

Local Business Structures within a Federated Model

RESOURCE SUPPLEMENT



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



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INTRODUCTION

This resource supplement has been developed to accompany the report: **Local Business Structures within a Federated Model** published in early 2009. The supplement includes resources that have been developed by Strategic Leverage Partners and Big Brothers Big Sister of Canada as well as links to a number of existing resources. In compiling this supplement, the authors did not wish to re-invent resources and tools where excellence already existed, but rather to utilize existing resources and tools wherever possible. For those who have had an opportunity to review the accompanying report, many of the resources referred to in this supplement are incorporated within the books, reports, articles, and kits referred to in the Literature Review.

Purpose of the Resource Supplement: The purpose of the resource supplement is to help local agencies, once they have made the decision to explore change, select the approach that will help them best meet their needs and then, within that context, choose the most appropriate structure.

Who the Resource Supplement has been developed to assist: This supplement has been being developed to assist two categories of local agencies:

- a) Large, strong agencies that:
 - » are aware that they have the necessary resources and capabilities to serve youth beyond their current borders and are looking for options to do so
 - » are being asked by communities where no agency currently exists or by agencies with sustainability issues to take them on, and/or
- b) Agencies that are dealing with sustainability issues and/or do not foresee having the resources to meet growing demand and therefore need to explore alternative means of delivering their services

Structure of the Resource Supplement:

Part I contains the options for positioning an agency for long term sustainability/growth. It includes the following key items:

- Approaches to Scaling Out
- Comparison of Approaches to Scaling Out
- Organizational Structures to Consider
- Strategic Alliances
- Comparison of Organizational Structures

Part II contains a collection of resources available to assist the decision making and transitioning process, including the following:

- Annotated Bibliography
- Online Assessment Tools
- Links to selected case studies
- Links to miscellaneous resources

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OPTIONS FOR POSITIONING AN AGENCY FOR LONG TERM SUSTAINABILITY/ GROWTH

As agencies are faced with opportunities to grow in an environment in which sustainability is often an issue, they will want to understand what options are available to respond to these opportunities. Likewise, those agencies either struggling with sustainability issues and/or recognizing that they are not in a position to meet increasing demand for service will want to understand what options are available to them to ensure that services continue to be available within their communities.

Table 1, included in the section entitled: “Comparison of Approaches to Scaling Out”, can be used to help agencies understand the potential benefits and drawbacks of a number of approaches that have been used by nonprofits to grow and have greater impact. This table also describes the conditions under which each of these approaches works best.

Once an agency has decided on an approach, it can turn its attention to deciding on what structure and/or strategic alliance might best serve its future needs within that context. Table 3 in the section entitled “Comparison of Organizational Structures” has been developed to help agencies understand the potential benefits and drawbacks of a number of structures and forms of strategic alliance and the conditions under which each option works best.

These tables are meant to be used in combination. While there is necessarily some duplication, the table highlighting the comparison of structures provides further depth.

These tables are meant to stimulate thought and provide a starting point from which fruitful discussion and change may occur.

Approaches to Scaling Out

As outlined in **Local Business Structures within a Federated Model** published in early 2009, there are a number of growth strategies or approaches an organization can use to scale out. The following options recommended by Strategic Leverage Partners for pursuit by Big Brothers Big Sisters of Canada agencies have been repeated here for ease of referral. They are grouped into four broad categories: organic growth, licensing, partnerships, and integrations.

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

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)**

Partnership

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 organization but the organizations operate independent of each other.
- **Single-site agency + other organizations** ⇨ **networked integrated partnership**
 - » Organizations have complementary skills and contribute to the well being of the 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.

Integration

Integration is an approach by which an agency grows by merging/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.

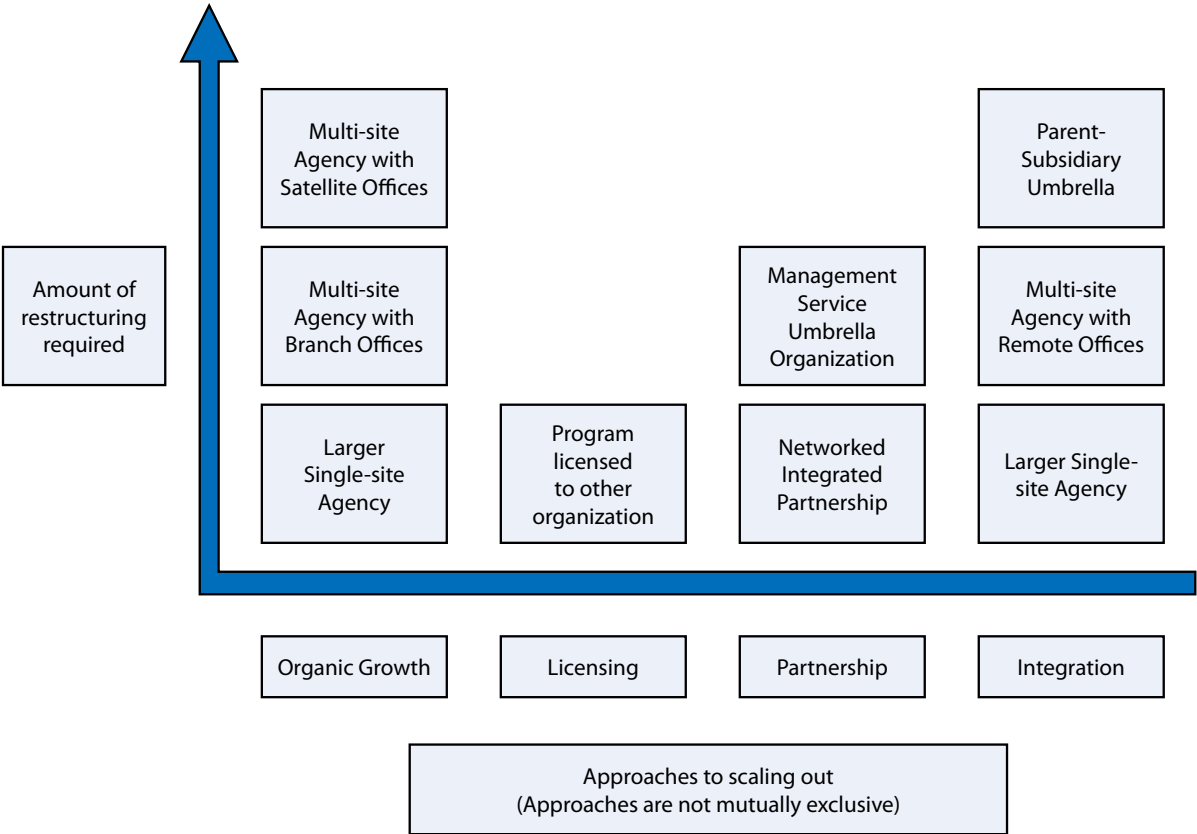
- **Single-site agency + single-site agency** ⇨ **larger single-site agency**
 - » One single-site agency dissolves and becomes part of another single-site agency, forming a larger single-site agency
 - » Two or more single-site agencies dissolve and form one larger single-site agency that serves all communities of former agencies from a single 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 organization¹)
 - » 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

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

¹ The parent-subsidiary umbrella has responsibility and authority over the underlying organizations that may operate either independent of each other or collaboratively

Figure 1. Approaches to Scaling Out

OPTIONS FOR LONG TERM
SUSTAINABILITY/GROWTH



Comparison of Approaches to Scaling Out

In order to build a better understanding of the various approaches described above, Table 1 sets out the potential key benefits and drawbacks of each. The conditions under which each approach works best are included and can be used together with the key benefits and drawbacks to arrive at an approach that best suits the user's needs.

Table 1 Potential benefits, drawbacks and conditions under which various approaches to scaling out work best			
Approach	Potential Benefits	Potential Drawbacks	Conditions under which approach works best
Organic Growth	<ul style="list-style-type: none"> <input type="checkbox"/> Ability to retain autonomy <input type="checkbox"/> Ability to plan and support growth in a measured fashion <input type="checkbox"/> Ability to leverage existing infrastructure 	<ul style="list-style-type: none"> <input type="checkbox"/> Slow to implement <input type="checkbox"/> Labour intensive <input type="checkbox"/> Limited ability to respond to growth opportunities 	<ul style="list-style-type: none"> <input type="checkbox"/> Strong leadership <input type="checkbox"/> Strong community support that can provide the human and financial resources required by a growing organization <input type="checkbox"/> Strong board of directors that can help engage multiple communities
Licensing	<ul style="list-style-type: none"> <input type="checkbox"/> Allows programs to reach more youth in new communities without the expense of setting up a new agency or remote office <input type="checkbox"/> Allows program to reach youth in communities that cannot be served by traditional means 	<ul style="list-style-type: none"> <input type="checkbox"/> Lack of program prominence within array of programs <input type="checkbox"/> Limited ability to control quality <input type="checkbox"/> Lack of profile for BBBS in community 	<ul style="list-style-type: none"> <input type="checkbox"/> Community is requesting an expansion of services but unable to support/sustain multiple agencies <input type="checkbox"/> Highly reputable agency already exists in community and has qualified staff to run the program <input type="checkbox"/> Flexibility exists to allow for guidelines to ensure quality standards are maintained
Partnership	<ul style="list-style-type: none"> <input type="checkbox"/> Opportunity to improve overall impact <input type="checkbox"/> Ability to retain autonomy while leveraging skills of partners <input type="checkbox"/> Opportunity to share resources <input type="checkbox"/> Ability to focus on own areas of expertise 	<ul style="list-style-type: none"> <input type="checkbox"/> Lack of profile <input type="checkbox"/> Time required to set up and manage partnership <input type="checkbox"/> Limited ability to control quality <input type="checkbox"/> Increased bureaucracy <input type="checkbox"/> Cultural differences <input type="checkbox"/> Can be difficult to exit in some cases 	<ul style="list-style-type: none"> <input type="checkbox"/> Partners with strong reputations, collaborative cultures, common values, and shared interest in a larger goal <input type="checkbox"/> Leadership that is comfortable with giving up control <input type="checkbox"/> Prior experience working with potential partners <input type="checkbox"/> Funders and donors are requesting more collaboration

Table 1 Potential benefits, drawbacks and conditions under which various approaches to scaling out work best

Approach	Potential Benefits	Potential Drawbacks	Conditions under which approach works best
Integration	<ul style="list-style-type: none"> ❑ Opportunity to improve operational efficiencies, financial stability, profile, influence, responsiveness and overall impact ❑ Ability to grow more rapidly than through organic means ❑ Opportunity to leverage strengths of others ❑ Ability to promote innovation through the integration of new perspectives ❑ Opportunity to broaden and deepen organizational capacities ❑ Opportunity to offer continuum of services ❑ Opportunity to rebrand or re-launch services 	<ul style="list-style-type: none"> ❑ Increased pressure on chief executives, particularly the chief executive that assumes leadership of the new organization ❑ Loss of autonomy and possibly identity for the smaller organization(s) ❑ Complex, time consuming, and costly process ❑ Slow to realize any potential cost savings ❑ Funding allocation issues ❑ Technology issues ❑ Staffing changes or layoffs may be necessary ❑ Liabilities may be inherited ❑ Less choice for clients ❑ Can be difficult to exit 	<ul style="list-style-type: none"> ❑ Clear evidence exists that working together will produce superior results ❑ Organizations have similar cultures ❑ Strong leadership (management & board) in support of change ❑ Leaders are strong communicators ❑ Organizations ready for and committed to change ❑ Sufficient resources and time to make the change ❑ Gap in leadership in one of the organizations and a strong leader in the other ❑ Strong business case ❑ Champion to drive change ❑ One of the organizations is unsustainable on its own

Organizational Structures to Consider

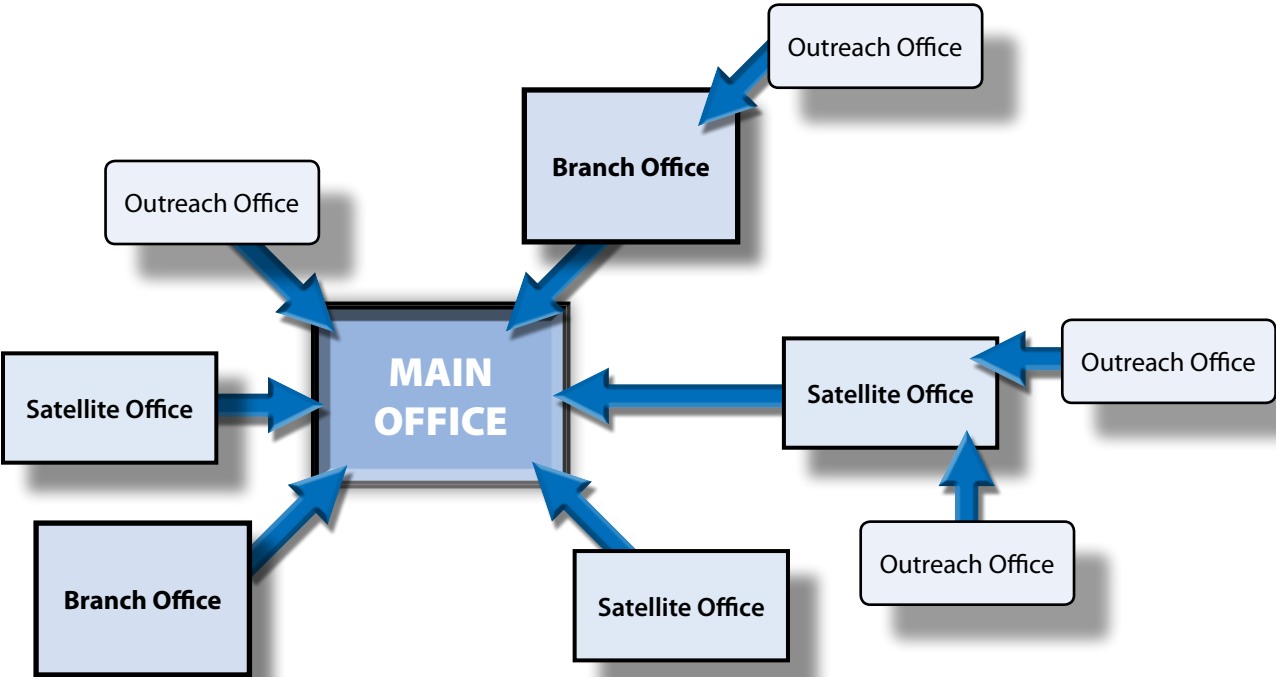
Once an approach has been determined, a structure must be selected. While there are many names and terms used to describe various organizational structures, there are fewer basic structures than the number of names and terms imply. The following represent three basic organizational structures for Big Brothers Big Sisters agencies to consider as they explore various ways to leverage their resources to serve more youth (illustrations are included for the two more involved options):

- **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)

Table 2 illustrates the main differences between the two types of remote offices referred to in Figure 2.

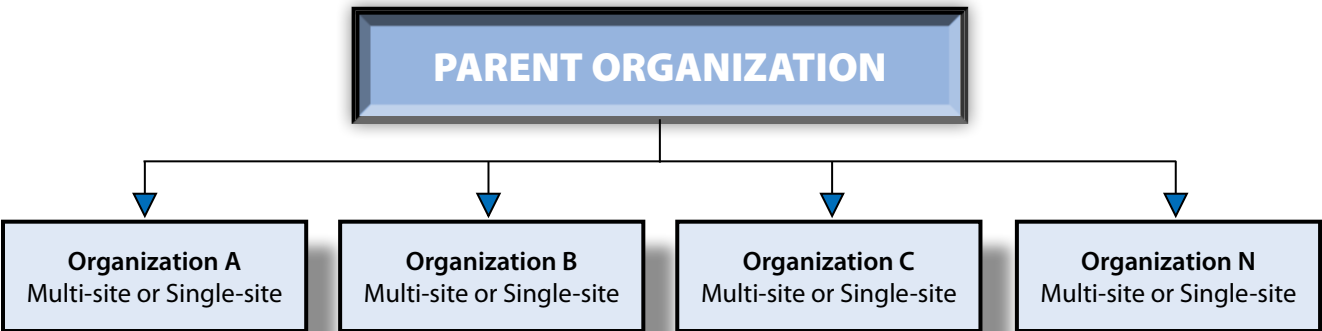
Parameter	Satellite Office	Branch Office
Autonomy and decision making authority	<ul style="list-style-type: none"> ■ Limited authority, granted by the main office, to make decisions, manage own budget and localize programming to meet community needs 	<ul style="list-style-type: none"> ■ Less autonomy than satellite office ■ Limited authority, granted by the main office, to localize programming to meet community needs
Functional responsibilities	<ul style="list-style-type: none"> ■ Often include fund development, marketing, developing and maintaining relationships with the community, donor stewardship as well as service delivery 	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ Senior manager reports to the ED of multi-site agency located at the primary office. ■ Senior manager oversees the work of the local staff. 	<ul style="list-style-type: none"> ■ Managed by the ED of multi-site agency located at the primary office
Professional Staff	<ul style="list-style-type: none"> ■ Professional staff report to the local senior manager 	<ul style="list-style-type: none"> ■ Professional staff report to the ED of the multi-site agency located at the primary office
Advisory board/committee	<ul style="list-style-type: none"> ■ Usually has one for fundraising and input on local issues 	<ul style="list-style-type: none"> ■ Usually does not have one

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.

Strategic Alliances

As noted in the companion piece, 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:

- a **Management Service Organization (MSO)** (see Figure 4)
- a **Networked Integrated Partnership** (see Figure 5).

Figure 6 illustrates more broadly the variety of ways 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 on other initiatives.

Figure 4 Management Service Organization Structure

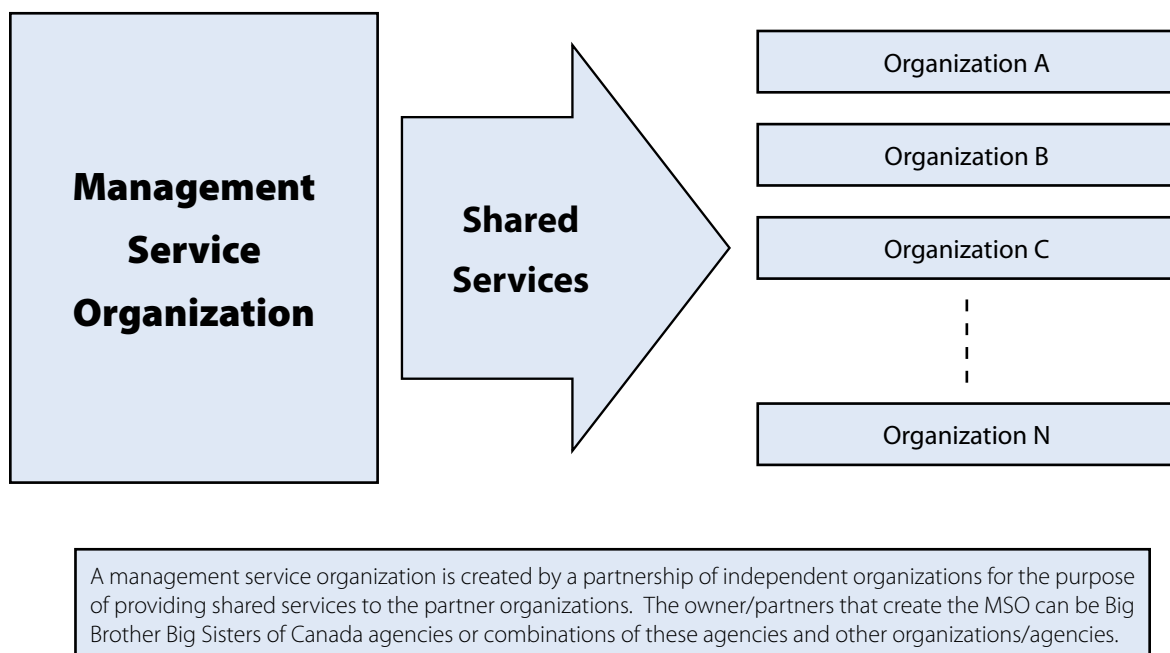
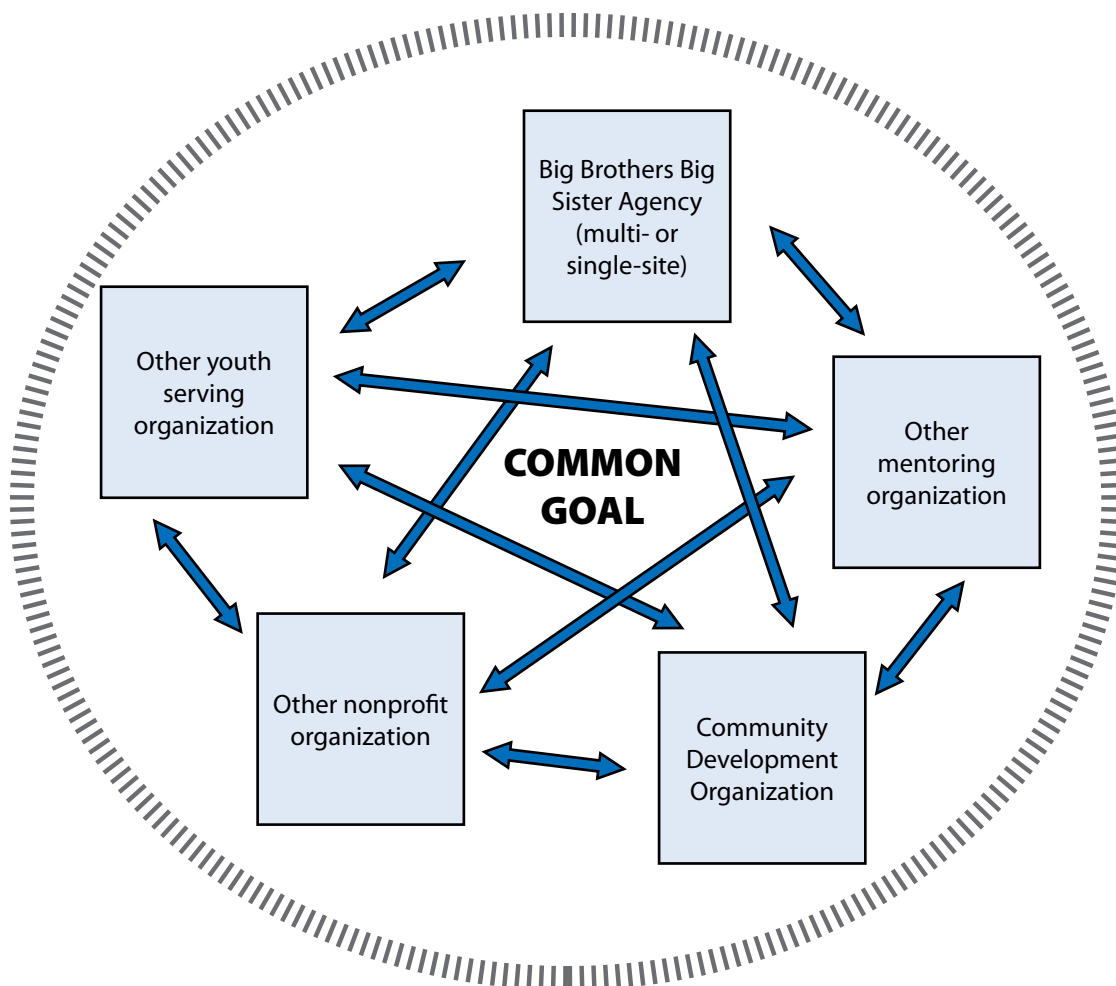
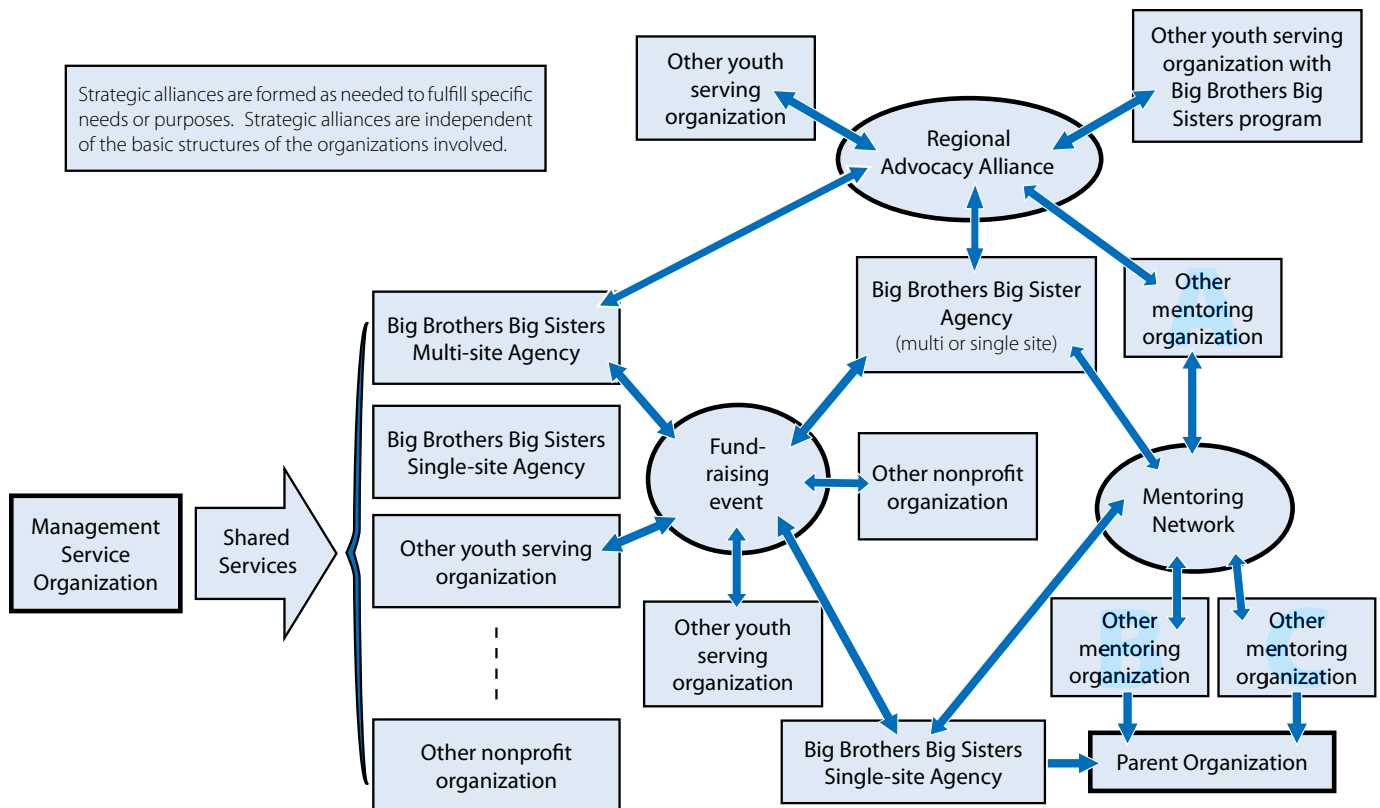


Figure 5 Networked Integrated Partnership Structure



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

Figure 6 Strategic Alliances beyond the Basic Organizational Structure



OPTIONS FOR LONG TERM
SUSTAINABILITY/GROWTH

Comparison of Organizational Structures ²

In order to build a better understanding of the various structures illustrated above, Table 3 sets out the potential benefits and drawbacks of each. The conditions under which each works best are included and can be used together with the benefits and drawbacks to allow the user to arrive at a structure that best meets his/her needs.

Table 3 Comparison of potential benefits, potential drawbacks and conditions under which structures work best			
Structure	Potential Benefits	Potential Drawbacks	Conditions under which structure works best
Basic Organizational Structures			
Small single-site agency supporting single community	<ul style="list-style-type: none"> ❑ Allows agency to respond to the grassroots ❑ Provides high level of community engagement ❑ Allows funds to remain in the community in which they are raised ❑ Allows ED to focus on one community rather than managing multiple locations and boards ❑ Provides autonomy (limited only by affiliation agreement) ❑ Requires little travel 	<ul style="list-style-type: none"> ❑ Limited Resources ❑ Limited ability to respond to growth opportunities ❑ Little opportunity for economies of scale ❑ Difficulty in accessing required skills/expertise ❑ Isolation ❑ All energy can be devoted to survival 	<ul style="list-style-type: none"> ❑ Community has unique culture and values ❑ Strong leadership exists—ED and Board—with ability to fundraise and develop required infrastructure ❑ Community wants the services and is able to support an agency
Large single-site agency supporting multiple communities	<ul style="list-style-type: none"> ❑ Requires less management overhead than a multi-site agency ❑ Provides more appealing case for support to government and funders than multiple single-site agencies ❑ Provides autonomy (limited only by affiliation agreement) 	<ul style="list-style-type: none"> ❑ Lack of visible presence in remote communities served ❑ Considerable travel required ❑ Funding allocation issues ❑ More work involved in ensuring local ownership and support ❑ Slower implementation 	<ul style="list-style-type: none"> ❑ Strong leadership exists—ED and Board—with ability to fundraise and provide support for multiple communities ❑ Agency is well resourced in terms of human resources, financial resources, systems, policies and processes ❑ Communities served are located within a reasonable distance to one another and have similar cultures ❑ Remote communities have requested service

² Includes forms of alliances

Table 3 Comparison of potential benefits, potential drawbacks and conditions under which structures work best

Structure	Potential Benefits	Potential Drawbacks	Conditions under which structure works best
Multi-site agency with remote office(s) ³ either branch or satellite	<ul style="list-style-type: none"> <input type="checkbox"/> Provides visible presence in remote community <input type="checkbox"/> Provides extension of service to additional communities that are unable to support an agency on their own <input type="checkbox"/> Requires less resources than new stand alone agency <input type="checkbox"/> Provides greater appeal to qualified leaders & volunteers <input type="checkbox"/> Allows access to broader skill sets <input type="checkbox"/> Allows access to broader range of supports <input type="checkbox"/> Provides economies of scale through centralized functions and resource sharing <input type="checkbox"/> Provides more appealing case for support to government and large funders than multiple single site agencies 	<p>From primary office perspective:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Additional workload for senior staff <input type="checkbox"/> More time required for communication, supervision, and travel <input type="checkbox"/> More time required in managing more advisory boards/ committees <p>From remote office perspective:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Increased bureaucracy <input type="checkbox"/> Limited autonomy <input type="checkbox"/> Loss of some local identity <input type="checkbox"/> Extra effort involved in ensuring local ownership and support <input type="checkbox"/> Fear that money raised locally will leave community <input type="checkbox"/> Competition for resources between the multiple offices <input type="checkbox"/> Sensitivity around relationships 	<p>From primary office perspective:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Need for service exists but remote community is unable to support a single site agency and serving the community from another community is not viable <input type="checkbox"/> Qualified program staff are available to work in the remote community <input type="checkbox"/> Primary office has the infrastructure to support services in the remote community <input type="checkbox"/> Community has ability to support remote office <input type="checkbox"/> Strong community leadership exists—presence of a champion with strong relationships <input type="checkbox"/> Board, management and staff are supportive of change <input type="checkbox"/> Board, management and staff have collaborative mindset <p>From remote office perspective:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Community is too small to support stand-alone agency and/or growth <input type="checkbox"/> Staff excel in service delivery rather than management, marketing, and fundraising <input type="checkbox"/> Staff in existing community office understand the advantages of a multi-site

3 A discussion of the difference between a branch and satellite office are included in the companion piece, *Local Business Restructures within a Federated Model* on pages 28-29. The major differences are highlighted in Table 2

Table 3 Comparison of potential benefits, potential drawbacks and conditions under which structures work best

Structure	Potential Benefits	Potential Drawbacks	Conditions under which structure works best
Satellite office	<p>Versus Branch office</p> <ul style="list-style-type: none"> <input type="checkbox"/> Provides stronger presence in the community <input type="checkbox"/> Supports more functions and offers some local management <input type="checkbox"/> Provides career development opportunities for staff <input type="checkbox"/> Allows for more autonomy and authority, which may include ability to manage own budget and localize programming to meet community needs 	<p>Versus Branch office</p> <ul style="list-style-type: none"> <input type="checkbox"/> More resources required to set up and maintain 	<p>Versus Branch office From primary office perspective:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Communities involved have distinct cultures <input type="checkbox"/> Strong management and capable staff exist or can be put in place at both the central and satellite office <input type="checkbox"/> Capability exists that is commensurate with autonomy to be granted <input type="checkbox"/> Level of trust exists that is commensurate with authority to be granted <input type="checkbox"/> Community can support a greater level of infrastructure than that required for branch office <p>From satellite office perspective:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Community too small to support a single-site agency and/or an expansion of service <input type="checkbox"/> In addition to service delivery capabilities, satellite office staff have some leadership, management, and potentially fund development, marketing, and stewardship capabilities
Branch office	<p>Versus Satellite office</p> <ul style="list-style-type: none"> <input type="checkbox"/> Requires less resources than branch office to set up and maintain <input type="checkbox"/> Allows local office to focus on programs and services rather than administration 	<p>Versus Satellite office</p> <ul style="list-style-type: none"> <input type="checkbox"/> Lack of visible presence in the remote community <input type="checkbox"/> Fewer career development opportunities <input type="checkbox"/> Lack of local management requires more involvement by management of main office <input type="checkbox"/> Less autonomy and authority for remote office <input type="checkbox"/> More difficulty engaging local community 	<p>Versus Branch office From primary office perspective:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Qualified program delivery staff exist in the community <input type="checkbox"/> Level of capability exists that is commensurate with autonomy granted <input type="checkbox"/> Level of trust exists that is commensurate with authority granted <input type="checkbox"/> Strong management at primary office that is capable of managing a remote office <input type="checkbox"/> Communities served are located within a reasonable distance to one another and have similar cultures <p>From branch office perspective:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Community too small to support a satellite office <input type="checkbox"/> Branch staff have ability to work independently <input type="checkbox"/> Branch office either has qualified staff to deliver programs or such staff can be identified within the community

Table 3 Comparison of potential benefits, potential drawbacks and conditions under which structures work best

Structure	Potential Benefits	Potential Drawbacks	Conditions under which structure works best
Program licensed by other agency	<ul style="list-style-type: none"> <input type="checkbox"/> Allows programs to reach more youth in new, communities without the expense of setting up a new agency or remote office <input type="checkbox"/> Allows program to reach youth in communities that cannot be served by traditional means 	<ul style="list-style-type: none"> <input type="checkbox"/> Lack of program prominence within array of programs <input type="checkbox"/> Limited ability to control quality <input type="checkbox"/> Lack of profile for BBBS in community 	<ul style="list-style-type: none"> <input type="checkbox"/> Community is requesting an expansion of services but unable to support/sustain multiple agencies <input type="checkbox"/> Highly reputable agency already exists in community and has qualified staff to run the program <input type="checkbox"/> Flexibility exists to allow guidelines to be put in place to ensure quality
Agency that is part of a Parent-Subsidiary Umbrella	<ul style="list-style-type: none"> <input type="checkbox"/> Provides opportunities to share costs <input type="checkbox"/> Provides opportunities to gain efficiencies in administration <input type="checkbox"/> Allows the offering of additional services to clients <input type="checkbox"/> Allows the agency to leverage the BBBS brand & the strengths of other subsidiaries <input type="checkbox"/> Provides opportunity to focus on programs and services rather than administration 	<ul style="list-style-type: none"> <input type="checkbox"/> Loss of program prominence and profile <input type="checkbox"/> Less control over some areas, i.e., quality <input type="checkbox"/> Increased bureaucracy 	<ul style="list-style-type: none"> <input type="checkbox"/> Community is requesting services but may be unable to support multiple agencies operating independently <input type="checkbox"/> Addition of program makes sense for the community <input type="checkbox"/> Umbrella organization is strongly established in the community <input type="checkbox"/> Strong working relationship exists with funders <input type="checkbox"/> Common values and goals exist among the parent and subsidiaries

Table 3 Comparison of potential benefits, potential drawbacks and conditions under which structures work best

Structure	Potential Benefits	Potential Drawbacks	Conditions under which structure works best
Strategic Alliances			
Agency with ownership in a Management Service Organization	<ul style="list-style-type: none"> <input type="checkbox"/> Provides efficiencies through shared resources and increased purchasing power <input type="checkbox"/> Allows agency to maintain their own identity and culture and considerable autonomy <input type="checkbox"/> Allows external management of non-core services <input type="checkbox"/> Frees up management time on ongoing basis <input type="checkbox"/> Allows the addition of future partners with minimal impact on existing partners 	<ul style="list-style-type: none"> <input type="checkbox"/> Loss of individual control over outsourced functions <input type="checkbox"/> Cost to start up (both dollars and time) 	<ul style="list-style-type: none"> <input type="checkbox"/> Other agencies in community have identified a common/shared need for managing their resources and have a desire to work together to form an MSO <input type="checkbox"/> Systems are easily scalable <input type="checkbox"/> Funders and donors are supportive <input type="checkbox"/> Substantial cultural differences exist among the partners
Agency that is involved in a Networked Integrated Partnership	<ul style="list-style-type: none"> <input type="checkbox"/> Allows for greater overall impact <input type="checkbox"/> Promotes the sharing of knowledge <input type="checkbox"/> Allows partners to focus on their own areas of expertise and leverage the expertise, strengths and networks of others <input type="checkbox"/> Allows for better utilization of resources <input type="checkbox"/> Promotes exploration of new services <input type="checkbox"/> Allows all participants to retain autonomy 	<ul style="list-style-type: none"> <input type="checkbox"/> Time involved in establishing and maintaining partnership <input type="checkbox"/> Difficulty in establishing how to share resources and proprietary information <input type="checkbox"/> Problems created by cultural differences 	<ul style="list-style-type: none"> <input type="checkbox"/> There is a demonstrated need within the community for BBBSC programs and services <input type="checkbox"/> Continuum of services is required to obtain sustainable results <input type="checkbox"/> Continuum of services is beyond what any one agency can provide <input type="checkbox"/> Potential partners with strong reputations, collaborative cultures, common values, and shared interest in a larger goal exist within the community <input type="checkbox"/> Collaborative leadership style exists within the partners <input type="checkbox"/> Management and board are comfortable with giving up control and having the organization's priorities become secondary to achieving a larger goal <input type="checkbox"/> Partners have worked well together in the past <input type="checkbox"/> Funders and donors are supportive of the partnership arrangement

SELECT RESOURCES TO ASSIST THE DECISION MAKING AND TRANSITIONING PROCESSES

Annotated Bibliography

A short description of each of the following reports, articles, and papers are included together with highlights and key messages for use by local agencies investigating strategic restructuring. Included among the descriptions and/or highlights are references to worksheets, checklists, templates, work plans, roadmaps and other tools that the reader may find useful throughout the process.

Local Business Structures within a Federated Model by Susan Dallhoff and Grace Bugg, 2009

Discussions around 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. This 2009 report, which is the companion piece to this Resource Supplement, prepared for Big Brothers Big Sisters of Canada, provides consistent language around the organizational structures utilized by Big Brothers Big Sister of Canada agencies across the country, looks at the various structures available and how successful organizations have extended their service and broadened their client base to achieve greater impact, and provides a set of restructuring options for Big Brothers Big Sisters agencies across Canada. In so doing, it provides an extensive literature review, key findings of the authors' independent research, approaches to and structures for scaling out, and recommendations for successful transformation. It also speaks to what the national organization can do to help facilitate growth within the Big Brothers Big Sisters movement in Canada.

Facing the Challenges of Organizational Sustainability: paying attention to basics, looking for opportunities, thinking strategically and differently, acting locally by Sherry Ferronato and Gavin Perryman, 2003

This report, prepared for Big Brothers Big Sisters in 2003, outlines four approaches to delivering Big Brothers Big Sisters services and cites examples of local agencies that have used each approach. The approaches outlined include an area wide approach (creating satellites, field offices, and federations), two multi-service approaches (diversifying their own services and becoming part of community multi-service agencies) and coalitions. In addition, it addresses the broad range of partnerships that can be structured, from loose affiliations to mergers. The guide describes conditions under which the various approaches work well, the process used, lessons learned, and tips for achieving success. It also contains a list of key questions to consider before proceeding and advice on the process. The guide ends with common barriers and proven strategies to overcome them.

Highlights and key messages:

- Participants should focus on the mission
- Agencies should consider creative ways of doing business
- Collaboration is preferred to partnerships as it allows more independence
- Partnering works best when combining strong agencies
- Small town agencies are vulnerable
- Integrating while maintaining strong community bond/local identity is difficult

Non Profit Mergers and Other Deep Partnerships – Reflection On What Works And Why It Is So Difficult by Sherry Ferronato and Gavin Perryman, 2003

This report includes a number of short case studies involving agencies that have explored merging or other deep partnerships (which are identified as anything including and beyond creating a joint program). It provides advice on how best to approach a merger or partnership, speaks to difficulties that may arise, and discusses strategies for avoiding pitfalls and overcoming difficulties. The report discusses the importance of focusing on the mission, being ready for change, having a champion, having sufficient time and resources, performing due diligence, communicating and educating throughout the process, and ensuring that the partnership makes sense from a business perspective and meets the needs of each of the participants. It also speaks to the considerable uncertainty, ambiguity and fear involved in mergers, as well as how power and status play into the equation.

Highlights and key messages:

- Talk of mergers and partnerships are increasing in the nonprofit sector
- Mergers and partnerships are best when developed over time
- Mergers and partnerships work best when each of the partners is operating from a position of strength (merging or partnering out of fear of survival or immediate need does not work well)
- Organizations must be ready for change and there must be enough time and sufficient resources to carry through
- Partners must have a common vision and the partnership must make sense from a business standpoint, meeting the needs of each of the participants
- Discussion should be focused on the mission
- A champion is critical to success
- There must be opportunities for people to be educated and participate in the process
- Merging a smaller organization with a larger one can be very difficult
- Uncertainty, fear of change and letting go, status, and power are common issues that often block mergers and partnerships
- External facilitation is often necessary

Real Collaboration: A Guide for Grantmakers by David La Piana, 2001

This resource provides a look at collaborations from the perspective of grant makers, and offers insight into their thinking for both potential funders and collaborators. The guide speaks to the challenges inherent in a funder-encouraged collaboration and the strategies that grant makers can use to help collaborations succeed. The author discusses how to assess the health of a collaboration at each of 4 stages of development (inspiration, formalization, operation, and institutionalization or termination) and includes a table that highlights the character, structure, leadership, and funding through each of the 4 stages. Resources include a sample memorandum of understanding and an annotated bibliography for those interested in exploring the subject of collaborations further. The text of this guide is interspersed with the experiences of organizations exploring collaborations.

Highlights and key messages:

- Increasingly, grant makers are encouraging collaboration
- There is a difference between “real” and perceived collaboration
- Real collaborations have common characteristics – time to mature, relationship based, work together on substantial issues, not dependent on grant money
- Time is a limited resource for nonprofit leaders
- Handbook includes:
 - » Benefits of collaboration
 - » Determinants of health of collaborative partnership
 - » Stages of development, key challenges and factors to consider at each stage
 - » Leadership vs. collaboration (competition vs. cooperation) comparison
 - » Specific strategies to help grantees succeed

Strategic Restructuring: Findings of a Study of Integration and Alliances Among Nonprofit Social Service and Cultural Organizations in the United States by Amelia Kohm, David La Piana, and Heather Gowdy, 2000

This discussion paper is the result of a survey of 192 social services and cultural organizations that shared their restructuring experiences. The report categorizes strategic restructuring into two main approaches, alliances and integrations, and six structures, which the authors define as administrative consolidation, joint programming, management service organization, parent-subsidiary, joint venture, and merger. It then provides a matrix that highlights the different structures along a continuum that extends from those structures that allow the greatest autonomy to those that require greater integration and by primary focus, be it administrative or programmatic. The paper discusses a number of patterns that emerged from the research, including what types of organizations favoured which specific structures. The research findings are woven through a discussion of the restructuring experience from the motivations to the goals and benefits, problems, and key success factors. Included are 10 case studies that profile each of the structures and take the reader from the background that set the stage for change through the implementation process to the future for these organizations, incorporating lessons learned. The report also includes a literature review and bibliography.

Highlights and key messages:

- There has been a move from less formal collaborations to more formal alliances and integrations
- Various goals, benefits, problems, and key success factors are discussed and ranked in order of importance
- Catalysts for restructuring include: an environment that calls for another way of doing business, forward thinking individual(s), sudden interruption in status quo
- Most of those surveyed reported no significant problems
- Boards of directors were generally actively involved in those organizations surveyed
- Lessons learned from a number of restructurings are included at the end of each case study

Merging Nonprofit Organizations: The Art and Science of the Deal by John A. Yankey, Barbara Wester Jacobus, and Kelly McNally Koney, 2001

This report, part of the Mandel Center's Strategic Alliance Project, is a guide/workbook for planning and implementing mergers. The report revolves around the case of a merger between a large and small non profit organization that is written from the perspectives of the board president of one organization, the executive director of another, and a consultant hired to facilitate the process. As the title suggests, it examines not only the science but the art of the deal. It takes the reader through the context for the merger, strategic planning, selecting a partner, a side-by-side analysis, due diligence, the implementation process, the evaluation, and a retrospective a year later. In the process, it speaks to the forces that drive strategic alliances, identifies nine different types of alliances, summarizes the pros and cons of mergers and consolidations, provides detailed instructions on how to conduct a side-by-side analysis of your merger partner, and offers advice on staff transitioning. It also provides worksheets that allow the reader to do an initial assessment of the fit with a potential merger partner and arrive at a strategy for establishing trust, and contains an example of a merger feasibility study work plan, a due diligence check list, and a sample plan and agreement for a merger. Throughout, it identifies a number of practices that can be used to overcome challenges. The report ends with a list of key lessons learned from 65 organizations surveyed by a team from the Mandel Center for Nonprofit Organizations, and a strategic alliance bibliography. Throughout the report there are side bars that offer advice on such topics as how to know when you are ready to form an alliance, factors that influence the type of structure you choose, how to integrate organizational culture, how to negotiate, when to go public, and the importance of remaining flexible.

Highlights and key messages:

- Three perspectives offered, including board president, executive director, and consultant charged with facilitating the process
- While alliances have always been common within the sector, mergers and consolidations are gaining profile
- Rather than trying to decide on the type of alliance in the beginning, leave it until analysis is completed
- The type of strategic alliance selected is influenced by the amount of autonomy organizations are willing to give up, which in turn affects the level of risk and the need for clearly defined parameters
- Motivating factors and catalysts discussed
- Detailed process discussed as well as challenges incurred throughout
- Lessons learned include: importance of establishing shared vision; underestimating the amount of time, energy, and money involved; importance of involving stakeholders in the process; importance of building trust; benefit of external consultant facilitating the process; the necessity of starting to communicate early in the process, and the value of being proactive and moving while the organization is in a strong position (particularly in the case of smaller agencies merging with larger agencies)
- Includes detailed worksheets and checklists for partner selection, side by side analysis, due diligence, implementation and evaluation
- Includes plan and agreement of merger document, certificate of merger

Nonprofit Strategic Alliances Case Studies: Lessons from the trenches by John A. Yankey, Amy McClellan, Barbara Wester Jacobus, 2001

Part of the Mandel Center's Strategic Alliance Project, this report contains case studies of 6 organizations that completed a merger, consolidation, or some other type of legal alliance with one or more organizations. The case studies are written from the perspective of those involved and offer considerable insight. While most involve mergers, one case involves establishing a management service organization between four United Way agencies and another involves a membership organization formed as a joint venture of eleven organizations in a metropolitan area. Throughout, the cases provide perspective on topics such as facilitation, board involvement, staff issues, and board issues. The authors highlight the value of putting aside turf issues and carrying out an honest assessment of an organization's situation and discuss the benefits of the types of strategic alliances discussed, the risks and obstacles involved, and factors critical to their success. The report also raises the topic of unintended consequences. Each case contains lessons learned. Imbedded in the report are additional resources, including a list of questions to ask potential merger partners, a number of examples of work plans, a sample due diligence check list and a roadmap for establishing trust.

Highlights and key messages:

- Strong leadership is vital to strategic alliances
- Long term relationship between the leaders is the most crucial factor in selecting partners and having the process progress smoothly
- Key success factors include: having champions; understanding the behaviour of your organization's members; having a compatible mission and developing a common vision; listening and not assuming anything; understanding that alliances take time and are hard work; not underestimating the value of trust; understanding the challenges posed by trying to unite organizations with disparate cultures; using a facilitator; conducting a thorough planning process; creating a win-win environment; understanding the elements of risk; gathering sufficient support; communicating openly; being inclusive; paying attention to different values and cultures; being open to new perspectives; allowing sufficient time to develop relationships and work through issues; not making promises that cannot be kept, and keeping the question of whether the merger is a good idea on the table.
- Includes exhibit with key questions to ask a potential merger partner, examples of work plans, a due diligence check list and a roadmap for establishing trust

Scaling Social Impact Research Project by Centre for the Advancement of Social Entrepreneurship, Fuqua School of Business, Duke University, 2006

The Centre has assembled an annotated bibliography that identifies and provides abstracts on 60+ resources on scaling social impact. The bibliography is broken down into the following sub-topics: 1) scaling impact vs. scaling organizations; 2) identifying options and models for scaling social impact; 3) organizational scale and growth; 4) field or industry specific scale and growth; 5) scaling impact as social change; 6) scaling impact through replication and multi-site organizations; 7) social impact through social movements; 8) scaling impact through partnerships and alliances; 9) scaling impact through public policy; 10) scaling impact through spread of innovation, ideas, and knowledge; 11) capital & scaling impact; 12) capacities & scaling social impact, and 13) entrepreneurship as a context for scaling social impact. This resource also includes a list of select case studies from Harvard Business School, Kennedy School of Government, Stanford Business School and Evans School of Public Affairs at the University of Washington.

Pathways to Social Impact: Strategies for Scaling Out Successful Social Innovations by J. Gregory Dees, Beth Battle Anderson, and Jane Wei-Skillern, 2002

This paper offers a conceptual framework to systematically identify and assess options for organizations interested in scaling out. It provides a Matrix of Strategic Options for Scaling Out as a means of visualizing a range of possibilities along two basic dimensions: what to scale (programs, organization and principles) and how to scale out (dissemination, affiliation, and branching), providing real life examples of each. The paper speaks to the various options for social innovation and helps the reader understand when one might be preferred over others. The various mechanisms are also discussed, along with risk, potential for central control and resource requirements, with real life examples of various scaling strategies weaved throughout. In order to further assist organizations, the paper offers 5 R's for assessing options: readiness, resources, receptivity, risks, and returns. Within the discussion on receptivity, for example, it speaks to the importance of 1) differentiating between "need" and "demand", 2) determining the degree to which the target markets offer circumstances similar to the existing market, and 3) how open individuals and organizations in the target market are to those external to their community. Within the discussion on resources, a number of creative strategies are illustrated, including some to lighten the requirements for capital. The matrix and the 5 R's, taken together, provide assistance to the reader in developing a comprehensive strategy for scaling out.

Highlights and key messages:

- Organizations can move back and forth between options as to both what they want to offer and how they want to offer it as they evolve and circumstances change
- Options for "what" can be offered range from ideas and principles to programs and organizations
- The more value there is in local adaptation, the less specific the plan of what to offer should be
- Options for "how" to offer range from dissemination to affiliation to branching
- Resource requirements increase for the organization leading the process as you move from dissemination to branching and from low to high potential for central coordination
- Disruptive innovations and innovative organizational models may be easier to scale through new organizations than already existing organizations
- Concept of readiness includes a list of skills that must exist or can be built in a timely and efficient manner
- 5 R's for assessing potential options include readiness, resources, receptivity, risks, and returns. Discussion of these 5 R's build in various ideas on how to generate revenue and take advantage of underutilized resources and address such issues as the importance of ensuring that success is transferable, the relative difficulty of obtaining resources to support your strategy versus the initial social innovation, the need to differentiate between demand and need, levels of risk and how they relate to the degree of controls needed, and where the potential for returns can differ from expectations.

The M Word: A Board Member's Guide to Mergers by Alfredo Vergara-Lobo, Jan Masaoka & Sabrina L. Smith, 2005

This booklet is a practical guide to help board members, executives, and funders determine if a merger makes sense in their particular situation, and if so, how they might proceed. It looks into common scenarios for nonprofits considering a merger, discusses potential benefits and questions for board members to ask themselves when pondering potential benefits, and provides alternative ways of meeting the needs of the respective parties. The booklet also speaks to the specific roles of the board, board members, executive directors, funders, and merger consultants in the merger process and highlights key issues to resolve during the negotiation process. The booklet also discusses how to approach the topic of shutting down and the "right way" to go out of business should all else fail.

Highlights and key messages:

- Factors that precipitate merger exploration
- Benefits sought and questions to ask with regard to each
- Alternatives to merger include: contract for administrative functions, parent-subsidary, remaining independent and partnering on specific projects and programs, closing down
- Table of costs involved in the merger process
- Thoughts on closing down an organization and the right way to go out of business
- Merger process including the role of the Merger Committee, the board versus that of the executive director, funders and the merger consultant in the merger process; key points to resolve during negotiations, due diligence requirements, and a side by side analysis
- Contains a number of tools that boards will find useful:
 - » Merger exploration worksheet - 5 key questions and an exploration process to answer them
 - » Sample Intent-to-Merge Resolution
 - » List of key issues to resolve during the negotiation process
 - » List of documents to exchange as part of due diligence
 - » Worksheet for a side-by-side analysis and arriving at rough view of what the merged organization would look like

The Big Sister Association of Greater Boston: Growing rapidly while maintaining quality by The Bridgespan Group, 2004

This report by The Bridgespan Group discusses the growth of the Big Sister Association of Greater Boston, which doubled the number of girls it served from 1996 to 2000 and was facing a mandate to double again between 2000 and 2005. While the waiting list was strong, they did not see themselves in a position to be able to add the number of mentors necessary to double the number of girls served and thus turned to the possibility of partnering with mentor rich organizations such as colleges, corporations and churches. This report speaks to the importance of establishing goals and performance measures.

Highlights and key messages:

- There is little likelihood of small organizations going to scale as they lack the resources, including good boards
- Hiring a chief operating officer is of paramount importance when the organization is growing rapidly. It allows the CEO to spend more time on strategy and fundraising while the COO focuses on internal operations such as finance, administration, and human resources
- Deal with the people problems before you deal with the system problems
- Relationships require work and the goals of affiliates and national are not always aligned

The Partnership Handbook by Flo Frank and Anne Smith, 2000

This handbook was written as a guide for those exploring partnerships. It speaks to numerous ways of formalizing arrangements and assumes little knowledge on the part of the reader. By reviewing this handbook, the authors note that one should be able to define what partnerships are and are not and understand the advantages and disadvantages of forming partnerships; the partnership process; the skills, knowledge and attitude required to cement successful partnerships; the most common problems that partnerships face; successful practices to deal with those problems, and when to bring in an outside expert. In every section, the reader can find a list of lessons learned and points to ponder. Included are a three step process for building effective partnerships, the basic skills needed for partnering, tips for building commitment, tips for building a communications strategy, tips for building commitment, a discussion of resources, roles and responsibilities, tips for training, and some thoughts on when to consult an outside expert. There is also a list of the 10 most common problems and solutions as well as a discussion on conflict resolution.

Highlights and key messages:

- The individual who leads the process may not be the appropriate individual to take the organization forward as the leadership skill required is different.
- Communication is essential and this resource contains a list of behaviours that hinder communication from a human standpoint
- Detailed process for developing a partnership includes: initial development (including how to build commitment), making it happen, accountability and future directions
- Includes a number of tools:
 - » Partnership readiness self assessment,
 - » Organizational assessment
 - » Community assessment
 - » Form to assess individual and group skills;
 - » Action planning summary sheet
 - » Final checklist for partnerships
 - » Tips for solving the 10 most important problems occurring in partnerships

The Partnership Handbook: The Facilitator's Guide by Flo Frank, Ken King and Anne Smith, 2000.

This basic guide is meant to accompany The Partnership Handbook listed above as a resource to guide discussions. It covers such things as the workshop logistics and identifying participants and issues, and contains a few proposed agendas. It then takes the reader through exercises that the facilitator can use to cover each agenda item and provides an action planning worksheet and session evaluation form.

Provides a number of tools including:

- Example of pre-workshop questionnaire
- Pre-workshop letter
- Self assessment and organizational assessment tools
- Partnership workshop evaluation form

Working in Partnership: Recipes for Success by The Wild Rose Foundation, 2001.

This partnership kit takes the reader through the steps involved in self assessment; identifying potential partners; establishing compatibility; collecting all of the necessary information; writing the partnership agreement; making the partnership work - evaluating it, enhancing it further, and diagnosing and addressing problems. The kit contains checklists for each step of the process with questions that assist the reader in completing each step. It can be used for situations that range from a sharing of resources to broader based partnerships that involve more complex issues and resources.

An appendix provides:

- List of agencies in Alberta whose mandate it is to support volunteer organizations, the work that they focus on, and their contact information,
- List of websites where voluntary organizations can find specific information on a variety of partnership questions, and
- Annotated bibliography that indicates the type of partnership addressed and whether it includes case studies or templates.

A second appendix contains documentation forms and worksheets (from [The Collaboration Handbook: Creating, Sustaining, and Enjoying the Journey](#) by Michael Winer and Karen Ray, Amherst H. Wilder Foundation publication)

Highlights and key messages:

- Pooling of resources is increasing and is sometimes the only way for nonprofit organizations to ensure sustainability
- Checklist and comprehensive list of questions for each step in the process
- Advice on how to diagnose and address problems

Nonprofit Mergers: An Assessment of Nonprofits' Experiences with the Merger Process by Dewey and Kaye, 2007

This piece is about nonprofits' experiences with mergers. Using a literature review, focus groups and a survey it explores the following five questions:

- How do merger opportunities typically emerge?
- Why are mergers typically explored?
- What are the roles of the staff, board, and outside assistance?
- How long does the process typically last?
- What are the typical results?

Highlights and key messages:

- An increasing number of nonprofits are exploring mergers as a result of reductions in traditional sources of funding, pressure by funders, and increased competition
- Main reasons to explore mergers include capacity issues, need to be competitive, and viability, with costs being only a secondary consideration
- Mergers in the nonprofit sector require substantial amount of trust and often take place between parties that know each other
- Board members tend to play a significant role in mergers
- Defining roles and responsibilities for CEO, senior staff, and board is essential
- Process can take 6-12 months, but full integration can take longer
- Costs ranged from \$5,000 to \$100,000
- Recommendations revolve around 6 themes: mission, decision making, due diligence, communication, culture, and outcomes

Strategic Restructuring: A Tool for Improving Organizational Effectiveness by La Piana Associates, Inc., 2003

This short article is based on ten case studies commissioned by the Forbes Fund and speaks to the lessons learned from joint ventures, alliances, mergers and other forms of strategic partnerships involving nonprofit organizations in Pittsburgh, PA.

Highlights and key messages:

- Interest in strategic restructuring is increasing, motivated by potential to increase efficiency, serve community better, respond to increased competition, and address leadership issues
- Key success factors, challenges, and both anticipated and actual benefits experienced are listed

Administrative Collaborations, Consolidations and MSOs by Bill Coy and Vance Yoshida.

This short report looks at four main administrative functions (HR, Finance, IT, and Other) and how they might be shared or consolidated through three different types of administrative partnerships: collaborations, consolidations, and management service organizations (MSO). It sets out the conditions under which they are worth pursuing, the pros and cons of each approach, and when each works best. The report also provides a number of steps for pursuing these types of arrangements.

Highlights and key messages:

- Rubric for decision making
- Table containing list of what might be shared or centralized by type of administrative partnership
- Table containing pros and cons of various types of partnerships and when they are best used
- Sample table for analyzing current functions and needs

The Networked Nonprofit by Jane Wei-Skillern and Sonia Marciano, 2008

Some of the world's most successful organizations stay small and reach their goals by sharing their load with like-minded, long-term partners. By citing numerous examples of nonprofits that have embraced a network approach to solving large scale problems, the authors build a strong case for organizations focusing more on cultivating their networks than enlarging their own organizations. The article looks at several organizations that have successfully used this approach. Understanding that alleviating poverty would take more than better housing and that meeting its goals was beyond its internal capabilities, Habitat for Humanity Egypt decided to focus on building its network and mobilizing resources outside of its organization. In so doing, it has been pursuing its mission more effectively, efficiently, and sustainably, covering more ground than it could have on its own and transforming the communities in which it works. The authors also explore Guide Dogs for the Blind, which decided to scale back its own operations in order to focus on its particular area of expertise, partnering with government, former competitors and others to pursue the remaining services. They ultimately created an independent umbrella organization and served twice the number of clients without scaling up their own operations. Women's World Banking built an extensive network and realized a 350-fold increase in the number of clients served with far less people and dollars than would have otherwise been possible. All focused on the mission rather than the organization, employed trust rather than control, and saw themselves as equal partners rather than hubs. The article includes advice for boards and funders to support this approach.

Highlights and key messages:

- Networked nonprofits are capable of driving wide scale change
- The vast majority of nonprofits are small, local organizations that are unable to take advantage of potential economies of scale and need to coordinate with other providers to maximize impact
- To be successful with a networked approach, one must have the following:
 - » Mission rather than organization at the centre of operations
 - » Trust rather than control
 - » Alignment of core values
 - » Involvement, commitment and engagement on the part of each partner
 - » Partners who see themselves as equal and interconnected rather than hubs at the centre of their own universe
 - » A shared vision
 - » A common culture
 - » Flexibility in terms of the currency with which each contributes to the network
 - » Sharing of recognition with others
- Commit time and money up front to ensure there is sufficient common ground for a sound foundation
- Measure success by impact rather than revenue and organizational growth
- Board can be an impediment to using this approach as performance measures typically focus more on organizational achievements than progress towards a mission
- Donors can be an impediment as many typically restrict funding to programs rather than mission.
- Trust reaps more rewards than control and although formal contracts still have a place in these networks, they should be utilized to define roles and responsibilities rather than enforce rules

Effective Capacity Building in Nonprofit Organizations by McKinsey & Company, 2001

This report, based on a project completed in partnership with Venture Philanthropy Partners, presents a framework for defining capacity and a tool for assessing it. In so doing, it provides lessons learned from successful capacity building efforts and sets out key lessons drawn from 7 case studies involving 13 nonprofit organizations. The report contains a Capacity Framework that contains seven elements: aspirations (which include mission, vision, and goals), strategy, organizational skills, human resources, systems and infrastructure, organizational structure and culture. The following is a link to the Appendix, The Capacity Assessment Grid, which helps agencies assess their capacity building needs and measure changes over time. It includes instructions on how to use the tool and how to assess the output: <http://www.vppartners.org/learning/reports/capacity/toc.pdf> [accessed 18 08 2009]

Highlights and key messages:

- To achieve social impact, nonprofits should increase their focus on building the capacity of their organizations rather than creating new programs.
- Organizations that tackled mission, vision, and goals made the greatest gains in social impact
- Includes cases of organizations that devoted their efforts to one of the seven elements that are part of the Capacity Framework
- Culture plays a more important role in nonprofit organizations than in for profit companies
- Key lessons: organizations cannot reach their full potential unless they have a lock on their purpose and strategy, both leadership and management are key, and patience is important in an environment in which almost everything takes longer than anticipated

Nonprofit Strategic Alliance Case Studies: The Role of Trust by John A. Yankey, Carol K. Willen, Barbara Wester Jacobson, and Amy McClellan, 2005

This report is part of the Mandel Center's Strategic Alliance Project and speaks to the role of trust in the development of strategic alliances. It speaks to the factors important to building trust, discusses the concerns that can arise during the process and highlights some key lessons learned and successful practices. Through three case studies involving a merger, a consolidation and a joint venture, the authors take the reader from the driving forces behind the alliances, to establishing special committees or task forces, to due diligence and implementation, wrapping up with lessons learned and reflections on the role that trust played in each case.

Highlights and key messages:

- HR: Human relations is more of a challenge than programmatic integration
- Need: A community need so strong that it overshadows the tendency to mistrust and a compelling programmatic and economic reason for pursuing the strategic alliance are key
- Vision: In order to hold alliances together during tough times, the parties must keep a strong shared vision at the forefront
- Motivation : Each party must bring something to the table and be motivated to make the alliance work
- Facilitation: The value of a neutral, experienced consultant that is trusted by both parties to facilitate talks and tasks should not be underestimated
- Leadership: The need for strong leaders that put the organization first and are not part of any past tensions
- Communication: The importance of creating open lines of communication and an environment conducive to ongoing dialogue
- Behaviour: Behave in a way that earns respect even during difficult discussions
- The process: spend time and energy on staff issues early in the process and establish expectations, get board buy-in and have CEOs work together to set the facts out before their board, and be patient as alliances always take more time than originally planned
- Governance: approaches to board governance can cause problems during the implementation phase

Cultural Clashes in Non-Profit Partnerships: What's going on and what can we do? by Amelia Kohm, 2004

This paper focuses on the importance of organizational culture in forming nonprofit partnerships. For many, cultural differences have been more troublesome than other, more concrete issues. This paper probes into what types of clashes occur and how cultural issues can undermine partnerships. The author highlights two cases of organizational restructuring for the purpose of reducing administrative costs, one considerably more successful than the other, and speaks to the role that cultural issues, the investment of the leaders in the process, and the structures chosen played in their relative success. The two cases involve two different types of restructurings, a merger and a MSO, and provide the reader with insight into both. The paper ends with the implications of this work for those considering strategic restructuring partnerships and those that are currently managing them, using the theories of Edgar H. Schein.

Highlights and key messages:

- Cultural differences can derail mergers and other forms of strategic alliances
- Determine up front the cultures of the organizations involved and how much cultural difference is acceptable within the alliance
- Some structures are more conducive to cultural differences
- Tone and actions of leaders set the tone for partnerships

Beyond Collaboration: Strategic Restructuring of Nonprofit Organizations (Revised Edition) by David La Piana, 2000

This report investigates the possibilities for partnering across multiple entities using various structures and describes strategies for funders seeking to support restructuring efforts. The study was conducted for The James Irvine Foundation. It provides answers to the five key questions:

- How can the options for strategic restructuring best be defined and described?
- Is the climate right for strategic restructuring and, if it is, will it improve how nonprofits function?
- What pressures lead nonprofits to consider mergers, consolidations, and joint ventures and what difficulties prevent their success?
- How can funders best encourage nonprofits to undertake strategic restructurings without appearing heavy handed?
- What educational activities can they promote to encourage such activities?

Managing Multisite Nonprofits by Allen Grossman and V. Kasturi Rangan, 2001

This paper speaks to the causes of tension between central and local organizations. It contains examples of 5 organizations and offers insight into why some offer more local autonomy while others lean towards greater affiliation. While the paper highlights national and international multi-site organizations, the discussion around the forces that influence the degree of autonomy and affiliation granted is useful in helping any organization understand the factors to consider in arriving at the optimal level of autonomy and affiliation to build into its own strategy for strategic restructuring.

Highlights and key messages:

- Forces that influence a higher degree of autonomy include:
 - » the need to localize – program delivery
 - » the need to customize - the greater the degree of program customization, the greater the force for autonomy
- Forces that influence a higher degree of affiliation include:
 - » associative value – brand, sharing of best practices and emerging trends, sense of connectedness
 - » enhancing value – related to brand equity but more tangible, economies of scale,
- Includes matrix for plotting forces for autonomy against forces for affiliation

Collaborative Working and Mergers by the Charity Commission, the Regulator for Charities in England and Wales, 2003

This report speaks to the UK experience with collaborations and mergers and includes the results of an extensive survey carried out in that country. The survey contains some interesting data, including which factors served as the greatest motivation to collaborate and merge by size of charity; which factors were affected by collaboration and mergers (admin costs, public profile, attracting fund, service delivery, and competition for funding) and whether they worsened, remained the same, or improved; the most commonly cited benefits derived; the factors responsible for success and failure, and the reasons that charities do not enter collaborations and mergers. The report also contains a comprehensive list of successful practices for trustees to consider.

Merging under Pressure: chief executives' and organizations' learning from merger process, events and outcomes by Jenny Harrow and Alan Cripps, 2004

This paper talks about the human side of mergers and focuses on the importance of the chief executive's role in voluntary organization "rescue" mergers where the restructuring resulted from insufficient resources. This paper is somewhat unique in that it focuses on chief executive rather than organizational learnings and contends that mergers come at huge personal costs to these leaders. It asks what roles CEOs play in resource driven mergers, how they are able to sustain their contributions, what support they seek and what support is available, how useful they find merger templates and models, whether the chief executives' commitment in such cases is more important than other factors, what risks and rewards are faced by organizations with a high level of dependence on the commitment of these chief executives, and whether the personal cost involved is considered when defining success. It discusses the merger plans of five voluntary and community organizations in the UK - four of which were "successful", and one that was not. Key among the recommendations is a CEO mentoring program for support both during and following mergers. An appendix provides highlights of each of the five case studies

Highlights and key messages:

- Merger success comes with a significant personal cost to the chief executives that lead them
- CEOs leading the process experience very significant burnout, with pressure continuing even after the deal has been struck
- CEO ambitions focus more on their organizations than themselves and they tend to put their organizations first
- CEOs tend to manage their boards in the merger process rather than the other way around.
- Some boards abdicate their responsibilities to lead and make decisions
- The best interests of the organization and the CEO may at times diverge
- Personal challenges for CEOs and strategies for dealing with those challenges
- There is a need for a CEO mentoring program and a forum for sharing of merger experiences

Success Factors in Nonprofit Mergers: Lessons from HIV/AIDS Agencies in the UK by Margaret Harris and Romyne Hutchison, 2001

This paper reviews relevant literature on the subject of mergers and presents and analyzes the case of a multi-agency merger in the UK. The aim of the case study was to record organizational changes, to analyze issues and problems during the two years following the initial decision to merge, and to consider possible organizational responses to these issues and problems. It concludes with a short list of recommendations.

Highlights and key messages:

- Successes: good balance between interests of all, key stakeholders positive, staff proud, more and better services, organizational stability, improved profile
- Problems: fundraising and lobbying on behalf of clients, relationship between London and regional staff, organizational infrastructure, feeling of disempowerment on the part of regional staff, lack of consistency and equity in service provision, costs in terms of time, money and energy much greater than anticipated
- Key learnings:
 - » Pay close attention to interests and concerns of staff and other key stakeholders during implementation phase
 - » Vision of new organizations needs to be held in balance with an awareness of organizational history of the constituent partners
 - » Don't underestimate the costs in terms of financial resources, human resources and time

Assessing your Collaboration: A Self Evaluation Tool by Lynne M. Borden and Daniel F. Perkins, 1999

This assessment tool is designed to allow groups to assess their collaboration based on the following factors: goals, communication, sustainability, evaluation, political climate, resources, catalysts, policies/law/regulations, history, connectedness, leadership, community development, and understanding community. Using a simple scoring system, organizations can get a sense of whether they have what it takes to collaborate successfully and when further strengths are required.

Evaluating Collaboratives: Reaching the Potential by Ellen Taylor Powell, Boyd Rossing Jean Geran, 1998

This resource includes tools for evaluating self interest, feasibility, the process, and outcomes. Although it was written for coalitions and collaboratives, there is much that also applies to strategic restructurings in general.

Useful tools include:

- Milestone checklist,
- Questions to ask from a self and collaborative interest perspective,
- Evaluation worksheet template,
- Internal collaborative functioning scale,
- Collaboration checklist and monitoring chart,
- Instructions on how to conduct a collaborative review and how to measure outcomes.
- Sprinkled throughout are real life examples and advice on where to go for further information.

Other – On Line Assessment Tools

Wilders Collaboration Factors Inventory, 2008

This inventory is a self-guided assessment tool that those considering or currently involved in a collaboration can take to see how they rate on each of twenty factors that influence the success of collaborations. After completing the questionnaire, which includes 42 questions and takes about 15 minutes to complete, the user is provided with summary scores and referred to the accompanying book: *Collaboration: What Makes It Work*, (Second Edition, June 2001, Paul Mattessich, Barbara Monsey, and Martha Murray-Close.

Partnership Self-Assessment Tool by Center for the Advancement of Collaborative Strategies in Health, 2009

This tool, initially designed to be carried out on line, requires downloading for use. It assists in assessing how good the synergy is between partners and how well the collaborative process is working, and identifies areas for improvement. It is intended for internal use. It is intended for those partnerships that:

- have existed for at least half a year, actively work together and improve their processes,
- are at the implementation stage
- involve a minimum of 5 active partners

Links to Selected Case Studies

A number of case studies have been referred to or included in readings included in the Annotated Bibliography. Following are links to selected case studies for those looking for further insight into strategic alliances.

[Habitat for Humanity – Egypt](#) by Jane Wei-Skillern and Kerry Herman, 2006

[Guide Dogs for the Blind Association](#) by Allen Grossman, Jane Wei-Skillern and Kristin J. Lieb, 2003

Miscellaneous Resources Available From Big Brothers Big Sisters of Canada

A number of resources, including the following, are available on the [BBBSC Agency Support website](#):

- Risk Management Handbook (Organizational Development menu)
- Hiring guides & sample job descriptions:
 - » [Agency CEO hiring guide](#), which includes a sample Big Brothers Big Sisters of Canada Job Description for an Agency Executive Director: (Organizational Development, Best Practices menu)
 - » All of the following job descriptions can be found in the BBBSC Agency Support website (Programs, National Standards menu):
 - » Executive Director
 - » Fundraiser
 - » In-School Mentor
 - » Match Volunteer
 - » Big Bunch Coordinator
 - » Board Member
 - » Caseworker

Big Brothers Big Sisters of Canada member agencies may contact BBBSC for assistance with the following documents:

- Sample Legal Agreements
- Sample Memorandum of Understanding
- Sample bylaws
- Sample Communications Plan
- Sample Satellite Committee Terms of Reference
- Community Needs Assessment Tool

LINK URL'S

When viewing this document in it's electronic (PDF) form, all the resource document names are "clickable" links to the actual online documents. In the case that you may be referencing a printed hardcopy of this document, we include the following list of URL addresses:

Local Business Structures within a Federated Model
by Susan Dallhoff and Grace Bugg, 2009.
Available from: <http://www.StrategicLeveragePartners.com>
[accessed 18 08 2009]

Facing the Challenges of Organizational Sustainability: paying attention to basics, looking for opportunities, thinking strategically and differently, acting locally
by Sherry Ferronato and Gavin Perryman, 2003.
Available from: <http://www.mentoringcanada.ca/Doclibrary/docdisplay.asp?doc=1760>
[accessed 18 08 2009]

Non Profit Mergers and Other Deep Partnerships – Reflection On What Works And Why It Is So Difficult
by Sherry Ferronato and Gavin Perryman, 2003.
Available from: http://www3.telus.net/gavinperryman/Publication Articles/non_profit_mergers_and_other_deep_partnerships.pdf
[accessed 18 08 2009]

Real Collaboration: A Guide for Grantmakers
by David La Piana, 2001.
Available from: <http://www.lapiana.org/downloads/RealCollaboration.PDF>
[accessed 12 11 2008]

Strategic Restructuring: Findings of a Study of Integration and Alliances Among Nonprofit Social Service and Cultural Organizations in the United States
by Amelia Kohm, David La Piana, and Heather Gowdy, 2000.
Available from: http://www.chapinhall.org/article_abstract.aspx?ar=1274
[accessed 12 11 2008]

Merging Nonprofit Organizations: The Art and Science of the Deal
by John A. Yankey, Barbara Wester Jacobus, and Kelly McNally Koney, 2001.
Available from: <http://www.case.edu/mandelcenter/publications/casestudies/MergingNonprofitOrgs.pdf>
[accessed 18 08 2009]

Nonprofit Strategic Alliances Case Studies: Lessons from the trenches
by John A. Yankey, Amy McClellan, Barbara Wester Jacobus, 2001.
Available from: <http://www.case.edu/mandelcenter/publications/casestudies/LessonsFromTheTrenches.pdf>
[accessed 18 08 2009]

Scaling Social Impact Research Project
by Centre for the Advancement of Social Entrepreneurship, Fuqua School of Business, Duke University, 2006.
Available from: http://www.caseatduke.org/documents/annotated_bibliography_scalingsocialimpact.pdf
[accessed 18 08 2009]

Pathways to Social Impact: Strategies for Scaling Out Successful Social Innovations
by J. Gregory Dees, Beth Battle Anderson, and Jane Wei-Skillern, 2002.
Available from: http://www.impactalliance.org/ev02.php?ID=19864_201&ID2=DO_TOPIC
[accessed 18 08 2009]

The M Word: A Board Member's Guide to Mergers
by Alfredo Vergara-Lobo, Jan Masaoka & Sabrina L. Smith, 2005.
Available from: http://www.compasspoint.org/assets/445_mwordfinal2005.pdf
[accessed 18 08 2009]

The Big Sister Association of Greater Boston: Growing rapidly while maintaining quality
by The Bridgespan Group, 2004.
Available from: <http://www.bridgespan.org/learningcenter/resourcedetail.aspx?id=318>
[accessed 18 08 2009]

The Partnership Handbook
by Flo Frank and Anne Smith, 2000.
Available from: http://www1.servicecanada.gc.ca/eng/epb/sid/cia/partnership/partnerhb_e.pdf
[accessed 18 08 2009]

The Partnership Handbook: The Facilitator's Guide
by Flo Frank, Ken King and Anne Smith, 2000.
Available from: http://www1.servicecanada.gc.ca/eng/epb/sid/cia/partnership/partnerfac_e.pdf
[accessed 18 08 2009]

Working in Partnership: Recipes for Success
by The Wild Rose Foundation, 2001.
Available from: http://www.wildrosefoundation.ca/partnershipkit/Partnership_Kit.pdf
[accessed 12 11 2008] and http://www.wildrosefoundation.ca/partnershipkit/Partnership_Kit_Appendix.pdf
[accessed 12 11 2008]

Nonprofit Mergers: An Assessment of Nonprofits' Experiences with the Merger Process
by Dewey and Kaye, 2007.
Available from: <http://www.forbesfunds.org/docs/Tropman2007/NonprofitMergers.pdf>
[accessed 18 08 2009]

Strategic Restructuring: A Tool for Improving Organizational Effectiveness
by La Piana Associates, Inc., 2003.
Available from: http://www.forbesfund.org/docs/2StrategicRestruct_TR03.pdf
[accessed 18 08 2009]

Administrative Collaborations, Consolidations and MSOs
by Bill Coy and Vance Yoshida.
Available from: http://www.lapiana.org/downloads/Admin_Partnerships_briefing_paper.pdf
[accessed 18 08 2009]

The Networked Nonprofit
by Jane Wei-Skillern and Sonia Marciano, 2008.
Available from: http://www.ssreview.org/articles/entry/the_networked_nonprofit/
[accessed 18 08 2009]

Effective Capacity Building in Nonprofit Organizations
by McKinsey & Company, 2001.
Available from: http://www.venturephilanthropypartners.org/learning/reports/capacity/full_rpt.pdf
[accessed 18 08 2009]

Nonprofit Strategic Alliance Case Studies: The Role of Trust
by John A. Yankey, Carol K. Willen, Barbara Wester Jacobson, and Amy McClellan, 2005.
Available from: <http://www.case.edu/mandelcenter/publications/casestudies/TheRoleOfTrust.pdf>
[accessed 18 08 2009]

Cultural Clashes in Non-Profit Partnerships: What's going on and what can we do?
by Amelia Kohm, 2004.
Available from: <http://one.center-school.org/search-document-detail.php?ID=950>
[accessed 18 08 2009]

Beyond Collaboration: Strategic Restructuring of Nonprofit Organizations (Revised Edition)
by David La Piana, 2000.
Available from: <http://www.lapiana.org/downloads/BeyondCollaboration.pdf>
[accessed 18 08 2009]

Managing Multisite Nonprofits
by Allen Grossman and V. Kasturi Rangan, 2001.
Available from: <http://www3.interscience.wiley.com/journal/104546604/abstract>
[accessed 13 11 2008]

Collaborative Working and Mergers
by the Charity Commission, the Regulator for Charities in England and Wales, 2003.
Available from: <http://www.charity-commission.gov.uk/publications/rs4.asp>
[accessed 18 08 2009]

Merging under pressure: chief executives' and organizations' learning from merger process, events and outcomes
by Jenny Harrow and Alan Cripps, 2004.
Available from: <http://www.istr.org/conferences/toronto/workingpapers/harrowjenny.pdf>
[accessed 18 08 2009]

Success Factors in Nonprofit Mergers: Lessons from HIV/AIDS Agencies in the UK
by Margaret Harris and Romayne Hutchison, 2001.
Available from: <http://www.abs.aston.ac.uk/newweb/research/cvar/forms/successfactors.pdf>
[accessed 14 11 2008]

Assessing your Collaboration: A Self Evaluation Tool
by Lynne M. Borden and Daniel F. Perkins, 1999.
Accessed from: <http://www.joe.org/joe/1999april/tt1.php>
[accessed 18 08 2009]

Evaluating Collaboratives: Reaching the Potential
by Ellen Taylor Powell, Boyd Rossing Jean Geran, 1998.
Available from: <http://learningstore.uwex.edu/pdf/G3658-8.PDF>
[accessed 18 08 2009]

Wilders Collaboration Factors Inventory, 2008.
Accessed from: (<http://wilderresearch.org/tools/cfi/index.php>)
[accessed 18 08 2009]

Partnership Self-Assessment Tool
by Center for the Advancement of Collaborative Strategies in Health, 2009.
Accessed from: <http://www.partnershiptool.net/>
[accessed 18 08 2009]

Habitat for Humanity – Egypt
by Jane Wei-Skillern and Kerry Herman, 2006.
Available from: http://harvardbusinessonline.hbsp.harvard.edu/b02/en/common/item_detail.jhtml;jsessionid=MXGFPMUM042XWAKRGWDSLEQBKE0YIISW?i=307001&_requestid=23338
[accessed 18 08 2009]

Guide Dogs for the Blind Association
by Allen Grossman, Jane Wei-Skillern and Kristin J. Lieb, 2003.
Available from: http://harvardbusinessonline.hbsp.harvard.edu/b02/en/common/item_detail.jhtml?id=303006&_requestid=23595
[accessed 18 08 2009]

About the Authors

SUSAN DALLHOFF, MBA

Sue Dallhoff is the President and CEO of Strategic Leverage Partners. Having spent the early part of her career in the capital markets, researching and analyzing public companies and industries, Sue understands the importance of strategy and execution as value drivers and the importance of a strong board of directors.

Her expertise and strengths are in strategic planning, board effectiveness, research and analysis, relationship management and stewardship. Her success over the years is directly related to her ability to analyze companies, promote teamwork, and build a high level of trust with the most senior executives within organizations.

Sue has worked in start-ups and established businesses and has been a board member of a number of Canadian organizations. Over the course of her career, she has conducted numerous interviews at the senior management level and is able to quickly assess viable strategies.

In her charitable endeavors, Sue has gained a thorough understanding of the issues facing organizations and their boards and the challenges facing volunteer boards and their leaders. She has acted as a Board Chair, Board Vice Chair, volunteer chair of a number of annual corporate giving campaigns, governance committee chair, agency operations committee chair (finance and strategy), and active audit committee member. Through her board work, Sue has become knowledgeable on the trends and factors driving alliances and partnerships in the voluntary sector and has taken an active role in promoting partnerships to more effectively deliver programs and services.

Sue has mentored, coached, and assisted many in achieving their objectives. She has also acted as a case writer in the area of corporate governance for the Richard Ivey School of Business, where she obtained her Executive MBA.

GRACE BUGG, BSC, MBA

Grace Bugg is the COO of Strategic Leverage Partners. Grace's expertise and strengths are in the areas of board effectiveness, strategic planning, project management, leadership, analysis, process design and technology deployment.

Grace spent the early part of her career developing technology based products where she acquired the ability to develop and execute operational strategies. Grace has worked in a number of industries that successfully deployed technology to create strategic advantage. Her success over the years comes from her ability to quickly gather information, assess and analyze situations, and make decisions. Through her experience in industries that have gone through major changes, Grace has gained considerable insight into the role an organization's strategy, culture and underlying infrastructure play in its ability to adapt rapidly to changes in the environment.

Together with Sue, Grace has acted as a case writer in the area of corporate governance for the Richard Ivey School of Business, where she obtained her executive MBA. Grace volunteers on the boards of a number of non-profit organizations. Her board roles have included President, Governance Committee Chair, Treasurer, event planning and fundraising.



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