growing appreciation of the need to blend good work with solid business practices. Questions are being asked regarding the level of spending on infrastructure. With decisions being made increasingly from a business perspective, some nonprofits are being asked to explore partnerships and other forms of collaboration in an effort to leverage available funding.

- There is an increasing appetite for mentoring initiatives. There is a growing acceptance of mentoring as an important part of the continuum of youth services and this has increased the level of support for these programs and the desire on the part of youth serving organizations to include mentoring within their mandates.

- More organizations are paying attention to risk management, and reputation risk is one of their main concerns. This has implications for agencies that are part of a federation as their reputations depend on the actions and reputations of members over whose action they have little control. Should a weak agency fail to ensure high standards, the potential exists to negatively affect an organization's brand. This has forced federations and local agencies under a federated structure to look at ways of assisting each other and in some instances at combining poorly resourced agencies with those that are well resourced.

- The landscape of communities is changing as the population ages and the number of single parent families increase. These factors have implications for both the demand for services to support youth and the supply of volunteers that many youth serving agencies depend on to deliver services. Having to serve more people with fewer volunteers encourages organizations to work together.

- As the population ages, organizations are being affected by succession issues. Some of the long time executive directors are starting to think about retirement. Leadership gaps have been the catalyst for a number of restructurings that have occurred within the nonprofit sector.

- There is an increase in concerns around liability being witnessed across all sectors. As a result, boards that identify sustainability as an issue for their organizations are reaching out to stronger organizations for support.

- Organizations are becoming more comfortable with the use of technology. Technology affects an organization's ability to deliver services, both how they serve their clients and how they support/mentor volunteers and staff. For example, communications technology now enables organizations to reach and connect with people in remote communities. Technology in and of itself will change the way people meet and volunteers are recruited. Likewise, people are able to do increasingly more on-line using web-based tools, affecting how resources can be shared and what services can be centralized or outsourced. Technology and the electronic age have blurred boundaries when talking about territory and turf. For example, when people live in one community and work in a neighbouring community, it is harder to determine where donor funds are coming from and where they should be allocated. Agreements between neighbouring agencies about where one territory stops and another begins start to make less sense than partnering and sharing in the fundraising effort.

Challenges contributing to structural change in the sector

- High staff turnover: There is significant leadership (ED) and staff turnover in the social services sector. Changing faces is an enormous challenge to an organization and its clients. High turnover puts an extra burden on staff that may already be overloaded and affects the impact an organization is able to have on its client base given the amount of time involved in rebuilding relationships.
- Competition for good people: The social service sector requires employees who are dedicated to the work they do. However, these individuals often receive lower salaries than they are capable of earning in the private sector. In addition, there is greater demand for more highly skilled and highly trained employees who are able to face an escalating number of increasingly difficult challenges. With a shortage of people in the field and an increased demand for services, organizations have to find ways of becoming more efficient to deal with this imbalance.
- Attracting and retaining good board members and board leaders: There is a lot of competition for effective board members, particularly in smaller communities where a number of organizations are targeting the same individuals. With the move towards consolidation and alliances, there is a greater need for boards to add directors with expertise in alliances and integrations, adding to the increasing list of skills and expertise required of board members in today's environment. In addition, it is becoming increasingly difficult to find board leaders willing and/or able to commit the considerable time necessary to chair boards.
- Sustainable funding: Funders such as United Way are finding it difficult to meet the demands of an increasing number of organizations and, as a result, funding levels have been trending flat to down. Unless organizations can supplement these more consistent forms of funding, they will be forced to do more with less.
- Leadership training and development: Many EDs in the social sector come from a social work background and have not had an opportunity to acquire the management training and business skills necessary to take on new challenges and increasingly complex partnership arrangements in order to successfully meet the increasing needs of the community. This factor has both caused change and made the change process more difficult.
- Recruiting volunteers: There is a growing need for volunteers in the sector, resulting in more openings than there are volunteers to fill them. The sector is highly dependent on the work of volunteers, and without an adequate supply, many nonprofits will not be able to fulfill their mandates.

Structural changes undertaken by local agencies of other Federated Organizations

SLP interviewed a number of current and past CEOs/EDs of other federated organizations including:

- The American Cancer Society (ACS)
- Big Brothers Big Sisters of America
- Big Brothers Big Sisters International
- Girl Scouts of USA (GSUSA)
- Junior Achievement Canada (JAC)

In addition, SLP interviewed Harvard Business School Professor Jane Wei-Skillern, who is well respected in the area of structural models utilized by multi site organizations and has shifted her focus to the area of a network approach to integrated partnerships.

These organizations have made major strides in the consolidation and regionalization of their affiliates. A number of their affiliates have merged into large regional and state/province-wide agencies.

In the external organizations that we interviewed, the restructurings that occurred, with the exception of Big Brothers Big Sisters of America, were transformations planned and directed at the national level. The leaders of these national organizations concluded that it would be more effective to have their affiliates merge in order to succeed in an increasingly competitive and resource constraint environment, create additional capacity and ultimately have greater impact. These mergers have resulted in predominantly regional and several state/province-wide affiliates achieving a greater overall impact and a renewed sense of purpose. It should be noted that most of these transformations were not accomplished through a single restructuring effort.

The American Cancer Society

ACS recently completed a transformation that allowed it to redirect more of its resources to service delivery at the local level. Today, ACS has 13 separately incorporated regional "divisions" . Prior to the transformation, ACS had 57 state and metropolitan divisions. For ACS, the scope of the regional divisions goes beyond state boundaries.

The main change has been less staff time devoted to support of governance functions (board meetings, committee meetings, bylaws, etc.) and more time spent on program delivery and/or fundraising. Under the new scenario, staff time is 100% dedicated to recruiting, training, and retaining volunteers to provide services and carry out fundraising.

Each of the 13 regional divisions has a headquarters. These headquarters were strategically located where they would be legally or geographically advantageous. In selecting the locations, they were also sensitive to where the majority of the employees would be located. Scattered around each of the headquarters are a number of local units where the majority of ACS employees reside. They also have a number of employees who travel frequently and work from home. Every community is accounted for in some way, shape or form through 3000 community based structures that range from units to task forces and steering committees that provide services and raise funds.

All 13 divisions are individually incorporated and operate under a charter from National. These charters have two components. One is a legal document in terms of structure and compliance and the second is a document containing goals and deliverables negotiated between the parties. National has a standard process that they go through with each division, which in turn is responsible for hitting agreed upon numbers within the community. Each and every local unit has employees and their job is to bring volunteers and funds into the organization. Each community has a set of goals for program delivery and fundraising – and these goals are measurable. At ACS, the divisions are the only entities other than the national entity that has a budget. For example, if a division has a $20 million revenue goal, each of the local units has a goal to raise their portion of that $20 million from their community. The divisions control the budget and fund all of the local units, allowing each to provide service.

Before the transformation, some of the previous 57 divisions were in trouble. Today the 13 resulting divisions are adequately funded. At the local level, they are committed to having a program in every community regardless of the funding capacity of those communities. Some do better than others and the ones that are the poorest often need the most support. They set per capital goals for each local unit that vary by the community and regional vice presidents work with staff on the ground and share responsibility with them for achieving these goals. These vice presidents represent a region within a division, although one division has decided to have each regional vice president manage a state rather than a region because organizing around state boundaries was important for lobbying purposes.

The restructuring has had numerous benefits. The organization is now able to attract better leaders, there is a consistent menu of high higher quality programs across the country, and the quality of its volunteers has improved as the quality of volunteers attracted is generally a function of the calibre of an organization's programs and services.

Girl Scouts of USA

Under the leadership of Frances Hesselbein as National Executive Director from 1976-1990 the GSUSA went through a major transformation that included a significant reduction in the number of councils to 335 . In 1989, GSUSA had almost 3.2 million girl members and 751,000 adult members in 196,000 troops that were organized into 335 councils. At its peak in the 1969, GSUSA had 3.9 million members. GSUSA suffered a decline in its membership that started in 1970 and ended eleven years later.

While Hesselbein was leading a transformation of not only the structure but the program itself, there are a number of particularly important lessons on organizational change to be gleaned from the experience. Hesselbein started with the belief that only the best was good enough for girls. She further believed that in order to create the organization that she envisioned it was important that the process be inclusive. A believer in the value of investing in people, she worked with Harvard to design and deliver a leadership program to train those that she considered the best to lead the organization's 335 councils. She credits the Harvard leadership program with transforming the council EDs into superior asset managers and believes that investing in its people is the first investment that an organization should make.

Girl Scout Councils also get involved in collaborations with other organizations. These collaborations are typically entered into on a project basis. The organization is very particular about whom it collaborates with and for what purpose and the councils enter into alliances only with those that have a common purpose (congruent mission) and share principles and allegiances. Each collaboration must have a mission and a vision in order to proceed.

Currently Girl Scouts of USA is engaged in another transformation to reduce the number of councils further to about 100 councils.

Junior Achievement Canada

JA Canada (JAC) has been going through large scale change for the past 5 years. At the beginning of its transformation, JAC had 47 small, chartered licensee organizations (referred to as "charters") across the country. Each charter was separately incorporated. The decision to change was driven by concerns around sustainability. JAC at the national level wanted to remove redundancy and inefficiencies but needed to ensure that streamlining took place without disenfranchising the local stakeholders. Its biggest issue was assuring local donors that their funds would stay within the community.

JAC has taken its number of charters from 46 to 17 (and would like to go to 15) and has basically moved from a national organization with local charters to a national organization with regional and/or provincial charters with district offices . These district offices are used to manage volunteers and deliver programs and have very little autonomy.

National did not wait for leaders that were not on side to retire before making the changes. Board support at the national level allowed them to drive the change. National brought all of the local chapters within a region together, with an external facilitator, to ensure that everyone was aware of the rational for the change and their vision for the future. They had a goal and were mission driven and they wanted to do more to advance their mission. National established a number of dynamics or performance metrics that they were looking for. The facilitators were instructed to allow for local choices within a framework set by National.

As part of the transition, JAC took the executive directors out of the local offices and created regional executive director and regional program director positions. These regional executive directors report to regional boards that are made up of local representatives from the various communities served. Large regional boards also have advisory councils in the local markets where their district offices are located. These advisory councils do not have governance or decision making authority.

As a result of these changes, two significant benefits have accrued to the organization. Firstly, a greater percentage of donor/funder money goes to service delivery. Secondly, the regions are sharing best practices.

One of the reasons, the regional/provincial model has worked well for JAC is because it parallels the country's education model where education is under provincial jurisdiction. In Ontario, because of its geography, they have aligned around school boards.

Big Brothers Big Sisters of America

Big Brothers Big Sisters of America affiliates, like Big Brothers Big Sisters of Canada affiliates, do not have one mandated structure. While interest in consolidation by local affiliates is not currently high, over the last few years there has been some movement to state-wide agencies. Some of these transitions have been successful while others continue to struggle. Alaska and Oklahoma both transitioned to a state-wide structure and the change has been working well. These are large states with low levels of population and one media market. State-wide agencies in the US range from stand-alone agencies to one structure in which the state agency includes most but not all of the state territory, with other affiliates co-existing in the state.

There are also a number of successful regional agencies – North Texas (Dallas) and Denver. When considering a regional structure for an agency, they take into account the service area and its associated media market for volunteers, donors and funders. They also look at the publicity challenges (for example, there maybe one central TV station) in creating/establishing an identity and communications channel to these same groups.

Factors that have contributed to successful restructurings at Big Brothers Big Sisters of America include:

- **"Putting the kids first".** Keep people focused on the mission and away from power and politics.
- **Bringing in the right person to lead the merger.** Strong business and management skills are critical in a leader. Leaders also need to be collaborative. In North Texas, the largest agency in the United States, they brought in an outside person to lead the agency.
- **Developing a strategic plan backed by a good business plan.**
- **Building trust that people will not lose jobs as a direct result of the merger.** Decisions on

how to do things going forward should be joint, picking the best of what the various groups have to offer. Each party should feel that it is bringing some value to the table – not that there is a winner and a loser. Training is important so that people know what's going to happen, i.e. how to do business together.

- **Having the funders at the table, especially when the merger is from pressure in the community.** The funders sober people to the reality of the situation. This was the case in Texas and Alaska and is becoming the case in Oklahoma. In Texas, funders provided one year of funds to fund the merger activity. In Oklahoma, funders are providing the first year of operating funds (additional expenses) and many are committing to providing 3 years of funding. National also came to the table with some funds as part of the larger group of funders. With these funds they were able to hire a chief development officer.

Factors that have contributed to difficult and unsuccessful restructurings include:

- **A power struggle between boards.** In this case, the struggle was finally resolved when two boards met halfway between the two cities and the meeting took place in a social setting. The expectation was that the boards would be the problem but in fact the board came together easily while the staff did not.
- **Too many lawyers.** In this case, 50% of board members were lawyers and they were too detailed and nitpicked about the agreements. The lawyers treated the merger like a corporate merger.
- **Fear, distrust and perceptions on the part of staff.** In this case, the staff from the two agencies perceived each other as having different levels of quality of service delivery. The smaller agency thought the larger agency was all about the numbers and did not care about the quality of matches and the larger agency thought the smaller agency had no idea about quality.

The lessons learned from Big Brothers Big Sisters of America's restructurings have been included in the "Learnings from successful and difficult structural changes" section of this report.

Big Brothers Big Sisters International

In Big Brothers Big Sisters International's plan for the global expansion of Big Brothers Big Sisters services, affiliates of Big Brothers Big Sisters International have central headquarters in their respective countries. In cooperation with Big Brothers Big Sisters International, the affiliate establishes the Big Brothers Big Sisters program at the headquarters location and adds satellite offices when it is ready to serve more children in other communities throughout the country. This national structure is dependent upon central leadership at the headquarters location, and it is the role of the leadership to build a strategic plan for expansion which reflects the needs, resources and cultural diversity of the country's regions.

Network approach to integrated partnerships

SLP spoke with Professor Jane Wei-Skillern regarding an emerging approach to partnerships. In Wei-Skillern's work, she has been seeing a network approach to partnerships starting to emerge as organizations focus on achieving mission impact rather than individual organizational goals. Using the network approach, organizations focus on their own areas of expertise and proactively engage, and at times even support others that have strengths in related areas to achieve a common goal.

Wei-Skillern sees these types of networked nonprofits as some of the most effective in the world. They differ from traditional nonprofits in the following ways:

- They have an external rather than an internal focus
- They put their mission ahead of their organization
- They govern through trust rather than control
- They cooperate as equal nodes rather than rely on a central hub to command top down

By mobilizing not only internal, but also external resources, networked nonprofits can focus on their own expertise while at the same time leveraging the resources of other organizations to achieve broader impact. Network partners can enable organizations to respond more effectively to local needs because network partners with local knowledge and relationships bring that expertise to the network to be utilized by their peers. Additionally, because capacity is being tapped and developed locally, the organizations are better able to become self-sustaining. And most importantly, networked nonprofits can develop more holistic solutions at the scale of the problems they seek to address.

These networked integrated partnerships do not always have a formal structure, but they are based on long term, trust-based relationships. All network members treat each other as equals and defer to each other based on the expertise and resources they each bring to the network. Based on the trust with network partners, participants are willing to invest resources, while sharing, or even giving up control and recognition for their achievements. With these types of networked integrated partnerships, organizations can still sign a contract but not all choose to do so. There also may be some centralization. There is no template – it depends on the situation and is decided upon by the network members. Wei-Skillern has seen these types of networks at the funder level, intra-organization level, and inter-organization level.

An example of a successful networked integrated partnership at the inter-organizational level is Habitat for Humanity Egypt (HFHE). HFHE realized that the traditional model used in the U.S. would not work for them in Egypt and that they had to take a different approach and focus on their own expertise and find local partners to contribute the other expertise required. The National Director in Egypt realized, for a variety of reasons, that he couldn't achieve what he was after on his own. He partnered with existing community development organizations that needed support on the housing piece and supported their peers to develop programs on their own. Utilizing this type of structure, HFHE has become one of the top performers in the Habitat for Humanity organization - the 5th most productive program globally - despite the fact that some of their counterparts that have been in existence for 30 years.

Other examples of successful networked integrated partnership can be found in Blind Guide Dogs for the Blind Association, World Wildlife Fund US and World Women's Banking.

Landscape within the Big Brothers Big Sisters movement in Canada

The Big Brothers Big Sisters movement in Canada has more than 150 Big Brothers Big Sisters agencies serving over 1000 communities across the country. The mergers of Big Brothers and Big Sisters agencies, including those of the national and provincial organizations, are largely complete, with very few operating separately. There is a wide variation in the geographical coverage provided by these agencies, with the majority being small agencies that serve smaller communities across the country, and a few very large agencies serving main metropolitan areas and their surrounding communities.

Communities are demanding both better quality children's programs and greater access to these programs. An increasing number of communities want Big Brothers Big Sisters services as mentoring is being recognized as an effective way to help young people.

While there are still many parts of the country where children do not have access to Big Brothers Big Sisters programs, very few if any new agencies are being formed. The larger agencies, i.e., those who already serve beyond their immediate communities, find themselves being approached to extend their reach into other communities as a way of ensuring that children are being served in these communities. Approaches are being made by communities without service as well as under-served communities with existing agencies that are struggling and those wanting to extend their reach further into these communities.

As a result, some agency structures have evolved over time in response to the changing needs in their immediate and surrounding communities. In some instances, agencies have taken on satellites as financial and liability concerns would otherwise have forced these agencies to close. In other instances, satellites have been formed in a planned move to scale out into communities without services. As a result, some agencies with remote offices now provide coverage to a region as opposed to a single community There are still many communities waiting to be served but these larger agencies have limited capacity to take on additional communities and others that see value in extending coverage want to get things "right" when they do make the move to regional service.

Many local leaders within the movement see the need for their organizations to evolve further in order to expand the number of children they serve. These leaders are looking for the leadership, support and resources to do so. Today, agencies are more willing to talk about mergers and consider structural change as a means of meeting goals and some agencies are actively looking at opportunities to partner and/or merge with others. Examples of this can be found in Alberta and Vancouver Island.

Some of the larger, higher performing agencies that have successfully undergone structural change are assuming leadership roles in helping smaller agencies in other regions think about how to they might approach opportunities for growth. There is a lot of knowledge sharing going on within the movement and a desire and need for more. Different parts of the country are at different stages with regard to their thinking on how to best achieve the mission and vision of their organizations at the local level and support the national goals.

In addition, successful agencies are being asked to take on leadership roles outside of the Big Brothers Big Sisters environment, i.e. to lead other initiatives that their funders want to get off the ground. As a result, these agencies have become more outward looking and involved in more collaborations with other youth serving organizations and NGOs.

In places where collaborations and partnerships have become common practice, partnerships with non-Big Brothers Big Sisters agencies are often a result of:

- proximity, i.e., several agencies working within a community or small geographical area
- limited resources and an increasingly competitive funding environment
- funding opportunities and the expectations of funders

There is growing awareness of different ways of structuring as Canadian agencies look at what is being done in other locations such as the U.S. Affiliates are becoming increasingly informed about the details and benefits of structures that go beyond single-site agencies to more of a regional structure. This concept has been around for some time in other organizations and it has become part of the "toolkit" agencies have available to them in the evolution of their service delivery models.

Thus, within a federated model where most of the agencies are single-site agencies, a number of agencies have successfully evolved along a variety of dimensions. These include:

- agencies with a primary office and remote offices referred to as satellite offices and branch offices
- agencies that operate under umbrella organizations that include other youth serving organizations
- agencies that provide Big Brothers Big Sisters programs alongside other youth programs such as Boys and Girls Clubs programs
- collaborations and partnerships with other Big Brothers Big Sisters and non-Big Brothers Big Sisters agencies for resource sharing, program delivery, advocacy, fund development, etc.

Still, many agencies remain independent, and while those in smaller communities are increasingly becoming aware of the benefits of alternate structures, SLP found that economic power enables independence in some markets. For example, Ontario has a density of population that can sustain a number of single-site agencies and does not need to consider alternative structures on this basis alone.

Throughout the history of the movement, the number of agencies has increased from a small number of smaller independent agencies scattered across the country to include a greater number of larger agencies that understand the intrinsic value of being associated with a national organization and with each other via a nationally recognized brand. The Big Brothers Big Sisters brand is highly recognizable and it has become a staple in the landscape.

Challenges facing Big Brothers Big Sisters of Canada agencies

The following are additional challenges facing Big Brothers Big Sisters of Canada agencies with regard to structure. Some are challenges that drive change, while others represent challenges that inhibit change and still others represent challenges that can result from change depending on an agency's current structure.

- **National goal:** Numerous agencies are not on target to meet the goals for the number of matches established in the strategic plan. (driver)
- **Capacity:** Big Brothers Big Sisters agencies are struggling with how to grow to meet the needs of additional communities and maintain the current level of service to existing clients and communities. (driver)
- **Presence:** Creating and maintaining an effective presence and strong relationships with all of the communities being served is a challenge in that building and maintaining relationships with funders, donors and partners is very time consuming for an ED with numerous other responsibilities. (driver and inhibitor)
- **Reaching clients and volunteers:** Often staff are at a distance from their clients and volunteers and a lot of their time is spent travelling rather than delivering service (driver and result)
- **Making confident decisions:** The leaders of Big Brothers Big Sisters agencies do not

feel confident that they have the skills, expertise or tools to determine whether strategic restructuring is a good option for them, how to go about making that decision, how to approach and negotiate with other agencies, how to restructure once a decision has been made, what option would have the most impact, what employment model to use, etc. (inhibitor)

- **Structuring of staffing models for multiple locations:** Leaders struggle with how to structure staffing models to achieve the optimal balance between autonomy and effective program delivery and whether to align staff roles by function or location. Many of the EDs are social workers who have advanced within the social sector and have not had the opportunity to acquire the business skills required to manage multiple locations. (driver, inhibitor, result)
- **Communicating effectively between locations:** Communicating effectively between locations is paramount to keeping staff involved, motivated, and informed. This has to be actively managed and is time consuming. (result)
- **Advisory Committees/Boards :** Executive directors of multi-site agencies are struggling with a need to train and educate local advisory boards and committees to manage their role in fund development and volunteer recruitment and determine the best way for these bodies to provide input to the Board. It appears that there is little consistency in roles and responsibilities among advisory committees/boards and EDs are divided on the benefit they provide given the amount of time and effort required to manage them. (result)
- **Managing multiple boards:** In some instances EDs are trying to manage both boards of directors and advisory boards while in other instances they need to manage not only their own board but an overarching umbrella board. (result)
- **Turf wars:** Instead of collaborating to maximize resources between neighbouring agencies, some Big Brothers Big Sisters agencies are having "turf wars". (inhibitor)

Structures utilized by Big Brothers Big Sisters local agencies in Canada

Big Brothers Big Sisters affiliates in Canada utilize a number of structures ranging from a single-site agency to agencies that are part of larger organizations. The following are the four basic structures utilized by Big Brothers Big Sisters of Canada affiliates in Canada:

- Single-site agency
- Multi-site agency
- Single-site/multi-site agency under an umbrella organization
- Big Brothers Big Sisters branded program offered by a non-Big Brothers Big Sisters youth serving organization

In addition, some agencies have a separately incorporated foundation while others do fundraising within the same organization that delivers programs. This is a variation on the set of basic structures listed. While whether an agency should implement this variation is a worthwhile issue for discussion, it is not part of this research.

Regardless of the structure utilized, affiliates often function as part of larger alliances, collaborations, partnerships, and networks. Relationships of this nature tend to form as the need arises and dissolve as circumstances and the environment that created the need changes. Once again, these relationships are independent of the organization's basic structure.

Single-site Agencies

The majority of Big Brothers Big Sisters of Canada agencies are small single-site agencies that serve small local communities across the country.

Characteristics of a single-site agency typically include:

- typical start-up/legacy structure
- operates in a single community
- all programs offered are Big Brothers Big Sisters programs
- all functions performed out of one location
- incorporated with board of directors

- charitable status
- minimal number of staff - (in smaller communities the ED may be a part-time staff person performing all functions out of a home office and reporting to a board of directors that is very operational in nature

A single-site agency may also have outreach offices located in a community partner's space that it uses for the purpose of interviewing volunteers and not for the purpose of delivering programs. This space, funded and provided by a community partner, is not considered an additional site for the purposes of this discussion.

Multi-site agency with remote offices

Characteristics of a multi-site agency typically include:

- larger agency serving more than one community
- structure evolved as the agency grew either organically and/or via mergers
- primary location considered the primary or main office and usually located in the largest community or where Big Brothers Big Sisters is best established and enjoys the best reputation
- centralized functions are performed out of the primary location and often technology enabled so they can be accessed by the remote offices
- programs generally not delivered out of the primary location

Many factors influence an agency's decision to operate a multi-site agency. They include:

- need for service within a community
- need for a clearly identified presence in a given community
- community's distance from the central office
- availability of qualified staff to work in the community
- strength of the agency, including capability of infrastructure and human resources, to support a remote office
- ability of community to support a remote office

In our initial discussions with the Regional Directors (REDs) and Metro Agency executive directors, the terms satellite office and branch office were often used interchangeably. Upon further investigation, we were able to determine that, in general, the two are separate and distinct types of remote offices within the Big Brothers Big Sisters of Canada federation. Satellite and branch offices are generally differentiated by a number of parameters as illustrated in table 1.

Table 1 Differences Between a Satellite and Branch Office

Parameter	Satellite Office	Branch Office
Autonomy and decision making authority	• Limited authority, granted by the main office, to make decisions, manage own budget and localize programming to meet community needs	• Less autonomy than Satellite office • Limited authority, granted by the main office, to localize programming to meet community needs
Functional responsibilities	• Often include fund development, marketing, developing and maintaining relationships with the community, donor stewardship as well as service delivery	• Primarily service delivery • Depending on the skills of the local staff, may have responsibility for maintaining relationships with the community and donor stewardship.
Senior staff	• Senior manager reports to the ED of multi-site agency located at the primary office. • Senior manager oversees the work of the local staff.	• Managed by the ED of multi-site agency located at the primary office
Professional Staff	• Professional staff report to the local senior manager	• Professional staff report to the ED of the multi-site agency located at the primary office
Advisory board/committee	• Usually has one for fundraising and input on local issues	• Usually does not have one

While most satellites are not separately incorporated, there are some instances in which they are separately incorporated and even have their own charitable numbers. In one example, this situation exists because there was concern over loss of funding when two agencies merged. Because funding in that province was based on the number of agencies rather than total number of children served, one of the agencies would have lost its funding had it given up its status. Separately incorporated satellite offices are more likely to be found in regional agency structures resulting from mergers than from organic growth .

The specific functions being performed in remote offices depend on the self sufficiency of the remote location and the capacity of the primary location to provide various services such as administrative, marketing, and fundraising services easily and seamlessly to the remote office. The degree of self sufficiency of the remote location is also often a function of the skills and expertise of the staff working out of these offices.

The amount of autonomy given to a remote office defines what skills and expertise are required. Satellite offices are given more autonomy than branch offices. The amount of autonomy given to a satellite office depends on the experience and capability of the senior staff member.

A multi-site agency may also have outreach offices located in a community partner's space that it uses for the purpose of interviewing volunteers and not for the purpose of delivering programs. This space funded and provided by a community partner is not considered a remote site for the purposes of this discussion.

When discussing organizational structure with agency and National staff, we often came across the terms "local agency" and "regional agency". While these are not terms that describe a formal structure within the Big Brothers Big Sisters of Canada federation but rather terms that pertain to geographic scope, it was an important topic of discussion in this context because it was something the growing and larger agencies as well as National were interested in discussing from a strategic and operational perspective.

Regional agencies serve more than one urban centre or community within a province. Regional agencies typically expand from a "strong" single-site agency to a multi-site agency with one or more remote offices as a result of other agencies wanting to merge with them. Examples of what might be considered regional agencies in scope are: Big Brothers Big Sisters of Edmonton and Area, Big Brothers Big Sisters Abbotsford Mission Ridge

Meadows, Big Brothers of Greater Vancouver, and Big Brothers Big Sisters of Saskatoon and Area.

Provincial agencies, if there were any, would have jurisdiction over all the communities within a province. We did not find any examples of Big Brothers Big Sisters provincial agencies in Canada.

Umbrella organizations

Two types of umbrella organization structures were found in use within Big Brothers Big Sisters of Canada agencies: parent-subsidiary and management service organization.

Figures 3 and 4 in the Conclusions and Recommendations section of the report illustrates how Big Brothers Big Sisters of Canada agencies utilize the two different types of umbrella structures.

Parent-Subsidiary

A parent-subsidiary umbrella organization is a separately incorporated entity, which may or may not have charitable status, created for the purpose of providing some type of service to the organizations under its "umbrella". All of the organizations under the umbrella share a similar/compatible mission and vision. The umbrella organization typically "manages the business" while the youth serving organizations provide the programming and service delivery to fulfill their individual missions.

Agencies under a parent-subsidiary umbrella structure often share many resources, including an executive director, board members, administrative staff, facilities, and infrastructure. The Big Brothers Big Sisters affiliate license is held by the Big Brothers Big Sisters agency that is operating under the umbrella. The Big Brothers Big Sisters affiliate under the umbrella may or may not be separately incorporated. Examples of this type of structure can be found in Red Deer, Alberta (Red Deer Youth and Volunteer Centre, Big Brothers Big Sisters of Red Deer and District, and Red Deer Boys and Girls Club).

Management Service Organization

A second variation of an umbrella organization structure exists in Victoria where a collaboration of a number of non-profit agencies has formed a separate entity for the purpose of managing the building in which they are co-located. In this example, each of the agencies has an ownership interest in both the building and the entity created to manage the building. This type of umbrella structure is often referred to in the literature as a management service organization (MSO) structure.

Big Brothers Big Sisters branded program offered by non-Big Brothers Big Sisters organization

A Big Brothers Big Sisters branded program is sometimes offered by non-Big Brothers Big Sisters youth serving agencies as one of several programs offered. These organizations typically have a mandate that extends beyond mentoring, but their programs complement Big Brothers Big Sisters programs and their program delivery staff have compatible skills. This type of structure is found mainly in communities where there is insufficient capacity to support/sustain multiple agencies performing related functions and the organization often holds affiliate agreements with more than one national organization, i.e., Boys and Girls Clubs and Big Brothers Big Sisters. These organizations may themselves be multi-site agencies structured with remote offices if their geographical reach extends beyond a single community.

Alliances, collaborations, and partnerships

Regardless of their basic organizational structures, many Big Brothers Big Sisters affiliates are engaged in various alliances, collaborations, and partnerships with other Big Brothers Big Sisters affiliates in neighbouring communities as well as other nonprofit organizations within and beyond their communities. These arrangements can involve either the central and/or remote offices. These partnerships and collaborations are typically structured through memorandums of understanding that define the relationship and the roles and responsibilities of the parties involved. Collaborations often involve centralizing of functions and sharing of resources. Examples of resource sharing include:

- intake
- screening
- staff

Agencies across the country will partner with groups locally, regionally and provincially. Locally, agencies partner with a variety of corporations and organizations on such things as fund raising, volunteer recruitment drives, and public relations events. Regionally, partnerships have been established with corporations to sponsor events such as Bowl for Kids Sake. Provincially, agencies partner with corporations for programming, i.e., Irving Oil has partnered with a local agency for several years and is now looking to expand the program to other locations within the province. Some agencies have been working together and/or with other youth serving agencies and NGOs to enhance relationships with their provincial governments and other funders and collaborate on advocacy.

An example of a successful collaboration with co-branding to create a shared identity can be found in Miramichi, New Brunswick (Youth Village, Big Brothers Big Sisters of Miramichi, and Boys & Girls Club of Miramichi).

Lessons learned from successful and difficult structural changes

In speaking with people who have gone through major transformations, the three key ingredients to a successful transformation are: collaboration, communication and planning, with an over-riding imperative to keep a focus on the mission.

Focus on the mission

SLP heard during almost every interview the importance of keeping the mission front and center. It was invariably the answer when interviewees were asked what got them through the difficult times that are part and parcel of any large scale transformation.

The individuals that lead a transformation must have a passion for the mission and vision and be willing to put his or her aspirations aside for the sake of the mission.

One Big Brothers Big Sisters ED who merged with a larger agency had this to say:

"If you are an agency that is struggling, swallow your pride. This is going to be the future of your success, because you can serve more kids cost-effectively this way. And the program quality, at least in our situation, was dramatically improved."

Collaboration

In dealing with non-profit organizations that are part of a federation it is important to collaborate rather than impose. There are many stakeholders to consider and obtaining their buy-in up front will help to ease the transition from one structure to another. Interviewees recommended the following stakeholders be included in the initial stages of the transformation process: board members (national and local), staff, funders, volunteers, and clients.

Inclusion is an important aspect of collaboration. In one of the national led transformations, including the affiliates in decisions rather than issuing edicts, and being clear about the purpose of the transformation as they examined all of its aspects, challenged the status quo, and examined every program, policy, and procedure, was key to its success. When people are more involved, they more readily become part of the transformation. These same people should then be included in the celebration when the transformation has been successfully completed.

Involve the boards, get their support and keep them in the loop. In one of the organizations that experienced a more difficult transition, the national CEO said that he would have liked the national board to have taken more of a leadership role and informed the parties that it was time to look at other options. This chief executive felt that this would have led to a substantially smoother transition.

Building trust is essential. One way to build trust is to provide equity to the parties involved, especially when different sized organizations are coming together (which is most often the case). For example, one interviewee recommended that if 12 members are needed to form a board and there are 4 agencies coming together, each division be allowed to appoint 3 board members regardless of their size. Decisions on how to do things going forward should be joint, picking the best of what the various participants have to offer. All participants should feel that they are bringing some value to the table and there should never be an attitude of one agency winning and doing things their way. Another way to build trust is to start by collaborating on a smaller scale initially, allowing the relationship to grow over time.

In dealing with staff, one interviewee recommended that, wherever possible, one should let staff know that although their jobs may change, they will not lose them. It was also recommended that you involve staff early in the process as it is important for them to figure out how to do business together following the transformation.

Funders need to be at the table, particularly when the proposed change in structure has been initiated by pressure from the community. Funders sober people to the reality of the situation. It's important for everyone to understand that it can take time for money to start flowing in from the new communities and for the desired efficiencies to surface. Ensure that you build that into your expectations and plan accordingly. Develop a plan to fund the initial 1-3 years and formalize funding commitments where you can. Current funders have been known to assist organizations in approaching new funders, and merging organizations can approach funders together.

Nonprofits deal with volunteers at both the governance and operational levels. Governance level volunteers have been discussed under the need to include board members in the discussion. Volunteers at the operational level devote a lot of time and energy to working with clients and participating in fundraising activities. It is important to keep them in the loop to ensure that they feel valued and continue to support the transformed organizations.

Clients are a nonprofit's reason for being. It is important that their needs are met, that any change create minimal if any disruption, and that they are kept in the loop. While it may not be appropriate to have them at the negotiating table, their input can be obtained through client surveys and focus groups.

Be sensitive to the unique context of the partnering communities. Be flexible and remember that what works well in one community may not work well in another. Consider using advisory committees for the satellite or branch offices as a means of encouraging local community involvement and ownership. Use the contacts and skills of advisory committee members to provide input on community needs and generate local resources. Recognize that advisory committees can be time consuming so allow for this when designing your plan.

Communication

Communication is tremendously important and a communication plan should be part of the execution plan for any change you are considering. Poor communication will allow rumours to run rampant. You want to assure people that there are no hidden agendas so be transparent and honest. If you give people the right information, they more often than not will make the right decision. It is also important to plan how communication will continue after the restructuring is completed. Bring someone on board to work on communication if necessary.

Listening is an important part of communication. Not only is important to get the message out, it is also important to pay attention to how people are responding to messages and listen to their needs, concerns, and ideas. This is part of the inclusiveness that was discussed under collaboration.

One organization did a lot of work in allowing people to see what the "final product" would look like. People don't like change, they don't trust change, and they want to know what is in it for them, so that always needs to be well defined. Talk to them about the goals you are trying to achieve in a way that they can connect with. Whenever there is change, typically 10% are for it, 10% are against, and the rest are sitting on the fence to see which way things go. One organization invested in the "pro group" to allow them to champion the desired change. They were highly collaborative and engaged outside facilitation. Another organization recommended providing training so that people know what is going to happen on day one, i.e. how they will do business together.

The use of language and messaging is very important. For example, Frances Hesselbein, former CEO of GSUSA, never speaks about business models because the bottom line in a nonprofit organization is changing lives. When she talks about the organization and the transformation she led, she uses the phrases: "mission focused", "values based", and "demographics driven" persistently and consistently. She talks about "customers" rather than "stakeholders" because it is more powerful and believes that you need to constantly be aware of who your customers are. In working with local affiliates that are merging to form a regional structure, the people involved need to be "merged" not "acquired".

Naming is important. It needs to be representative of all the communities being served. This is important for fundraising as well as providing a sense of ownership.

Ensure that the job descriptions and terms of reference for the satellite and branch office staff and advisory committee members are very clear. Be clear about the nature of the relationship between remote offices and the primary office and about the levels of local autonomy and expectations.

Planning

There is a need not only for a strategic plan but a business plan in which you quantify objectives before going forward. Keep a close view of what is sustainable in both the short and long term. Ensure that the realities of a satellite or branch office are well researched and that a solid business plan is put in place for developing it.

The business plan should include the distribution and allocation of funds. This will help those involved see what the organization will look like after the transformation. One of the concerns that people always have is where the funds they raise in their communities will be used. Understand where the money will be coming from, where it will be going to and how it will be used. One of the agencies that has been involved in several mergers over the years recommends that there be commitments for at least 3 years of funding from the community before proceeding.

You will need an execution plan so you know not only where you are going, but how you will get there, who is going to be responsible for what, and by when. This plan should contain milestones that you can celebrate along the way and a plan to communicate the victories as organizational change is a long process.

Be realistic in terms of your timeline and expectations. It takes about 2 years for the numbers to rise after a restructuring. There will be a lot of change in the first year – culture, re-organization, practice and service delivery, cleanup, and likely new and more accurate baselines for benchmarks. In some of the mergers involving small Big Brothers Big Sisters of America agencies, the agencies had to revise downward their number of actual matches. This led to the numbers declining in the first year. This can be discouraging if you don't build an accurate baseline into your expectations.

While the bottom line for a social services agency is changing lives, it still needs to be run in a business-like manner and adhere to solid business practices. In speaking about unsuccessful mergers, one interviewee felt that a major contributing factor has been not looking at these mergers from a business perspective.

Put together a master plan with the participants and outline the roles, responsibilities and accountabilities of each group and individual. Form an advisory committee and define its mandate, how it will function, and how it will be held accountable. Consider using an experienced facilitator or project manager, one who is independent and neutral, to guide the processes of negotiating, planning and implementing. This can be useful in keeping people focused. An outside facilitator can also collect independent data and pursue answers to questions without being perceived as being on one side or the other. If an outside facilitator/project manager is hired, all agencies should share the expense so they have a vested interest in the facilitator's success.

If you decide against having a facilitator and instead have the ED lead the transition, be certain that s/he has strong skills in the area of leadership, collaboration, negotiation, and communication.

One interviewee who went through a tough transformation recommended the use of an evolutionary process rather than a revolutionary process. People need time to buy-in to the ideas and adapt to the changes that are being made, and an evolutionary process allows more time to achieve the necessary buy-in.

Name changes need to be researched thoroughly. Names are important in two ways: they provide a sense of the communities that the new agency will include and it is important to create a sense of partnership with, not acquisition of, another agency. Amalgamations and mergers are better received than acquisitions or takeovers.

Ensure that efficient and effective structures are in place and that your structures are flexible enough to be adapted for future program growth. A number of agency leaders reported that additional opportunities for growth presented themselves once they restructured.

The role of the Board

Executive directors want their boards to have vision and provide leadership for achieving that vision. Boards with entrepreneurial spirit are invaluable in that they can identify creative ways of working with the community to serve more markets and ultimately have more impact.

As the body responsible for the mission of the organization, boards need to lead the restructurings. While some CEO/ED led restructurings are quite successful, some chief executives have difficulty putting the mission and vision of the organization ahead of their jobs and their career aspirations. In leading a restructuring, boards need to ensure that they are doing what is best for the overall organization and not favouring one party over another because of past loyalties or conflicts of interest. This is not without its challenges. While individual board members come from one of the entities being "merged", they are not there to represent its interests. They are there to ensure its interests are taken into consideration, but actions should be guided by what is best for the organization and the clients being served.

In the GSUSA transformation, the role of board was to provide powerful leadership as an equal partner with the chief executive. The national executive director had its enthusiastic support every step of the way. In GSUSA, there is a clear delineation of board and management roles with each respecting the boundaries and each other.

The ACS transformation was staff led. The transformation team directly approached all of the boards and despite the fact that many of the boards would no longer exist and substantial debate took place, the board members kept the mission front and centre and ultimately decided on the basis of what was best for the organization and its constituents.

In the JAC transformation, the national board provided support to the CEO at the national level and helped to drive the necessary changes at the local level. JAC has a standing committee on board affairs that is governance orientated so the change of structure fell to them. The Board Chair was also a significant factor in driving the change.

In the successful mergers of Big Brothers Big Sisters of America agencies, the boards were helpful in building consensus at the local level. In some of the more difficult transitions, the boards were the obstacles. In these cases, the boards were not able to maintain their focus on the mission and did not support the mergers. They got caught up in classical problems such as loss of status and turf.

When two organizations are merging, it is the role of the board to ensure that they have the right leadership (ED) in place during and after the merger. Selecting the person with the right skills and capability is critical to the success of the organization. It can sometimes be a tough decision to make if one or both of the EDs have been with the organization for a long time, but it is a necessary one. It is the board's responsibility to decide who should go and who should stay and if they stay, in what capacity they should stay. Often the board will bring in someone from outside who is collaborative and has the business and management skills and experience to lead the merged organization.

In addition to governance and oversight, most non-profit organizations count on their boards to help with fundraising either directly or indirectly even when they have a fund development person or department on staff. Board members often work or participate in fundraising events and can help identify and facilitate partnerships with the community, government and corporate funders as well as create networks and alliances for the organization where advantageous.

Conclusions and Recommendations

Strategies for increasing effectiveness and impact

Given the growing level of acceptance of mentoring as an effective means of improving the lives of young people, there is an increasing appetite for youth mentoring services. As a result, we can expect to see new mentoring organizations emerge, established agencies extend their services to including mentoring, and higher levels of support for those that work efficiently and effectively in this area. As a leader in the field of mentoring, Big Brothers Big Sisters of Canada is in a good position to extend its services beyond the communities and youth it currently serves.

Given the appetite for these services, government policy makers and funders can be expected to attach higher priorities to mentoring. At the same time, the economy is in recession, which will no doubt have an effect on overall funding levels short term. Thus, while mentoring organizations will no doubt benefit from funding opportunities, they will need to find creative ways of leveraging their resources (financial, human, and intellectual capital).

There are a number of options open to organizations that want to improve their efficiency, effectiveness, and ultimate impact. Suggested options include:

- Integrating administrative functions
- Integrating service delivery functions
- Sharing staff
- Sharing intellectual capital
- Collaborating on specific projects, programs or events

While many Big Brothers Big Sisters of Canada agencies are ideally positioned to take advantage of these opportunities, they will need to be proactive to ensure that they maximize the extent to which their high quality programs can be extended beyond their current boundaries. A number of Big Brothers Big Sisters Canada agencies in small communities are struggling with sustainability issues and there is a growing fear that these agencies will negatively affect the Big Brothers Big Sisters brand if they don't proactively make changes to address their issues. One way would be to restructure to ally themselves with other more successful agencies. In doing so, some agencies may expand their current operations or open new offices, centralizing functions where possible, others may pursue various forms of alliances, collaborations and partnerships, and still others may formally integrate or merge their operations with other organizations.

Important factors to consider prior to scaling out

Regardless of whether an agency is considering formal or informal alliances, collaboration and partnerships or ways to integrate or merge their operations with other organizations, changes to how organizations structure themselves require careful consideration.

- Important factors to consider when determining which approach and structure to use for scaling out include:
  - » The readiness of the agency for change
  - » The resources available for the agency to follow through
  - » The level of receptiveness in the community and other key stakeholders to the idea
  - » The potential risks and repercussions
  - » The potential returns and whether there is a sufficient return for the risks involved
- Once a decision is made to pursue a more formal strategic alliance or merger, selecting the right partner(s) is key. The following are key factors to consider in assessing a potential partner:
  - » Compatibility of mission, strategy, values, and culture
  - » Strength of potential partner in terms of reputation as well as financial, organizational, and human resources
  - » Complementary nature of skills and expertise

Growth strategies or approaches to scaling out

There are a number of growth strategies or approaches an organization can use to scale out. The following are a selection of options recommended by SLP for pursuit by Big Brothers Big Sisters of Canada agencies. They are grouped them into four categories: organic growth, integrations, partnerships, and licensing.

Organic growth

Organic growth is an approach by which an agency grows by internal means rather than merging with another organization.

- Single-site agency ⇨ larger single-site agency
  - » Single-site agency grows into a larger single-site agency
- Single-site agency ⇨ multi-site agency
  - » Single-site agency grows into multi-site agency by adding remote offices in communities where no service is currently available

Integrations

Integration is an approach by which an agency grows by consolidating with one or more other organizations. The other organization(s) can be a neighbouring Big Brothers Big Sisters agency and/or other compatible organizations.

- Single-site agency + single-site agency ⇨ larger single-site agency
  - » One single-site agency dissolves and becomes a part of another single-site agency, forming a larger single-site agency
  - » Two or more single-site agencies dissolve and form one larger single-site agency that serves all communities of former agencies from the new agency
- Single-site agency + single-site agency ⇨ multi-site agency
  - » One single-site agency dissolves and becomes a remote office of the other single-site agency, forming a multi-site agency
- Single-site agency + multi-site agency ⇨ larger multi-site agency
  - » One single-site agency dissolves and becomes a remote office of an existing multi-site agency, forming a larger multi-site agency
- Single-site/multi-site agency + other organizations ⇨ Parent-subsidiary umbrella organization (with the single-site/multi-site agency and other organizations as subsidiaries of the parent organization)
  - » Single-site or multi-site agency partners with other organizations to create an independent organization that oversees the operations of all the organizations under it
  - » Single-site or multi-site agency takes other organizations under its umbrella and oversees the operations of all the organizations under it

Partnerships

Partnership is an approach by which an agency scales out by partnering with other like minded organizations to achieve a greater impact than it could on its own without changing the basic structure. Partnerships allow an agency to retain its autonomy and identity while leveraging the strengths (skills, expertise, and reputation) of the partner(s) it is associating with.

- Single-site/multi-site agency + other organization(s) ⇨ management service organization (where the owner/partners are the single-site/multi-site agency and other organizations)
  - » Single-site or multi-site agency partners with other organizations to create an independent organization that provides services that all partners require. Partners own the management service umbrella but the organizations operate independent of each other.
- Single-site agency + other organizations ⇨ networked integrated partnership

CONCLUSIONS

» Organizations have complementary skills and contribute to the well being of he overall network as well as each other. Partners in the network often develop a brand identity that is useful for working together. Partners will usually provide resources to support the activities that they are collaborating on.

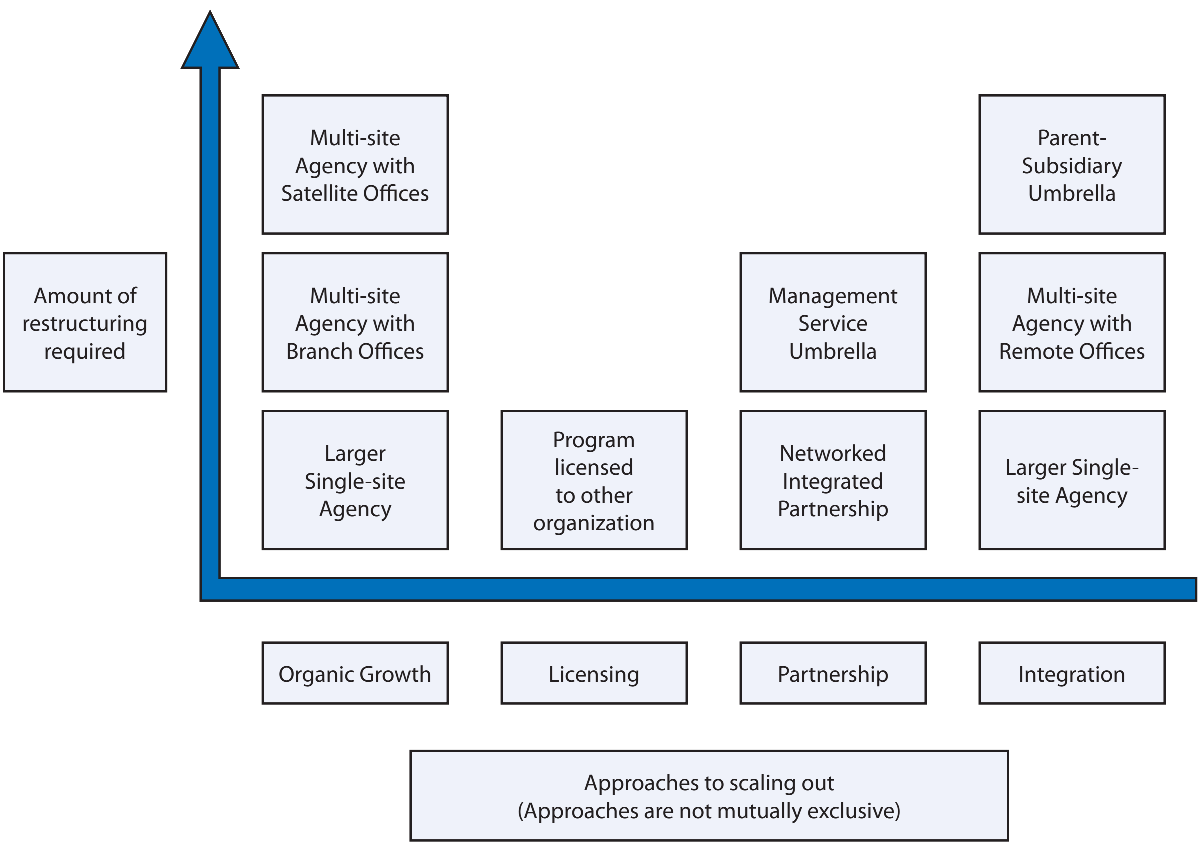
Licensing

Licensing is an approach by which an agency can scale out by making its intellectual property available to other organizations without making changes to its basic structure. Licensing agreements allow other organizations to extend their own programming to include those of the licensor.

- Branded Program ⇨ one of a menu of programs run by other organization(s)

Figure 1 provides a matrix of suggested approaches to scaling out that divides the various basic approaches into degrees of change to structure required.

Figure 1 Approaches to Scaling Out

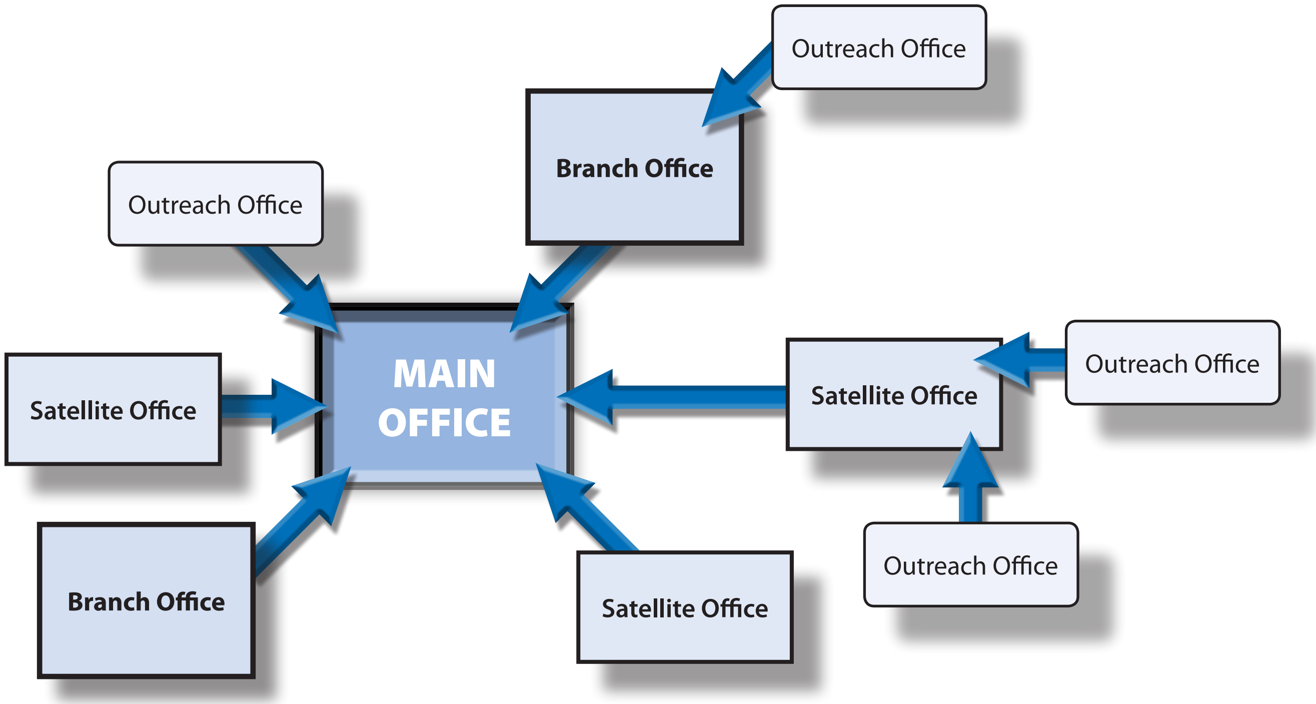


Organizational structures

While there are many names and terms used to describe organizational structures there are fewer basic structures than the number of names and terms imply. The following represent three basic organizational structures for Big Brothers Big Sisters agencies to consider as they explore various ways to leverage their resources to serve more youth:

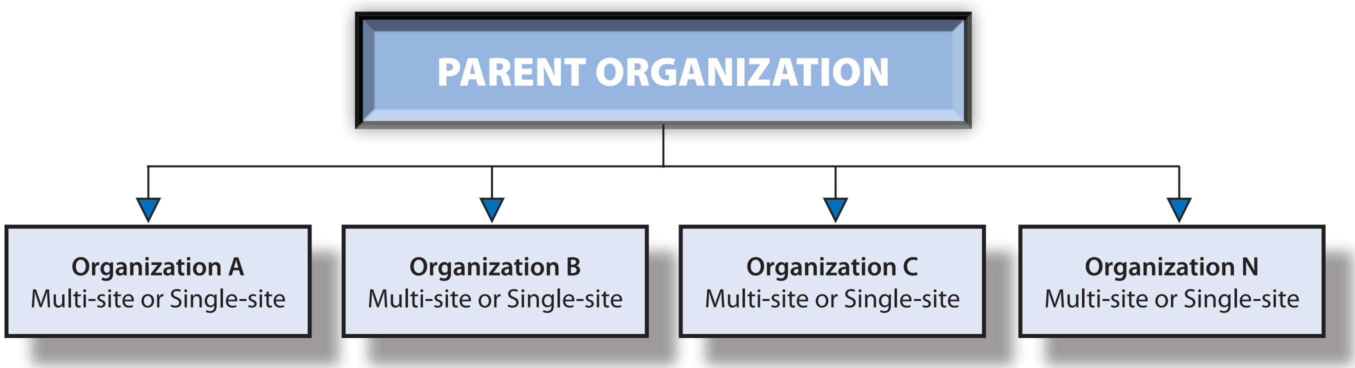
- Single-site agencies (with and without outreach offices)
- Multi-site agencies with remote offices – branch and/or satellite (see Figure 2)
- Parent-subsidiary umbrella organizations overseeing multiple organizations (see Figure 3)

Figure 2 Multi-site agency structure



The multi-site structure has a primary office with one or more remote offices including satellite and branch offices. Branch and satellite offices can have one or more outreach offices. Remote offices are accountable to the executive director of the multi-site agency.

Figure 3 Parent-Subsidiary Umbrella Structure



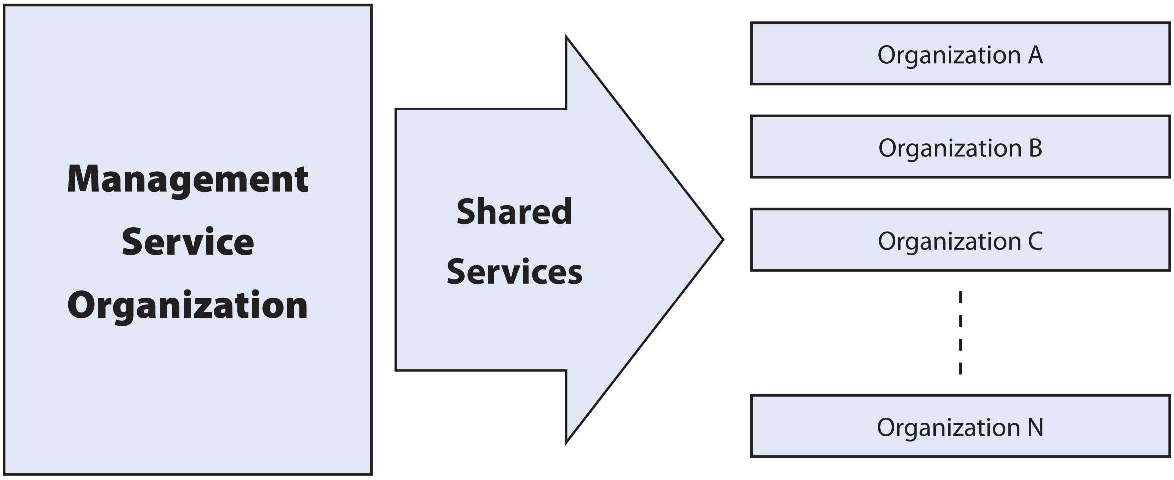
A parent-subsidiary umbrella structure is created to manage several complementary but independent organizations under one structure. Shared functions are integrated within the parent organization.

CONCLUSIONS

Strategic alliances

In addition to adopting one of the above structures, agencies can involve themselves in strategic alliances that are independent of the basic structures they adopt. Two types of recommended strategic alliances include an MSO (see Figure 4) and a networked integrated partnership (see Figure 5). Figure 6 illustrates how agencies can become involved in strategic alliances regardless of their basic organizational structures. In this way it is possible to work together with one group of organizations on one initiative and a different group of organizations in other circumstances.

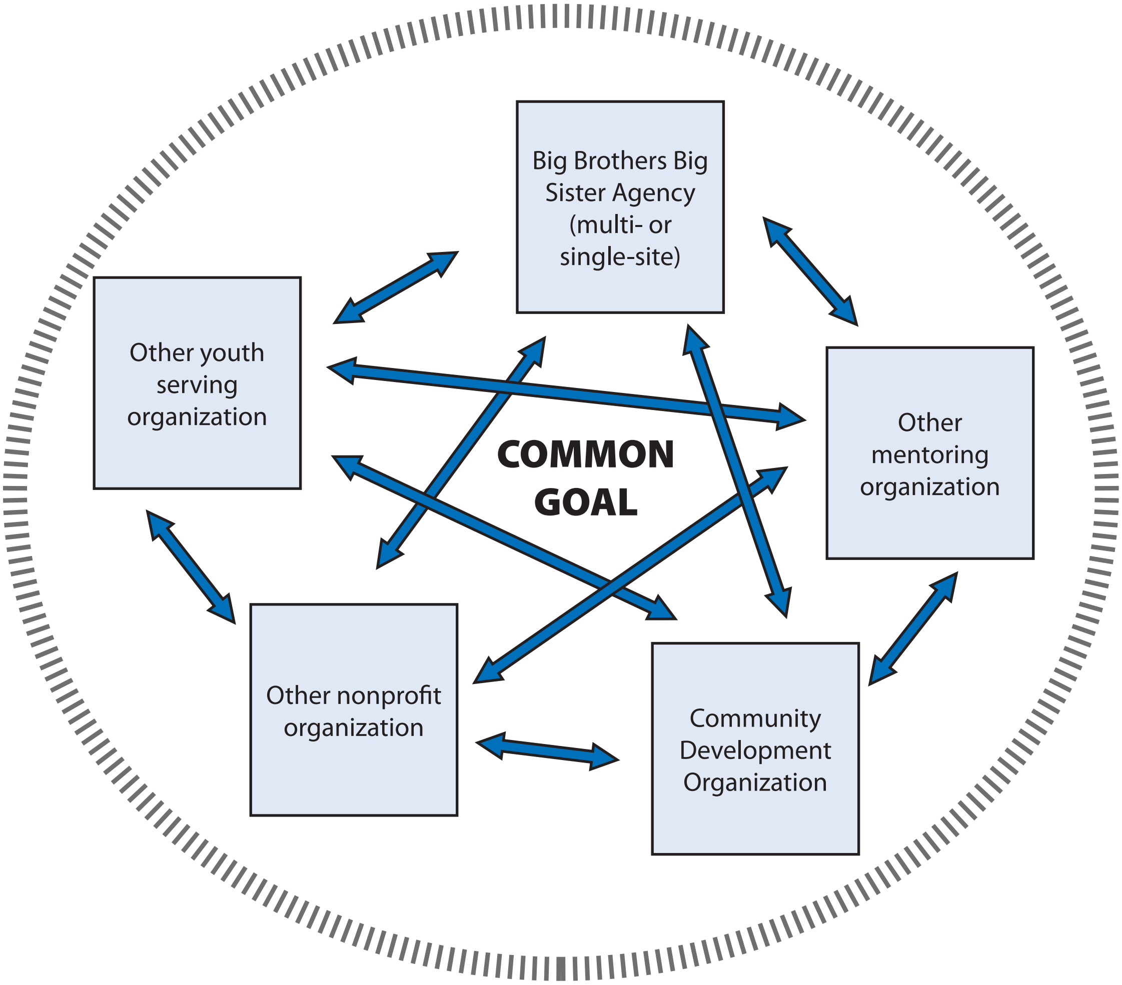
Figure 4 Management Service Organization Umbrella Structure



A management service organization is created by a partnership of independent organizations for the purpose of providing shared services to the partner organizations. The owner/partners that create the MSO can be Big Brother Big Sisters of Canada agencies or combinations of these agencies and other organizations/agencies.

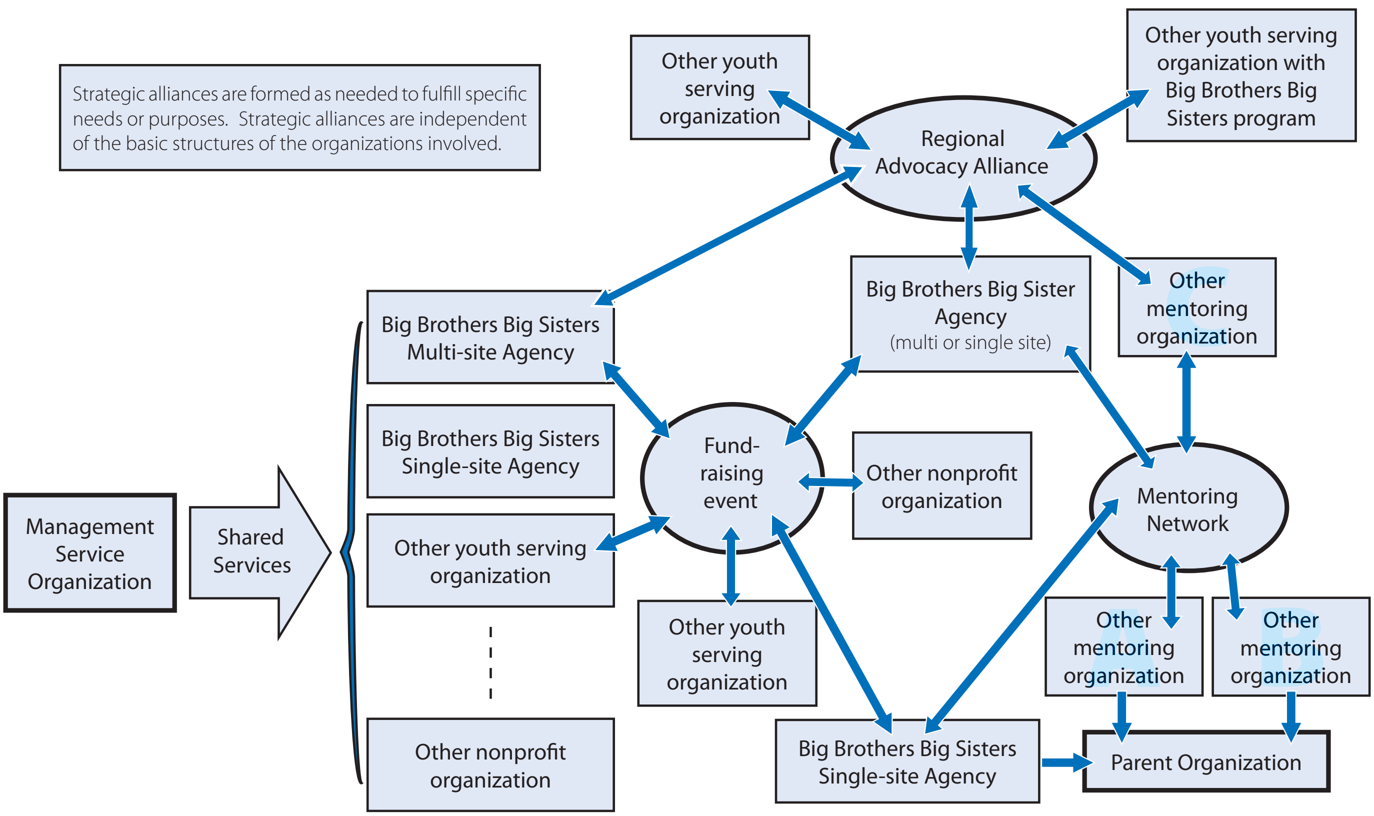
CONCLUSIONS

Figure 5 Networked Integrated Partnership Structure



Networked integrated partnerships involved independent organizations with complementary skills that share a common goal and contribute to the well being of each other and the overall partnership.

Figure 6 Strategic Alliances Beyond the Basic Organizational Structure



Recommendations for a successful transformation

Once a decision has been made, care must be taken to ensure a smooth transformation. Key recommendations for a successful transformation include:

- **Focus on the mission:** Keep the mission front and center at all times. This is often the critical difference between organizations that succeed and those that do not.
- **Collaborate:** It is important to collaborate rather than impose. Inclusion is an important aspect of collaboration. There are many stakeholders to consider and obtaining their buy-in up front will help to ease the transition from one structure to another. Involve the major stakeholders including boards, funders, staff, volunteers, and clients. Building trust is essential and providing equity to the parties is an important element of that. If possible, start by collaborating on a small scale in order to allow relationships to grow over time. And be sensitive to the unique context of the partnering communities.
- **Communicate:** A communication plan should be part of the execution plan for any change you are considering. Not only is it important to get the message out, but it is important to pay attention to how people are responding and listen to their concerns. Be clear about the nature of the relationships between remote and primary offices and about autonomy, accountability and expectations.
- **Plan:** While the bottom line for social services agencies is changing lives, they still need to be run in a business-like manner and adhere to solid business practices. There is a need for not only a strategic plan but a business plan in which objectives are quantified prior to moving forward. The business plan must include an execution plan that will ensure that you know not only where you are going but how you will get there, who is responsible for what, and

by when. And it must be realistic in terms of timelines and expectations so that goals have a realistic expectation of being met.

- **Evaluate:** Continuously review and evaluate your progress against the plan. Revise plans when necessary to ensure things are done according to your quality standards and expectations. Assess how people are adapting to the new environment and structure and provide extra coaching, training or communications to address any issues that arise. Be on the lookout for problematic areas and deal with them early.
- **Board led:** As the body responsible for the mission of the organization, boards need to lead the restructurings. In so doing, they must ensure that their actions are guided by what is best for the organization and the clients being served, not allowing past loyalties to favour one party over another. Boards are charged with ensuring that the new organization has the right leadership and their decisions in this regard will be critical to the success of the organization going forward. Boards with entrepreneurial spirit can also be invaluable in identifying and facilitating partnerships with the community and corporate funders and assist in building consensus at the local level.

A role for National in increasing organizational capacity within the Big Brothers Big Sisters movement in Canada

While most transformations to date have been independent of National, this research found that Big Brothers Big Sisters of Canada agencies are looking to National to provide a leadership role in identifying opportunities and facilitating discussions on how agencies can increase their capacity to serve more children. It is recommended that National consider the following as top priorities:

- Continue to serve as a focal point for strategic discussions
- Facilitate discussions at the leadership level – Boards, Executive Directors and senior staff
- Develop a national marketing plan to lay the foundation for agencies to launch their local marketing plans
- Provide leadership and management development and training for staff
- Develop resources, publications and advertising for agencies to foster internal and external communications and knowledge transfer
- Develop resources to provide assistance to agencies in the following areas:
    - Strategic planning
    - Business planning
    - Marketing
    - Fund development

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APPENDIX I
RESEARCH METHODOLOGY (DETAILED DESCRIPTION)

This study was carried out through the use of a literature review; two focus groups (one with the Big Brothers Big Sisters of Canada Agency Services Team and one with the Big Brothers Big Sisters of Canada Metro Agencies group); interviews with key informants from within the Big Brothers Big Sisters movement (Canada, US and International); interviews with key informants from other federated organizations; and an interview with an academic researcher who has studied multi-site non-profit organizations.

The literature review provided SLP with background in terms of the types of structures found within multi-site organizations (both for profit and non-profit) in general and also the types of structures found within federated organizations.

The two focus groups that were held provided insight into the types of structures found within the movement in Canada and provided material with which SLP could develop a set of questions and issues to explore with organizations that had been identified by national and members of the focus group as having interesting and successful structures within the Big Brothers Big Sisters movement in Canada.

The Agency Services focus group was held on April 2, 2008 and the Metro Agencies focus group was held on April 14, 2008.

Questions were sent to the Metro Agencies group prior to the focus group meeting. Some members of the Metro Agencies focus group provided written responses to the questionnaire in addition to the verbal input provided during the focus group itself.

Findings from the literature review helped to identify key informants to interview and federated organizations that had been through major transformations or had unique structures that were producing successful results. National also helped to identify key informants and organizations that had been through major transformations.

The key informant interviews were held between May 13, 2008 and August 25, 2008. Most of the interviews were held by phone. Five of the interviews were conducted in person. One of the interviews was held with two people at the same time.

Key informants were sent questionnaires prior to the interviews to give them ample time to think about the questions and provide thoughtful responses. Some key informants provided written responses to portions of the questionnaire so as to allow more time to focus on questions that required more in depth discussion.

In addition, a number of the key informants provided further material following their interviews. All were very generous with their time and their thoughts.

The participants of the Agency Services Team focus group were:

- Renee Hebert, Atlantic Regional Executive Director
- Rob Lewis, Western Regional Executive Director
- Joelle Lewis, Ontario Regional Executive Director
- Bruce MacDonald, President & CEO, Big Brothers Big Sisters of Canada
- Karen Shaver, VP, Agency Services
- Allan Undheim, Director of Accreditation and Training

The participants of the Metro Agencies focus group were:

- Rhonda Brown – Big Brothers Big Sisters of Victoria
- Cathy Denyer – Big Brothers Big Sisters of Toronto
- Carol Goddard – Big Brothers Big Sisters of Halifax
- Michelle Harrison – Big Brothers Big Sisters of Winnipeg
- Shari Lyn Ladanchuk – Big Brothers Big Sisters of Peel
- Sharon Moore – Big Brothers Big Sisters of Calgary
- Bruce MacDonald, President & CEO, Big Brothers Big Sisters of Canada
- Shannon Newman-Bennett – Big Sisters of Lower Mainland
- Marianne Noakes – Big Brothers Big Sisters of Hamilton-Burlington
- Liz O'Neill – Big Brothers Big Sisters of Edmonton
- Cathy Urqhart – Big Sisters of London
- Moragh Wolfe – Big Brothers Big Sisters of York

The key informants interviewed were:

- Sheree Allison, ED, Big Brothers Big Sisters Mirimichi
- Rhonda Brown, ED, Big Brothers Big Sisters of Victoria
- Helen Brownrigg, Director of Sea to Sky Corridor and the Sunshine Coast, Big Brothers of Greater Vancouver
- Margie Grant Walsh, ED, Big Brothers Big Sisters of Pictou County
- Sheri Lynn Ladanchuck, ED, Big Brothers Big Sisters of Peel
- Sharon Moore, ED, Big Brothers Big Sisters of Calgary
- David Murphy, ED, Red Deer Youth and Volunteer Centre and ED, Big Brothers Big Sisters of Red Deer and District and ED, Red Deer Boys and Girls Club
- Liz O'Neill, ED, Big Brothers Big Sisters of Edmonton and Area
- David Sheach, ED, Big Brothers Big Sisters Abbotsford Mission Ridge Meadows
- Wayne Weins, ED, Big Brothers Big Sisters of Saskatoon and Area
- Katherine (Kitty) Balsley, President/CEO, Big Brothers Big Sisters International
- Clay Brewer, interim CEO, Big Brothers Big Sisters of America
- Becca Fain, Director of Affiliate Development, Big Brothers Big Sisters International
- France Hesselbein, Chair, Leader to Leader Institute
- Ross Maund, President & CEO, JA Canada
- Cindy Mesco, VP Agency Development, Big Brothers Big Sisters of America
- Don Thomas, former Chief Operating Officer, American Cancer Society
- Jane Wei-Skillern, visiting Assistant Professor, Haas School of Business at UC Berkeley, and Lecturer, Stanford Graduate School of Business

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