The Courage to Collaborate: Four Lessons From Our Mergers & Collaborations Series

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In a panel at the Clinton Global Initiative University earlier this month, Chelsea Clinton asked 1,100 college-aged social entrepreneurs if they had the courage to "come second." In other words, instead of founding an organization, could they create social, economic, or environmental impact by collaborating—plugging into another founder's proven approach and taking it to scale?

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It's a question that social innovators, whatever their organization's legal structure or stage of development, should be asking. The nonprofit leaders whose stories we've published this past month in the series Mergers That Make a Difference show that collaboration does take courage and can be worth the initial pain. Merger veterans describe a variety of organizational marriages that have scaled the reach of social enterprises, broadened their scope of services, or streamlined operations and created back-office efficiencies.

The series co-curated by Bridgespan, LaPiana Consulting, The Lodestar Foundation, and The Catalyst Fund for Nonprofits converged on four lessons:

1. Think mission vs. organization

Rachel Haag, who will step down in April as CEO of Boston's AIDS Action Committee (AAC), completed three mergers on behalf of AAC in four years, most recently between AAC and Fenway Health. She said the key in each was for leaders to check egos at the door and focus on future missions, not current organizations or even their own jobs—a sentiment echoed by Elisabeth Babcock, Serena Powell, and Kim Thiboldeaux, other bloggers in the series. "There is just no place for egos in nonprofit mergers," writes Haag "Instead of thinking, 'How does this merger affect me?' board members and senior staff must evaluate every merger-related decision by asking, 'How does this enhance our organization's ability to meet its mission?' At AIDS Action Committee, we developed a set of criteria that required us to document how a merger would improve client quality of care, ensure organizational sustainability, and allow us to continue to tackle the root causes of HIV/AIDS. It was paramount that our mission was preserved; organizational integrity or the future role of board members or senior staff was secondary."

2. Pay attention to culture

Sister Paulette LoMonaco, executive director of Good Shepherd Services, and Associate Executive Director Laurie Williams spoke in their blog of the primacy of cultural due diligence when assessing acquisitions. Meanwhile, Stephen Payne, executive director of the recently merger Oakland East Bay Symphony, talked of the importance of building a new culture as part of a merger integration. The unavoidable message: pay attention to culture. In a 2009 Bridgespan survey of 433 nonprofit leaders, three-quarters ranked cultural fit as a make-or-break quality for incoming nonprofit leaders. It stands to reason that the stakes are much higher when a merger brings in multiple leaders. Says Sr. Paulette, "[We] require what we call *cultural due diligence*, which we define as spending the time, energy, and money to carefully plan how we will incorporate staff from the acquired entities into the culture of Good Shepherd Services. Of course, we learned about [its] importance... the hard way."

3. Involve staff as architects of integration

Elisabeth Babcock, executive director of Crittenton Women's Union (CWU), agrees that board and staff egos can be the greatest barriers to strategic unions. But she credits the legacy boards of CWU with avoiding these pitfalls by deputizing senior staff to create a blueprint for the merger. Says Babcock in her blog: "Tap your senior staff and trust their ability to provide valuable analysis on the potential upsides and roadblocks of this type of transition. In the case of Crittenton Women's Union, it was staff at both legacy organizations who were able to envision a more streamlined and strategic organization that could propel a greater number of low-income women to economic independence." Good Shepherd has used merger integration assignments as a form of senior staff leadership development. And the Cancer Support Community developed a Transition Leadership Committee, comprised of board members and staff from the merging organizations and their affiliates; from the beginning, the affiliates were an integral part of the decision-making process

4. Count costs carefully, and align funders

The series opened with a story of a planned merger that fell apart once the organizations surfaced the true costs of blending back offices. And we heard from other leaders how expensive merger due diligence and integration can be, and how unaware some funders are of the need to cover true costs when supporting a union. When tying a knot, investing in strong, financial due diligence that aligns funders with true costs becomes essential housekeeping. For example, Linda Johanek, CEO of the Domestic Violence & Child Advocacy Center (DVCAC) in Cleveland, blogged about the ongoing costs of rebranding. "One year after the Domestic Violence Center and the Bellflower Center for Prevention of Child Abuse changed names [to become DVCAC], donations dropped 25 percent," wrote Johanek. "Two years after the merger, we continue to rebrand and search for the money to do so." Good Shepherd Services estimated that its integration of a neighborhood services acquisition in 2012 took two years and $570,000, not including staff time or pro bono legal assistance. Funder John MacIntosh of Seachange Capital Partners advocates a clear-eyed view of costs. He estimated in his blog that a three-way charter school merger that Seachange backed cost $250,000 and was worth each penny. Yet too often, funders are not aligned. Says Johanek: "One funder denied our request to help with merger-associated costs, advising that we "use the money [we were] saving [through the merger] to fund the transition…That funder clearly didn't understand there are many associated costs that continue past the signing of a merger…I call upon all funders to have a long-term vision when a newly merged agency is seeking to create long-term benefits."

There are more lessons in the eight case studies that accompany these nonprofit leaders' blogs, and some interesting conversations in the comments. We hope you will scan through them and join those that resonate. Each case study speaks to a specific type of merger, such as: mergers of smaller nonprofits with specific expertise into larger organizations (Good Shepherd and AIDS Action Committee); unions of affiliate organizations that save administrative costs by combining forces (United Ways of Battle Creek & Kalamazoo and Oakland Symphony Orchestra); mergers of equals to create regional scale (DVCAC, CWU, and Pine Street Inn) and national scale (The Cancer Support Community).

During this exploration of mergers that make a difference, one message that has stuck with me came from an accompanying SSIR.org webinar. Elisabeth Babcock of CWU said, "Always look for the least complicated form of collaboration to achieve the impact you seek." Sometimes this will call for merging, as her organization did. But there are many simpler ways for nonprofits to collaborate—from loose coalitions for advocacy, to joint ventures to share and manage assets, to co-locating to share services. CWU has used them all. Every organization should consider a range of collaborations, including mergers, as they seek to advance their mission.

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