# THE HUMAN SERVICES STRATEGIC RESTRUCTURING PILOT PROJECT

## A JOURNEY OF LEARNING

**NOVEMBER 2011**

Janet W. Coquillette
Susan L. Eagan
Carol K. Willen
John A. Yankey

# TABLE OF CONTENTS

# FORWARD

The Human Services Strategic Restructuring Pilot Project began as informal conversations in 2008 and produced – by its conclusion in April 2011 – a number of organizational restructurings. The funders collaborative that coalesced for this project is one of a series of such collaboratives that have emerged in the United States in recent years.

This publication will assist in achieving one of the pilot project's key goals – learning. Funded by Deaconess Community Foundation, Saint Luke's Foundation, and Fred A. Lennon Charitable Trust, the case study was developed by a four-person team led by Dr. John A. Yankey of Yankey Associates. Team members included:

> Janet W. Coquillette: Ms. Coquillette is an independent consultant working with nonprofit organizations around the organizational processes that support effectiveness, including strategic planning, strategic alliances, board development, and use of volunteers. As a corporate lawyer, she has deep experience with mergers and other combinations and collaborations, organizational restructuring, tax-exempt finance, and governance matters.
>
> Susan L. Eagan: Dr. Eagan is a senior consultant with Dewey & Kaye, a nonprofit consulting and executive search firm that is a division of ParenteBeard. Her prior positions include Executive Director and Mandel Professor at the Mandel Center for Nonprofit Organizations and Executive Vice President at The Cleveland Foundation. Over the course of her career, she has addressed a wide range of strategic and tactical issues in arts management, education, economic and community development, judicial reform, human services and community relations. Dr. Eagan has served in leadership roles on nonprofit boards at the national, state and local levels.
>
> Carol K. Willen: The inaugural director of the Nonprofit and Public Service Center at Lakeland Community College in Kirtland, Ohio, Dr. Willen has extensive experience in philanthropy, nonprofit management, higher education, and consulting. Together with Dr. John A. Yankey, she has co-taught a graduate course on nonprofit strategic alliances

at Case Western Reserve University and co-authored a number of publications, including "Collaboration and Strategic Alliances" in *The Jossey-Bass Handbook of Nonprofit Leadership and Management*.

John A. Yankey: Dr. Yankey is the Leonard W. Mayo Professor Emeritus at Case Western Reserve University in Cleveland, Ohio. For thirty years, he has studied, taught, consulted, and published regarding nonprofit strategic alliances development. He coordinated a four-year, national Strategic Alliances Project for the Mandel Center for Nonprofit Organizations, which resulted in the publication of several important case studies, including "Nonprofit Strategic Alliances Case Studies: Lessons from the Trenches."

The case study team is enormously grateful to the forty-five individuals – funders, nonprofit organization staff and board leaders, consultants, and key professionals from other organizations supporting the pilot project either during or after its implementation, as well as leaders of selected other funders collaboratives in the United States – for their willingness to be interviewed and contribute significantly to this journey of learning.

Strategic restructuring is a part of the "new normal" nonprofit environment. It is hoped this publication – *The Human Services Strategic Restructuring Pilot Project: A Journey of Learning* – will prove useful to all those interested in helping nonprofit organizations maximize their value to the communities of which they are an integral and increasingly important part.

# EXECUTIVE SUMMARY

Eighteen funders in northeast Ohio joined together in the Human Services Strategic Restructuring Pilot Project (the "Collaborative") to examine how to support nonprofit organizations in strategic restructurings. The Collaborative focused on human services agencies with a footprint in Cuyahoga County. Driven by economic forces that had reduced foundation endowments, caused public funding sources to retrench, and placed financial strains on individual donors – all at the same time as the demands on social services agencies to address basic, critical needs rose dramatically – the Collaborative sought to ensure "that our community's most vulnerable citizens continue to have access to the highest quality human services in a new reality of reduced, fragile resources." A changing policy environment in Ohio and a tradition of collegial relationships among representatives of Ohio's many grantmaking organizations also helped to provide impetus for the development of the Collaborative.

The initiative focused primarily on the development of significant, high-level strategic restructuring efforts that have the potential to increase capacity by reducing duplicative services, increasing sustainability, increasing effectiveness, or producing substantial cost savings. Outcomes sought by the Collaborative were both educational (to help funders learn how to support nonprofit organizations in restructuring and to expose local nonprofit leaders to the principles and practices of strategic collaboration) and practical (the Collaborative hoped to support development, and, in some instances, execution of significant strategic alliance and merger plans). Evaluation results showed that the educational goals were achieved. In addition, the Collaborative supported four pairs of organizations in achieving important restructurings. The funders that participated in the Collaborative expect additional benefits to accrue with the dissemination of its learnings.

Initial exploratory meetings began in March 2009, and the Collaborative concluded in April 2011. The project was implemented in three phases:

- Phase I – educational workshops to acquaint teams of executive directors and board chairs of human services organizations with the Collaborative and provide general information about nonprofit collaborations

- Phase II – agency readiness assessment
- Phase III – facilitation of the development of significant, high-level strategic restructurings

As the project unfolded,

- Seventy-six of the 81 organizations invited to attend the Phase I workshops sent representatives.
- Forty-three of the 76 nonprofit organizations represented at the workshops formally signified their interest in proceeding to Phase II.
- Seventeen organizations were invited to move on to Phase II and were grouped into seven clusters of two or more organizations.
- Five of the seven clusters (involving 11 of the 17 organizations that had completed Phase II) were invited to progress to Phase III.
- Four clusters (involving a total of eight nonprofits)[1] completed Phase III and achieved significant restructuring outcomes.

Funders that invested in the Collaborative included corporate, private, and community foundations of all sizes and interests, as well as the local United Way Services.[2] Deborah Vesy, President and Chief Executive Officer of Deaconess Community Foundation, and Denise San Antonio Zeman, President and Chief Executive Officer of Saint Luke's Foundation, instigated the project and served as its Co-Chairs. The project was facilitated by a team of three consultants[3] who, although previously unaffiliated, worked collaboratively. Several other organizations supported the project by providing evaluation, communications, and fiscal and administrative services.

Based on interviews with participants, documents and records of the Collaborative, and independent research, the case study first traces the development and implementation of the Collaborative. It then examines the Collaborative through the perceptions of the funders and the perceptions of the participating nonprofit organizations, concluding with ten key themes and lessons learned. Principal conclusions include the following.

[1] Bellflower Center for Prevention of Child Abuse and Domestic Violence Center; Center for Families and Children and West Side Ecumenical Ministry; Crossroads: Lake County Adolescent Counseling Service and New Directions, Inc.; and E CITY and Youth Opportunities Unlimited.

[2] Funders included Abington Foundation; Charter One Foundation; The Cleveland Foundation; Deaconess Community Foundation; Dominion Foundation; Eva L. and Joseph M. Breuning Foundation; Frank Hadley Ginn and Cornelia Root Ginn Charitable Trust; Fred A. Lennon Charitable Trust; The George Gund Foundation; John P. Murphy Foundation; Kulas Foundation; The Reinberger Foundation; The Reuter Foundation; Saint Luke's Foundation; The Thomas H. White Foundation; United Way of Greater Cleveland; Weathertop Foundation; William J. and Dorothy K. O'Neill Foundation.

[3] Jo DeBolt (La Piana Consulting), David Kantor (Kantor Consulting Group), and Amy Main Morgenstern (Main Stream Enterprises).

# THE COLLABORATIVE FROM THE FUNDERS' PERSPECTIVE

Funders' perceptions of the purposes of the project included (a) maintaining vital community services and increasing capacity, (b) reducing duplicative services, achieving cost savings, and reducing the number of human services nonprofits, and (c) informing, learning, and experimenting.

In addition, the initiative was viewed as a major opportunity for funders to (a) address challenges creatively, try new approaches, and identify best practices; (b) directly support nonprofit organizations in exercising control over their long-term destinies; (c) utilize and build on their own experience in organizational restructuring; and (d) partner with respected philanthropic colleagues as part of an important and forward-looking initiative. The decision by funders to participate also was influenced by their prior experiences in supporting or funding collaborative activity, as well as a desire to behave in a collegial manner and have a seat at the table in what was perceived to be an important initiative within the local philanthropic community.

As a learning experience, the Collaborative demonstrated both strengths and potential areas for improvement. Among the strengths – and items most frequently cited as factors critical to the Collaborative's success – were:

- Leadership provided by the Co-Chairs
- Quality and expertise of the consultants
- Synergistic effect of bringing partners together – the power of joint effort and pooled dollars
- Manner in which the Collaborative conducted its "business"
- Structure of the project
- Learning – for both funders and nonprofit organizations – and new messages heard in the nonprofit community

Potential areas for improvement cited by funders included:

- Clearer messaging regarding the voluntary nature of nonprofit organizations' participation in the project

- Greater clarity about the time involved in, and costs of, restructuring
- More extensive use of the nonprofit advisory group
- Less emphasis on the number of restructurings as a measure of success

While some funders were uncertain as to the place of funders collaboratives in the fabric of future philan-thropic activity in northeast Ohio, others saw the funders collaborative model as holding great potential not only for nonprofit subsectors other than human services but also for how foundations do their work in the future.

## THE COLLABORATIVE FROM THE NONPROFIT ORGANIZATIONS' PERSPECTIVE

Nonprofit organizations' motivations for participating in the Collaborative included: (a) the impact of economic pressures; (b) the need to respond to what some perceived as pressure by funders to eliminate redundancy, (c) the need to overcome the inertia delaying restructuring on their own, (d) the opportunity to receive consulting help in exploring strategic restructurings, (e) respect for the funders, and (f) opportunities to learn.

Like the funders, nonprofits saw overarching benefits resulting from the Collaborative including (a) a higher level of visibility for collaboration in general, (b) deeper understanding of restructuring and the need for greater effectiveness, and (c) expectation that funders and nonprofits alike will focus on the bigger picture and what is best for the community.

The nonprofit leaders frequently cited the following factors as contributing to successful restructuring: the right attitude; thoughtful and thorough negotiations; thorough due diligence; high quality facilitation; attention to compatibility and continuity in human relations; and trust.

Of all these factors, trust was considered to be most critical. From the nonprofits' perspective, trust can be established, fostered, and encouraged through: shared vision and common understandings; reliance on prior interpersonal relationships (when available); willingness to develop new relationships during the process; mutual respect, personal integrity and absence of ego; sharing information; honest communication and openness; flexibility and patience; and maintaining a big-picture view.

Nonprofit organizations' suggestions for refining the Collaborative model included:

- Making even clearer to nonprofit organizations the extent to which their participation in funders collaborative efforts are voluntary
- Making even clearer what, if any, confidentiality rules apply to the organizations
- Giving additional consideration to the potential strategic uses by the nonprofits of sharing information with the media and each other
- Clarifying the role of the communications firm
- Offering "matchmaking" assistance – helping organizations scan the horizon for potential good "fits"
- Allowing participating nonprofit organizations more input into the choice of their process consultants
- Providing more information up front about the time, effort, and additional funding required to fully carry out a restructuring transaction
- Providing more support around legal and financial matters, including structuring the transaction, and post-transaction integration
- Providing greater flexibility in the project model
- Offering participating nonprofit organizations a stipend and an à la carte menu of services that they can choose depending on their particular needs
- Engaging board members – including those not on the joint negotiating teams – more fully in the restructuring process
- Paying more attention to the role of the chief executive officers and to succession planning

# KEY THEMES AND LESSONS LEARNED

Ten key themes and lessons learned emerged from the Collaborative:

**Theme 1: Everyone has something to learn.**

LESSON: Knowledge development and learning should be explicit goals of philanthropic collaboration in support of strategic realignment in the nonprofit sector.

**Theme 2: Timing is critical.**

LESSON: Out of crisis comes opportunity; seize the moment!

**Theme 3: Leadership is indispensable.**

LESSON: Determine the availability, capacity, and readiness of philanthropic and nonprofit leaders early in the process.

**Theme 4: Trust makes things happen.**

LESSON: Keep in mind that trust is the glue that holds the process together, and actively seek opportunities to create and strengthen that trust.

**Theme 5: Progress can occur despite power dynamics.**

LESSON: Take proactive steps to address the unequal distribution of power through engaging nonprofits in process design and decision-making, providing safe space in which to conduct negotiations, and striving for transparent communication.

**Theme 6: Goals do not have to be highly specific and universally shared for progress to occur – as long as there is general consensus on the overall direction.**

LESSON: Develop purposes and goals that encourage participation and inclusion; plan and manage communication processes and messages to align with the overall intent and strategies of the project.

**Theme 7: Structure is essential but sometimes one size does not fit all.**

LESSON: Collaborative projects should achieve a balance between structure and flexibility both for funders and nonprofit organizations.

**Theme 8: Planning is important but so is room for change along the way.**

LESSON: An organic process should be balanced with careful attention to planning and communication to avoid misplaced expectations.

**Theme 9: Doing the deal is one thing; making the deal work is another.**

LESSON: Participating funders and nonprofit organizations should recognize and plan for long-term engagement to make strategic restructurings successful.

**Theme 10: The last chapter takes a long time to write.**

LESSON: Plan to evaluate and assess outcomes over multiple years.

# INTRODUCTION

The recession that began in 2007 and worsened in 2008 reverberated throughout the United States economy. While no sector remained unscathed, the impact of the economic downturn on the nonprofit community was profound and painful, particularly in the area of human services. The demands on social service agencies to address basic, critical needs rose dramatically just as funding for such programs was becoming increasingly difficult to secure.

As it became clear not only that foundation endowment values had plummeted, but also that public sources could no longer sustain prior levels of support, and many individual donors were under financial strain as well, funders in northeast Ohio's large and historically collegial philanthropic community began to ask one another how their respective institutions might respond. A group of foundation representatives soon recognized that these challenging conditions offered an unusual opportunity for the nonprofit community and its leaders to demonstrate vision and ingenuity collectively in a manner that individual funders could not.

This case study traces the development and implementation of a pilot project launched by an eighteen-member[4] northeast Ohio funders collaborative at the end of 2009. While this initiative, the Human Services Strategic Restructuring Pilot Project (the "Collaborative"), has been formally evaluated by a team from Case Western Reserve University (Fischer, Vadapalli, and Coulton, 2011) and concisely outlined in a monograph by La Piana Consulting (La Piana Consulting, 2011), the current study seeks to tell the story through the perceptions and experiences of the participants. It does not represent a formal evaluation, attempt to illustrate a particular theory, or answer a specific research question. Rather, it seeks to recount the story of the Collaborative in a narrative that can inform the thinking of funders as they consider how to leverage both philanthropic resources and leadership capacity to sustain services, increase effectiveness, and produce cost savings. It may also be of use to nonprofit organizations when considering strategic restructuring.

---

[4] Members of the funders collaborative included the following: Abington Foundation; Charter One Foundation; The Cleveland Foundation; Deaconess Community Foundation; Dominion Foundation; Eva L. and Joseph M. Breuning Foundation; Frank Hadley Ginn and Cornelia Root Ginn Charitable Trust; Fred A. Lennon Charitable Trust; The George Gund Foundation; John P. Murphy Foundation; Kulas Foundation; The Reinberger Foundation; The Reuter Foundation; Saint Luke's Foundation; The Thomas H. White Foundation; United Way of Greater Cleveland; Weathertop Foundation; William J. and Dorothy K. O'Neill Foundation.

The Collaborative focused on human services nonprofits with a footprint in Cuyahoga County, Ohio. Its overarching mission was "ensuring that our community's most vulnerable citizens continue to have access to the highest quality human services in a new reality of reduced, fragile resources" (Letter of Invitation, 2009). Specifically, the initiative sought to examine how best to encourage, foster, and support significant, high-level strategic restructuring efforts that have the potential to increase capacity in the local human services infrastructure by reducing duplicative services, increasing sustainability, increasing effectiveness, or producing substantial cost savings (Letter of Invitation, 2009).

Outcomes sought by the Collaborative were both educational (to help funders learn better how to support nonprofit organizations in restructuring and to expose local nonprofit leaders to the principles and practices of strategic restructuring) and practical (the Collaborative hoped to support development, and, in some instances, execution of significant strategic alliance and merger plans). Evaluation results showed that the educational goals were achieved (Fischer, Vadapalli, and Coulton, 2011), and the Collaborative supported four pairs of organizations in achieving important restructuring. Additional benefits resulting from the Collaborative may accrue with the dissemination of its learnings.

This case study first describes the Collaborative and how it came together. It examines the Collaborative's environmental context, the events leading to its coalescence, the players and their roles, and the process and dynamics of the collaboration.

The study then describes the implementation of the Collaborative, including its three phases, the restructuring results, and the timeline.

Next the Collaborative is examined in depth from the funders' perspectives – their understandings of the purposes of the project, motivations for participating, and expectations regarding results. The study also covers the funders' assessments of the project's outcomes, its strengths and weaknesses, the factors most critical to its success, the role of trust among funders, and the project's broader impact.

Since the Collaborative was, at its core, an effort on the part of the funders to support nonprofit organizations in seeking new ways of approaching their work, a related focus of the case study is to better understand the Collaborative as perceived and experienced by the nonprofits themselves, particularly those whose organizations emerged in a different form at the conclusion of the project. The study examines the nonprofits' motivations and expectations, their assessments of the factors most critical to successful restructuring, their observations on trust and confidentiality, their views on the kinds of support they need in restructuring, their recommendations for refining the model, and their perceptions of the Collaborative's broader impact. A separate figure provides some specific information about the four restructurings that occurred as a result of the Collaborative and the key changes in the organizations as a result.

The final section outlines the key themes and lessons learned from the Collaborative.

To provide further context for the story of the Collaborative, and to inform the field more broadly, Appendix I provides comparative information about selected funders collaboratives in other cities.

## METHODOLOGY

This case study is based on public and private documents and records of the Collaborative – provided by its leadership and other participants – and key informant interviews and independent research conducted by the authors.

The documents and records included, among other things, meeting materials, workshop presentations, communications among the funders, communications with the nonprofit community, budgets, contracts, reports and evaluations, restructuring documents, and news releases.

The interviewees were identified by the authors.[5] They included (a) the Co-Chairs of the Collaborative,[6] (b) representatives of fourteen of the other sixteen funders in the Collaborative, (c) one local funder whose organization was invited to participate but did not, (d) the three consultants who worked directly with the nonprofit organizations that participated in the pilot project,[7] (e) several members of a nonprofit advisory group that gave input into the design of the project and assisted with the identification of the consultants, (f) lay and professional leaders of the eight agencies that completed the restructuring process, (g) representatives of three organizations that provided additional support to the project during its implementation in specific ways,[8] (h) a representative of an additional organization that will assist post-implementation with dissemination of the Collaborative's learnings,[9] and (i) leaders of five funders collaboratives in other cities.[10]

[5] A list of all interviewees appears in Appendix II.

[6] Deborah Vesy, President and Chief Executive Officer of Deaconess Community Foundation, and Denise San Antonio Zeman, President and Chief Executive Officer of Saint Luke's Foundation.

[7] Jo DeBolt (La Piana Consulting), David Kantor (Kantor Consulting Group), and Amy Main Morgenstern (Main Stream Enterprises).

[8] These organizations included: (a) the Ohio Grantmakers Forum, which acted as convener and provided administrative support during the early part of the Collaborative and acted as fiscal agent throughout; (b) the Center on Urban Poverty & Community Development at Case Western Reserve University's Mandel School of Applied Social Sciences, which formally evaluated the project; and (c) Landau Public Relations, the communications firm retained by the Collaborative.

[9] Foundation Center – Cleveland.

[10] The other funders collaboratives include the following: Nonprofit Alliances Support Program (Dayton, Ohio); Strategic Alliance Partnership (Toledo, Ohio); Catalyst Fund for Nonprofits (Boston, Massachusetts); Community Catalyst Fund (Charlotte-Mecklenburg, North Carolina); Maine Nonprofit Viability Program (Maine). See Appendix I for additional information.

Because this case study is a report on the perceptions expressed by the participants interviewed, it includes a number of divergent, occasionally conflicting, views. All views expressed are based on the documents, interviews, and independent research. The diversity reflects the differences in individual experiences and the richness of the Collaborative as a learning experience.

Where information in this case study is based on public documents or other publicly-available research sources, citations are noted. Where information is based on interviews or private documents, specific citations are not included.

## THE TERM “RESTRUCTURING”

Collaborative interactions among nonprofit organizations take many forms, ranging from activities such as the co-sponsorship of events or programs to the creation of entirely new legal entities and corporate structures, but there is neither a consensus on an all-encompassing name for partnering relationships nor a common nomenclature for the types of alliances or structures that can be formed (Yankey and Willen, 2010, p. 376).

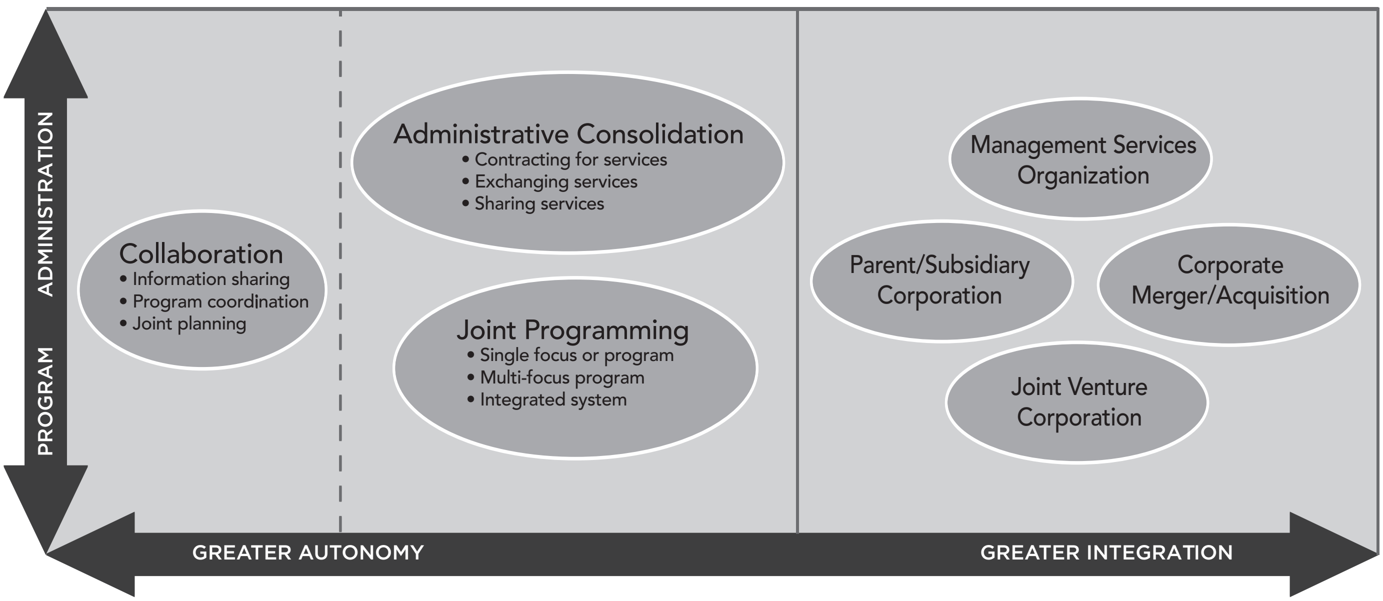
The phrase “strategic restructuring,” having been popularized by La Piana Consulting, one of the consultants to the Collaborative, often is used to refer to the more significant types of arrangements through which there is a change in the locus of control.

> Strategic restructuring is a tool available to nonprofit organizations interested in meeting environmental challenges, addressing organizational problems, strengthening services, and better accomplishing their mission. Strategic restructuring is a continuum of partnerships — including but not limited to mergers, joint ventures, administrative consolidations, joint programming and MSO’s — through which nonprofits attempt to anticipate or respond to environmental threats and opportunities. These partnerships are differentiated from collaboration in that they involve a change in the locus of control of at least a portion of one or more of the organizations involved (La Piana website).

The graphic below depicts the continuum of partnership forms.

(FIGURE 1)

## LA PIANA PARTNERSHIP MATRIX




(La Piana website).

The grantmakers who supported the Collaborative were interested in a broad definition of "collaboration" that would encompass the entire continuum of possibilities, but it was the funders' primary intent that participating nonprofit organizations would give careful consideration to the creation of relationships involving more substantial forms of partnering, including administrative consolidation, joint programming, management services organizations, parent/subsidiary corporations, joint venture corporations, and corporate mergers and acquisitions (Phase I Education Workshop Presentation, 2009).

For the purposes of this case study, "strategic restructuring" or "restructuring" refers to these more substantial forms of partnering.

# DEVELOPMENT OF THE COLLABORATIVE

## AN ENVIRONMENT AWAITING AN EXPERIMENT

A variety of environmental factors – economic, policy, and philanthropic – nurtured the possibility of the Collaborative.

The recession that began in 2007 had, and continues to have, a profound impact on the nation's nonprofit organizations. When the Johns Hopkins University Listening Post Project conducted a "sounding" of a nationwide sample of nonprofit organizations in five fields (children and family services, elderly housing and services, education, community and economic development, and the arts) for the period September 2008 to March 2009, 80 percent of responding organizations reported some level of fiscal stress. Almost 40 percent of the organizations considered the stress to be "severe" or "very severe." Organizations pointed to declining revenues and endowments, decreased cash flows, and increased costs (Salamon, Geller, & Spence, 2009, p. 1). The Giving USA Foundation reported that the human services sector was the biggest loser in 2008, with contributions sinking by 15.9% (Fritz, 2009).

Nonprofit organizations were not alone in experiencing fiscal stress. Although foundation assets had grown faster than inflation between 2003 and 2007 (Lawrence, 2008), the philanthropic community was severely impacted by the recession. With the decline in the stock market, the value of grantmakers' endowments plunged by 26 percent in 2008, according to a report of the Commonfund Institute (Preston, 2009).

Starting in 2008, funders in Cuyahoga County began speaking informally about the impact of the recession on foundation endowments and operations and on their future grantmaking capacity. As one grantmaker explained, late that year, "we had been talking informally within the foundation and externally with other foundations about how to support health and human services organizations through the recession and economic downturn. We felt that the organizational landscape would have to look different at the other end and wanted to assist organizations in getting out front."

At the 2008 Ohio Grantmakers Forum annual conference, attendees at an economic forecast session heard Knight Kiplinger, editor in chief of *The Kiplinger Letter*, predict a surge in consolidations and mergers in the nonprofit sector, noting that foundations could be instrumental in that regard (Philanthropy Front and Center – Cleveland, 2008). At the same time, some of the nonprofits themselves, recognizing that they could no longer continue "business as usual," began to approach their funders in increasing numbers requesting support for strategic restructuring. Saint Luke's Foundation found, when it surveyed its grantees in January 2009, that support for strategic restructuring was an identified need.

As the economy worsened, the changing policy environment in Ohio also created potential interest in nonprofit strategic restructuring. The State of Ohio formulated a plan to assume responsibility in the future for contracting directly with Medicaid service providers – replacing local contracting sources. As a result, some human services organizations with significant Medicaid revenues began to think about the potential advantages of greater scale and scope in negotiating rates and reimbursements and employing more sophisticated technology. Collaboration with other agencies began to emerge as a potential means to achieve growth.

In a broader sense, a tradition of highly collegial relationships among representatives of northeast Ohio's many grantmaking organizations, and a long history of philanthropic cooperation and collaboration, provided a backdrop for the Collaborative. Grantmakers in northeast Ohio over time have had opportunities to work together on common projects. A recent significant example of such cooperative activity is the Fund for Our Economic Future, launched in 2004. This initiative is a collaboration of funders in a sixteen-county region designed to strengthen the economic competitiveness of the area through grantmaking, research, and civic engagement (Fund for our Economic Future website). Many of the grantmaking organizations that invested in the Collaborative have been supporters of the Fund for Our Economic Future, as well as other prior local collaboratives in domains such as AIDS, educational policy, and health policy.

## CONCEPT DEVELOPMENT

In early 2009, the idea of more formally sharing information and potentially developing a collective response to the crisis began to emerge. Two foundation executives, Deborah Vesy (President and

Chief Executive Officer of Deaconess Community Foundation) and Denise San Antonio Zeman (President and Chief Executive Officer of Saint Luke's Foundation), asked the Ohio Grantmakers Forum to convene a meeting of northeast Ohio funders to begin exploring how other funders in Ohio and the nation were addressing the challenges posed by the economic situation and to do some brainstorming about what could be done in the local area.

Saint Luke's Foundation provided the venue for a March 2009 meeting at which opportunities for collaboration were discussed by approximately a dozen funders who attended. Examples of ways in which funders elsewhere were responding to the recession were discussed. Ms. Vesy and Ms. San Antonio Zeman volunteered to gather additional information and share their findings at a future time. Among the people they contacted was a leader of Dayton Community Foundation, whose organization had partnered with Family and Children First Council and Dayton Power and Light Foundation to create the Nonprofit Alliances Support Program. That pilot program, which provides both consulting services and technical assistance, was designed to help nonprofits develop new, more efficient ways to structure their organizations through partnerships, alliances, or mergers (Dayton Daily News, 2009).

A conference call was held in late April to review the Nonprofit Alliances Support Program, consider the potential for a similar effort in northeast Ohio, and explore what a local model might look like. As word spread within the philanthropic community, the ranks of potentially interested funders grew. While some became engaged as a way of keeping up with developments, staying in touch with their peers, and/or satisfying their curiosity, others were influenced by the persuasive abilities of the two emerging leaders of what was eventually to become the Collaborative. As one funder commented, with both admiration and humor, "Deborah and Denise were on me like locusts on a dead horse."

In May 2009, 24 northeast Ohio funders gathered at Deaconess Community Foundation to continue exploring ways of promoting and supporting high level collaboration within the nonprofit sector. They reviewed a concept paper and timeline for a pilot funders collaborative to encourage and foster significant nonprofit alliances – including program integration, sharing of back office functions, and mergers – among human service organizations in Cuyahoga County. The funders determined to limit the proposed pilot to human services agencies because they felt that this was an area of common interest for many funders and, during the recession, this was the area where needs were most pressing.

Although the project had attracted interest from funders in Ohio outside Cuyahoga County, those funders stepped away when it was determined to focus on Cuyahoga County. Similarly, some funders who had expressed initial interest withdrew when it was decided that the project would focus solely on human services organizations. While these funders did not join what would eventually become the Collaborative, many of them remained interested in the process and continued to monitor developments as they unfolded.

The concept paper called for a pilot project that would be shaped by both funders and their nonprofit constituents and largely implemented by a consultant (or consultants) who would both facilitate the overall process and work directly with the organizations interested in restructuring. The pilot would consist of four phases:

- Phase I – Identification and Assessment of Preferred Consultant(s)[11]
- Phase II – Education
- Phase III – Agency Readiness Assessment
- Phase IV – Consultation for Development of Significant Strategic Alliances or Merger Plans

During the discussion that followed, participants offered a series of recommendations to refine the concept and strengthen the proposed project. Some of the suggested modifications proved to be important philosophically or tactically, and they helped to give the Collaborative its character. They included the following:

- Nonprofit organizations seeking to pursue a merger, consolidation, or strategic alliance need not identify potential partners at the beginning of the process.
- Members of the Collaborative could act as "matchmakers" to connect two or more nonprofits interested in exploring these significant forms of partnership.
- At minimum, a nonprofit's board chair and chief executive officer should be actively involved in any negotiations regarding strategic restructuring. Other top leadership would be encouraged to participate too.
- The pilot project would aim to create a safe environment for conversations around strategic restructuring. In addition, it could help educate members of the nonprofit community about the benefits of collaboration by showcasing regional success stories and case studies.
- The pilot project would not preclude individual funders from supporting nonprofits who wanted to restructure outside the timeframe or procedures outlined in the pilot.
- Saving costs for participating nonprofits would be one of the driving forces behind

[11] In later iterations, the consultant identification component was no longer referred to as a separate phase.

> the creation of the Collaborative. In addition, evaluation metrics would look at increased effectiveness in areas such as administration and service delivery.

The Collaboration was conceived from the beginning as a pilot project, undertaken as a "process of inquiry" (Letter of Invitation, 2009).

> A distinguishing characteristic of this collaborative [was] that the funders approached the effort in learning mode. 'We wanted to learn how to serve this need, this interest,' … 'and then use that knowledge to ensure that this kind of support becomes something that is available to nonprofits in all sectors on an ongoing basis.' This is in large part why the process was designed as a phased pilot, emphasizing documentation, evaluation, and learning at each step of the way (La Piana, 2011).

## COALESCENCE OF THE COLLABORATIVE

The group that met to consider the concept paper was not yet a collaborative in any real sense; it was an ad hoc convening of potentially interested parties with a desire to explore and discuss the form that a collective response might take. Not until preliminary budgets were developed and initial commitments made did the prospective partners coalesce into a true funders collaborative.

According to the concept paper, the size of the project budget would be driven primarily by the estimated number of nonprofit teams that would receive in-depth consulting services and technical support for restructuring. This number would not be known until the project was under way. As the Collaborative coalesced, the budget was set at approximately $400,000 with the expectation that three to four restructuring transactions eventually would be supported. The funders kept in mind the possibility that they might have to raise more funds should they choose to support additional restructuring transactions, and they revisited the question periodically as the Collaborative progressed.

Although consideration initially had been given to the possibility of including funding for legal and financial due diligence in the project budget, it was determined that the cost of such services would not be covered as part of the initiative – nor would the funders collectively pay for post-restructuring expenses such as the integration of financial systems, technology, and human resources. Individual grantmakers, however, were at liberty to entertain requests for these purposes if they wished to do so.

Following the discussion – but prior to any solicitation of funds – one grantmaker announced, "I'm in for $50,000!" As that individual later explained, "I was already 'pre-sold' on the idea. I approved it without trustee involvement, but afterward they all supported it." This dramatic announcement lent impetus to the fundraising efforts for the Collaborative.

No specific amount was requested of any prospective funder. Investments ranged from $5,000 to $50,000, with five contributions coming in at the latter level. The funders group included corporate, private, and community foundations of all sizes and interests, as well as United Way Services of Greater Cleveland. There was no contract or memorandum of understanding among the members of the Collaborative; they simply made grants to the fiscal agent, which in turn disbursed the monies pursuant to authorized contracts with vendors and others.

As the Collaborative coalesced, Ms. Vesy and Ms. San Antonio Zeman became, de facto, the Co-Chairs of the Collaborative. They found shared leadership to be beneficial, as it allowed for different perspectives, complementary work styles, and the ability to share the workload and adjust it as necessary to accommodate external demands. This successful working relationship between foundation leaders was early evidence of the power of collaboration.

During the Collaborative there were approximately ten funder meetings in all. All funders had an equal voice, regardless of the size of their contribution. Attendance was voluntary. Both trustees and staff were welcome to attend. Accommodations were made for telephonic participation when requested. In-person meetings were supplemented by conference calls and e-mails because the Co-Chairs strongly believed that regular communications, shared information, and total transparency were vital, not only for keeping everyone engaged but also for building and maintaining trust among the members of the Collaborative. Although discussions were often lively, decision-making was by consensus.

## ADVISORY GROUP

During their early discussions of the concept paper, the funders decided that, where appropriate, they would involve the perspectives and cooperation of those outside organized philanthropy. A number of thoughtful and articulate nonprofit leaders, including some whose own organizations had created significant strategic alliances or restructurings, were identified to serve in an advisory capacity along with a subset of the funders.

The advisory group first met in late July 2009. The nonprofit executives in attendance included some of those whose organizations did not engage in the Collaborative as well as some of those whose organizations later did.

At the meeting, the funders solicited the nonprofit leaders' input on the Request for Qualifications for consultants and the list of potential consultant candidates. The nonprofit representatives also offered suggestions on the general scope of the pilot project, the evaluation plan, and other topics relative to the design and components of the project itself. Such topics included sticking points that might be experienced by organizations that attempt to restructure; the structure of the proposed educational workshops; "messaging" about the project; and the role of chief executive officers. Participants also identified other restructurings in northeast Ohio that might offer good case study examples for the nonprofit organizations that would be invited to participate in the Collaborative.

Participating nonprofit executives and funders agreed that the meeting provided a forum for mutually-beneficial learning. Each group was able to hear the perspectives and concerns of the other. There was a high degree of candor. The free exchange of ideas strengthened the pilot concept and helped to refine its focus on the needs of the nonprofits.

## CONSULTANTS

In August 2009, the Co-Chairs issued a Request for Qualifications on behalf of the Collaborative. As described in the Request, the phases of the project, the consultant tasks associated with each phase, and the anticipated outcomes of each phase were as follows:

**Phase I – Education**

Task: To conduct a workshop acquainting teams of executive directors and board chairs of human service nonprofit organizations in Cuyahoga County with the benefits, principles, and process for nonprofit alliances and mergers, as well as to introduce the pilot program.

Outcome: Broad-based exposure to leadership teams of executive directors and board chairs of nonprofit human service organizations in Cuyahoga County with the principles and practices of nonprofit alliances and mergers. This workshop will also provide the invited nonprofit leaders with opportunities to further pursue the potential for nonprofit alliances and mergers through a structured competitive grants process to support their efforts.

**Phase II – Agency Readiness Assessment Task**

Task: To provide an in-depth workshop and/or individual consultations for senior staff and board leadership teams within nonprofit human service organizations in Cuyahoga County to explore their potential for nonprofit alliances and mergers with one or a number of other organizations. Interested nonprofit organizations do not need to have identified partners(s) to participate in the assessment process.

Outcome: An assessment of the readiness potential of specific nonprofit human service organizations in Cuyahoga County to pursue significant strategic alliances or mergers.

**Phase III - Consultation for Development of Significant Strategic Alliances or Merger Plan Development**

Task: Through a competitive grants process, assist local nonprofit human service organizations in Cuyahoga County to develop significant strategic alliances and mergers, providing them with the consulting and technical support to fully develop and, in some instances execute, strategic alliance business plans or merger plans.

Outcomes: Development of and, in some instances, execution of significant strategic restructuring efforts, such as large scale nonprofit alliances (i.e. program integration and/or sharing of back office functions) and mergers.

(Request for Qualifications, 2009).

Examples of potential success factors for these strategic restructuring efforts would be significant reductions or elimination of duplication of services, increased sustainability of critical community services via programmatic or operational realignments, and integration of services that both increase effectiveness and produce substantial cost savings (Request for Qualifications, 2009).

The consultants would recommend which nonprofits should participate in Phases II and III, and the recommended agencies would be free to accept or decline participation (Request for Qualifications, 2009).

Responses to the Request for Qualifications were to be submitted by early September 2009 to the fiscal agent. Consultant proposals were reviewed by the advisory group composed of nonprofit leaders and a subset of the funders. Proposals were rated according to the following criteria: (a) design of the Phase I education workshops; (b) design of the Phase II agency readiness assessment; (c) ability to develop Phase III strategic restructuring plans; (d) understanding of the scope of the work and capacity to perform it; (e) experience with developing and executing strategic restructurings; (f) understanding of human services nonprofits; (g) knowledge of the Cuyahoga County human services field; (h) willingness and plans to partner with funders and/or other consultants; and (i) proposed cost.

Two proposals rose to the fore – one from a national consulting organization whose proposed team would include an independent professional with roots in Cleveland and a local track record, and a second from another northeast Ohio independent consultant who applied individually. Although the possibility of working with multiple unaffiliated consultants had not been contemplated, the reviewers of the proposals were attracted by elements of each. An intriguing question arose: If funders were collaborating – and if nonprofits were being asked to collaborate – why shouldn't the candidates for the consulting role be asked to collaborate as well?

The national organization and the two independent consultants were asked to develop a joint proposal. As one of consultants later reflected, upon learning that the funders were interested in all three of them, "My reaction was 'How smart!' We bring different things to the table... Three could do more than 1+1+1." As the consultant candidates attempted to conceptualize and craft a unified response, "a mini collaboration process was unfolding in real time." Once the proposal was approved, three separate contracts were issued.

The consultants' experience in working as a team of independent professionals often required them to employ the same attitudes and skills as the nonprofit organizations considering restructuring. The consultants' own collaborative process thus informed their work with the organizations in a most direct way that led to additional learning within the Collaborative.

## EVALUATION, COMMUNICATION, AND CONFIDENTIALITY

In the fall of 2009, the consulting team worked closely with the Collaborative to refine the project model. The team of evaluators was engaged to evaluate and report on each phase of the project, and the communications firm was hired to help shape the messages from the Collaborative and provide communications expertise to the nonprofit organizations, should such assistance be needed. Later, a website was established to provide general information about the Collaborative to the public and to provide the participating nonprofit organizations with various resource materials.

Evaluation was seen as a very important component of the Collaborative. Evaluation occurred after each phase and at the conclusion of the Collaborative. Results were shared face-to-face with the Co-Chairs, other interested funders, and the consultants; copies of the presentations were sent to any funders not attending the meetings. This allowed for real-time learning and ongoing adjustments to the model based on experience at each stage of the project.

Confidentiality also was identified as an important element of the project. The communications firm was to coordinate media attention as the process unfolded so that the nonprofit organizations would be afforded a confidential opportunity to explore, and potentially pursue, restructuring opportunities. In addition, the funders effectively designated the consultants as their intermediaries in working with the nonprofits. The participating organizations would communicate with, and receive assistance from, the consultants. The consultants would provide very limited information to the funders in the form of summary reports at the end of each phase of the project, with their own recommendations as to which agencies should proceed to the next phase.

# PROJECT IMPLEMENTATION

The Collaborative was implemented in three phases.

## PHASE I - EDUCATION WORKSHOPS (DECEMBER 2009)

In November 2009, the Collaborative invited 81 nonprofit human services organizations in Cuyahoga County to attend one of two four-hour educational workshops, to be held in early December, to learn about the pilot project. The invitation list, which had been generated by the funders, included grantees as well as other organizations for which the funders thought this opportunity might be of interest. While some of the invited organizations had operations in other counties as well, having a presence within Cuyahoga County was a prerequisite for invitation to the workshops. The invitation explicitly stated that attendance was strictly voluntary; however, organizations desiring to attend were required to be represented by both the chief executive officer and the board chair, and no substitutions were permitted (Letter of Invitation, 2009).

Seventy-six of the 81 invited organizations sent representatives, with a total of 151 people participating in one of the two workshops. The workshops were led by the consulting team, and no funders were present except during the welcome receptions. This was intended to encourage open and honest discussion. At each of the workshops, the three-person consulting team gave a presentation to acquaint attendees with the Collaborative, the different forms of collaboration available to nonprofits, and other information about strategic restructuring.

Following the workshops, attendees received a letter thanking them for their participation and providing them with a series of documents:

- A copy of the presentation slides used by the consultants – for reference and review with the agency's staff and board members when discussing strategic restructuring issues and options.

- A copy of the La Piana Partnership Matrix. Recipients were reminded that the Collaborative was to be focused on "significant strategic partnerships."
- A Process Overview Flowchart outlining the steps to be included in Phase I.
- An Internal Self-Assessment Worksheet to help guide internal discussions concerning the agency's readiness to proceed to the second phase of the Collaborative. Two versions were provided: an "Early Exploration Version," for use by agencies that were in the early stages of considering their strategic restructuring options and had not yet entered into discussions with another organization, and a "Beyond Exploration Stage Version," for those agencies that were already in discussion with another organization.
- An Intent to Proceed Memorandum designed to convey the agency's interest – or lack thereof – in proceeding to Phase II. This document was also provided in two versions: an "Initial Exploration Stage Version" and a "Beyond Exploration Stage Version."

## PHASE II - READINESS ASSESSMENT (JANUARY 2010 - MAY 2010)

Forty-three of the 76 nonprofit organizations represented at the Phase I workshops formally signified their interest in proceeding to Phase II. The members of the consulting team reviewed the Intent to Proceed forms, conducted individual telephone interviews with each agency's chief executive officer, requested input on the agencies from the funders, developed individual recommendations on the agencies to proceed, and met to share selections and develop final recommendations. Selection criteria included (a) clear articulation by the agency of its motivation for pursuing strategic restructuring and the benefits to be achieved, (b) evidence of alignment of the motivation and benefits, (c) other evidence of organizational readiness, and (d) evidence that the proposed restructuring would be in alignment with the goals of the Collaborative.

The consultants presented their recommendations to the funders at a meeting and, after additional discussion and input from the funders, 17 of the 43 interested agencies were finally selected to go on. The Collaborative formally invited those agencies to proceed to Phase II. Four of the organizations receiving the invitation to enter Phase II had not been present at the Phase I workshops; they were invited to participate because they had been identified as potential partners by organizations that had attended the workshops and been selected to move on to Phase II.

During Phase II, the 17 organizations were grouped into seven clusters of two or more. The readiness assessment process was focused on exploring the restructuring opportunity within the cluster of organizations. Each agency was assigned a consultant to work with during the phase. The readiness assessment involved, for each agency, the (a) completion a self assessment and a financial position assessment; (b) provision of financial, corporate, program, board, and staffing information; and (c) completion with the assigned consultant of a several-hour in-person assessment interview involving board and staff. The resulting report prepared by the consultant was reviewed by the organization for accuracy. Additional telephone or in-person meetings were conducted as needed to update or share additional information.

## PHASE III - RESTRUCTURING PLAN FORMULATION (JUNE 2010 - NOVEMBER 2010)

Based on the consultants' reports and additional discussion, the funders invited five of the seven clusters – involving 11 of the 17 organizations that had completed Phase II – to progress to the third and final stage of the pilot project during which the final groupings of agencies would develop their restructuring plans around a specific high-level collaboration option. One of the five clusters chose to self-select out of the Collaborative because of the departure of a key executive. A total of eight nonprofits – four clusters, each comprised of two organizations – agreed to continue.

At this point, a joint negotiating team involving board and staff was identified for each of the four clusters. A two-person consulting team was assigned to work with each cluster. Each pair of organizations was guided through a process to determine shared outcomes; negotiate the elements of an agreement regarding governance, leadership, program, administrative functions, and budget; conduct due diligence; and take legal steps toward restructuring (La Piana, 2011, p. 2).

## RESTRUCTURING RESULTS

Significant restructuring outcomes were achieved by all four clusters that completed the process. The restructured organizations resulting from the Collaborative, and their pre-restructuring mission statements, include:

**Bellflower Center for Prevention of Child Abuse and Domestic Violence Center**

Bellflower Center for Prevention of Child Abuse

Mission: Bellflower Center for Prevention of Child Abuse prevents child abuse and neglect by breaking the cycle of child abuse in all its forms through clinical treatment and education.

Domestic Violence Center

Mission: The mission of the Domestic Violence Center is to empower individuals, promote justice and mobilize the community so that all people are free from violence and abuse in their relationships and homes.

The outcome was a new organizational structure using the name Domestic Violence and Child Advocacy Center ("DVCAC"). Although the restructured arrangement is sometimes referred to by the parties as a merger ("a merger of strength"), legally a parent-subsidiary relationship has been created in which the Domestic Violence Center is the parent organization. Both 501(c)(3) corporations will be maintained, at least for the time being, due to accreditation requirements and contractual obligations; however, all operations are being combined.

**Center for Families and Children and West Side Ecumenical Ministry**

Center for Families and Children

Mission: Changing lives and communities through client service, advocacy and collective action

West Side Ecumenical Ministry

Mission: To assist individuals and families meet their needs through programs of service and empowerment carried out in active collaboration with neighborhoods, faith-based organizations and other service providers

The affiliation agreement for the Center for Families and Children ("CFC") and the West Side Ecumenical Ministry ("WSEM") created a parent-subsidiary relationship in which CFC, as the parent corporation, is the sole member of WSEM. WSEM, the subsidiary corporation, is the sole member of El Barrio, with which it merged in 2004. This relationship was dictated by contractual obligations and credentialing issues, but the organizations are being fully integrated over time.

---

**Crossroads: Lake County Adolescent Counseling Services, Inc. and New Directions**

Crossroads

Mission: Crossroads is a creative and stimulating children's behavioral health organization that offers an increasingly integrated and comprehensive system of services for children, adolescents, and families.

New Directions

Mission: New Directions provides quality life-changing treatment to chemically dependent adolescents and their families dealing with emotional, behavioral, or psychiatric needs.

The outcome was a restructuring in which each organization retains its independent 501(c)(3) status, but the two separate corporations are bound together by an affiliation agreement, governed by a common board of directors, and operated by a common senior management team.

---

**E CITY and Youth Opportunities Unlimited**

E CITY (Entrepreneurship: Connecting, Inspiring, and Teaching Youth)

Mission: To teach entrepreneurship to low-income young people in the Cleveland area by improving their academic, business, technology and life skills so that they can become economically productive members of society and break the cycle of poverty in their communities.

Youth Opportunities Unlimited

Mission: Our mission is to empower youth - disadvantaged youth born into poverty - to succeed in school, in the workplace, and in life.

A merger was completed with Youth Opportunities Unlimited ("Y.O.U.") as the surviving entity. The organization E CITY was dissolved, and its name was retained as a program of Y.O.U.

Further details on the restructurings are shown in the figure below depicting "Key Elements of the Restructuring Experience by Cluster."

(FIGURE 2)

## KEY ELEMENTS OF THE RESTRUCTURING EXPERIENCE BY CLUSTER

| | DOMESTIC VIOLENCE CENTER ("DVC") BELLFLOWER CENTER FOR PREVENTION OF CHILD ABUSE ("BELLFLOWER") | CENTER FOR FAMILIES AND CHILDREN ("CFC") WEST SIDE ECUMENICAL MINISTRY ("WSEM") | CROSSROADS: LAKE COUNTY ADOLESCENT COUNSELING SERVICES ("CROSSROADS") NEW DIRECTIONS, INC. ("NEW DIRECTIONS") | YOUTH OPPORTUNITIES UNLIMITED ("Y.O.U.") E CITY ("E CITY") |
|---|---|---|---|---|
| Principal Program Areas Prior To Restructuring | DVC: Education and advocacy around domestic violence; direct service to victims of domestic violence.<br><br>Bellflower: Clinical treatment and education to address child abuse and neglect. | CFC: Early learning, behavioral health (full service for children and adults), youth development, and parent/family services, including re-entry, fathers, and family to family services.<br><br>WSEM: Early childhood education, behavioral health, food centers, workforce development. | Crossroads: Mental health services—prevention and treatment services for children and adolescents and their families; early childhood services.<br><br>New Directions: Treatment services to chemically-dependent adolescents and their families. | Y.O.U.: Youth workforce development for urban teens, with focus on programs that develop life skills, academic success, and employability.<br><br>E CITY: Entrepreneurship programs for urban youth ages 14-19. |
| Annual Operating Budget Prior To Restructuring (Approximate) | DVC: $2.5 million<br><br>Bellflower: $1 million | CFC: $23 million<br><br>WSEM: $9 million | Crossroads: $6 million<br><br>New Directions: $4 million | Y.O.U.: $5 million<br><br>E CITY: $700,000 |
| Principal Benefits Sought From Restructuring | Creation of a continuum of services to break the cycle of relationship abuse, including prevention, intervention, advocacy, and leadership. Creation of a new organizational model for addressing abuse that can be replicated. More balanced and diversified financial position. Operating efficiencies. | Greater size and scale, especially for early childhood education, and to support infrastructure development for all administrative functions. Enhanced quality and range of services provided. Expanded geographic footprint. Operating efficiencies. Improvement in organization's position for future growth and to foster innovation. | Growth—to improve access to, and quality of, services and to remain competitive. Achievement of larger scale and capacity to recruit and retain quality staff. Expansion of geographic reach. Operating efficiencies, especially in back office operations, information technology, and human resources. | Broader scope of service to client population. Operating efficiencies. Broader donor base. |

| | DOMESTIC VIOLENCE CENTER ("DVC")<br>BELLFLOWER CENTER FOR PREVENTION OF CHILD ABUSE ("BELLFLOWER") | CENTER FOR FAMILIES AND CHILDREN ("CFC")<br>WEST SIDE ECUMENICAL MINISTRY ("WSEM") | CROSSROADS: LAKE COUNTY ADOLESCENT COUNSELING SERVICES ("CROSSROADS")<br>NEW DIRECTIONS, INC. ("NEW DIRECTIONS") | YOUTH OPPORTUNITIES UNLIMITED ("Y.O.U.")<br>E CITY ("E CITY") |
|---|---|---|---|---|
| Form Of Restructuring Achieved | Parent-subsidiary relationship where DVC is the parent. Although the two-corporation structure was retained to address contract and credentialing imperatives, all operations are being combined into one seamless organization. Eventually the two corporations may be merged. | Parent-subsidiary relationship. CFC, the parent corporation, became the sole member of WSEM. WSEM, the subsidiary corporation, continues to be the sole member of El Barrio, with which it previously merged. This structure reduced the difficulty of transferring contracts and credentials. Eventually the corporations may be merged for efficiency. | Two separate 501(c)(3)s continue to be maintained. The two organizations are governed by a common board of directors and identical by-laws and are led by a common senior management team. An affiliation agreement binds the two organizations together and governs the terms of the restructuring. | E CITY's assets were transferred to Y.O.U., and the corporation was dissolved. Of the $700,000 that E CITY brought over, $200,000 was restricted for an endowment to be used for scholarships or awards for youth who want to study entrepreneurship in college. Y.O.U. has used those funds to create the Futures in Entrepreneurship and Business Endowment that only E CITY youth are eligible to apply for. |
| Post-restructuring Name | The combined organization is operating as the "Domestic Violence and Child Advocacy Center." While the two-corporation structure continues, the pre-restructuring legal names remain in place. | CFC: no change*<br><br>WSEM: no change*<br><br>* Each brand is strong in its own right so the organization plans to be very thoughtful about this process. They will develop a brand strategy when a strategic plan is finalized in June 2012. In the meantime, they are using a transitional brand that unites the three organizations but does not change the names. | The organizations have continued to use their separate names because of the niche markets they serve and brand recognition. There has been no change in the two corporations' legal names. | Youth Opportunities Unlimited. |

| | DOMESTIC VIOLENCE CENTER ("DVC") BELLFLOWER CENTER FOR PREVENTION OF CHILD ABUSE ("BELLFLOWER") | CENTER FOR FAMILIES AND CHILDREN ("CFC") WEST SIDE ECUMENICAL MINISTRY ("WSEM") | CROSSROADS: LAKE COUNTY ADOLESCENT COUNSELING SERVICES ("CROSSROADS") NEW DIRECTIONS, INC. ("NEW DIRECTIONS") | YOUTH OPPORTUNITIES UNLIMITED ("Y.O.U.") E CITY ("E CITY") |
|---|---|---|---|---|
| Key Changes In Programs As A Result Of Restructuring | All pre-restructuring services continue. An increase in services is expected. | The organization is completing assessment of all programs (documentation of current state to develop future state service delivery models). Short-term priority is early learning, the area where both CFC and WSEM have similar high-quality, complementary programs. Programs without comparable counterparts in the other organization, such as the food centers, are expected to continue. | Programs continue to be operated separately by the two organizations, although it is expected that staff and supervision for two programs will look for opportunities to consolidate, where possible, in the future. The two organizations have complementary services with little overlap. | All pre-restructuring programs continue. E CITY's entrepreneurial programs became a program area in the Y.O.U. organization, and E CITY's license from the National Foundation for Teaching Entrepreneurship was transferred to Y.O.U. Program expansion is expected. |
| Key Changes In Board Composition/ governance Structure As A Result Of Restructuring | The board of the combined organization includes approximately equal numbers of members from the Bellflower and DVC boards. The President-elect of Bellflower's board became President of the new board. | The two boards were combined by selecting 22 WSEM members and 32 CFC members (using an agreed-upon process) and adding some additional new members. This resulted in a very large board, which will be reduced over time. Board committees have co-chairs, one each from CFC and WSEM. WSEM and El Barrio have small boards appointed by CFC. | The two organizations have one common Board of Directors. The former Crossroads board chair became chair of both boards post-restructuring. The post-restructuring common board includes 17 former New Directions board members and 9 former Crossroads board members. | The two boards were combined. The former chair of the Y.O.U. board chairs the post-merger Y.O.U. board. The chair of the E CITY board is the vice-chair of the post-merger Y.O.U. board. |

| | DOMESTIC VIOLENCE CENTER ("DVC")<br>BELLFLOWER CENTER FOR PREVENTION OF CHILD ABUSE ("BELLFLOWER") | CENTER FOR FAMILIES AND CHILDREN ("CFC")<br>WEST SIDE ECUMENICAL MINISTRY ("WSEM") | CROSSROADS: LAKE COUNTY ADOLESCENT COUNSELING SERVICES ("CROSSROADS")<br>NEW DIRECTIONS, INC. ("NEW DIRECTIONS") | YOUTH OPPORTUNITIES UNLIMITED ("Y.O.U.")<br>E CITY ("E CITY") |
|---|---|---|---|---|
| Key Changes In Executive Leadership As A Result Of Restructuring | Executive staffs were combined. The Executive Director of DVC is the CEO of the combined organization. The Executive Director of Bellflower is the COO of the combined organization. | The executive teams have been combined. The President and CEO of CFC prior to the restructuring continues as President and CEO. WSEM's pre-restructuring CEO is Executive Vice President, leading a variety of strategic initiatives for the combined organization. | The two organizations have one common senior management team. The CEO of New Directions became CEO of both Crossroads and New Directions. The CEO of Crossroads became Chief Business Strategist for both Crossroads and New Directions, reporting to the CEO; he resigned in June, 2011. The organizations have put in place a Chief Operating Officer, Chief Financial Officer, Chief Development Officer, and Director of Human Resources to oversee both organizations. | The President of Y.O.U. continues as President. E CITY's CEO became the senior development executive for Y.O.U. but has since resigned. |
| Key Changes In Staffing As A Result Of Restructuring | Staffs combined easily with no change in staffing levels. In a few cases responsibilities were rearranged. | The two staffs have been combined, and will be on the same compensation and benefits platform by January 1, 2012. There has been no immediate impact on staffing levels. Eligible WSEM employees, previously non-unionized, will become members of CFC's union as of January 1, 2012. | The program staffing structure for the two organizations continues as it was pre-restructuring. Supervisors in two programs with overlapping services will implement consolidation in fall 2011. | Y.O.U. staff took over coordination of E CITY's programs. E CITY's substantial volunteer base was integrated with Y.O.U.'s volunteer base. |

| | DOMESTIC VIOLENCE CENTER (“DVC”)<br>BELLFLOWER CENTER FOR PREVENTION OF CHILD ABUSE (“BELLFLOWER”) | CENTER FOR FAMILIES AND CHILDREN (“CFC”)<br>WEST SIDE ECUMENICAL MINISTRY (“WSEM”) | CROSSROADS: LAKE COUNTY ADOLESCENT COUNSELING SERVICES (“CROSSROADS”)<br>NEW DIRECTIONS, INC. (“NEW DIRECTIONS”) | YOUTH OPPORTUNITIES UNLIMITED (“Y.O.U.”)<br>E CITY (“E CITY”) |
|---|---|---|---|---|
| Key Changes In Administration As A Result Of Restructuring | All operations are being combined. | All administrative functions (Finance, Government Relations, Human Resources, Information Technology, Performance and Improvement, and Resource and Development) are being integrated including policies, procedures, business processes, staff/organizational structure, and systems. | The organizations agreed to take an evolving approach to administrative integration. To date, the two organizations have implemented common accounting software and a joint purchasing cooperative. They plan to implement a common salary structure, payroll system, employee benefits system, and personnel policies. | All of E CITY’s operations were integrated into Y.O.U. |
| Key Changes In Facilities As A Result Of Restructuring | All pre-restructuring facilities are being combined, resulting in an increase in the number and geographic range of locations available to clients. | The primary headquarters of the combined organization is located at the former CFC headquarters. All program staff remain at their pre-restructuring locations. Some administrative staff have re-located due to the integration of staffing/organizational structure. | Crossroads and New Direction maintain their separate administrative offices; there are no plans for a single headquarters location at this time. | E CITY’s administration and operations were relocated to Y.O.U.’s headquarters. |
| Timeframe For Restructuring Process | About 15 months from initial discussions following the pilot project’s kickoff workshop to the closing of the restructuring transaction. | About 28 months from early informal discussions to completion of restructuring transaction (preliminary discussions between CFC and WSEM occurred prior to the pilot project). Approximately 18 months from execution of the affiliation agreement to completion of integration of the organizations. | About 17 months from the first informal talks to the closing of the restructuring transaction. | 13 months from initial discussions to closing of the merger. |

| | DOMESTIC VIOLENCE CENTER ("DVC") BELLFLOWER CENTER FOR PREVENTION OF CHILD ABUSE ("BELLFLOWER") | CENTER FOR FAMILIES AND CHILDREN ("CFC") WEST SIDE ECUMENICAL MINISTRY ("WSEM") | CROSSROADS: LAKE COUNTY ADOLESCENT COUNSELING SERVICES ("CROSSROADS") NEW DIRECTIONS, INC. ("NEW DIRECTIONS") | YOUTH OPPORTUNITIES UNLIMITED ("Y.O.U.") E CITY ("E CITY") |
|---|---|---|---|---|
| Areas In Which Outside Support (Financial Or Non-financial) Was Called Upon In Order To Achieve Restructuring | The pilot project provided consulting support. Legal and financial due diligence was partially donated by board members and partially provided by a paid outside law firm. An outside consulting organization provided some consulting for a discount rate. Communications to the community was handled in-house, and an outside firm donated additional pro bono communications services. Many foundations have helped to support the post-restructuring integration, which cost approximately $150,000. | The pilot project provided consulting support. Financial and legal due diligence was carried out by qualified board members, outside legal counsel, and outside financial experts. External legal counsel was obtained to assist with the affiliation agreement. An outside communications firm was retained to help with employee communications and restructuring roll-out. An external management consultant was retained to lead the day-to-day post-affiliation integration. Grant funding was sought for some of the non-recurring costs of implementation. | The pilot project provided consulting and limited communications support. Financial due diligence was done in-house. Legal due diligence was handled internally by the Executive Director and CEO of each organization with a major assist from the combined board negotiating committee. One outside law firm was retained to provide documentation for both organizations. Post-consolidation, funding for one-time, non-recurring costs related to integration has not been fully available. This has left some integration projects partially completed or abandoned. | The pilot project provided consulting support. A Y.O.U. board member contributed communications advice. Initial legal and financial due diligence was done in-house. One outside law firm was engaged to represent both organizations in documenting and finalizing the restructuring. Y.O.U. has engaged outside expertise for post-restructuring integration. Total unreimbursed merger expenses were approximately $50,000. |

### Timeline

Once specific preparation for the Collaborative was under way, twenty-five months elapsed between the initial funders exploratory meeting in March 2009 and the celebratory event in April 2011 at which the four final restructurings were announced.

The figure below highlights the key dates in the evolution of the Collaborative.

(FIGURE 3)

## KEY DATES IN THE EVOLUTION OF THE COLLABORATIVE

| | |
|---|---|
| October 2008 | Ohio Grantmakers Forum annual conference and discussion of funders' role in supporting strategic restructuring |
| March 2009 | Initial funder exploratory meeting at Saint Luke's Foundation |
| May 2009 | Presentation to funders of initial concept paper at Deaconess Community Foundation |
| July 2009 | First meeting of advisory group |
| August 2009 | Request for Qualifications for consultants issued |
| October 2009 | Consultant contracts signed |
| November 2009 | Fundraising substantially completed |
| December 2009 | Phase I – Education Workshops |
| January-May 2010 | Phase II – Readiness Assessments for 17 organizations |
| March 2010 | Fundraising completed |
| June-November 2010 | Phase III – Development of Restructuring Plans for eight organizations (four pairs) |
| April 2011 | Celebration event to wrap up project and announce restructurings |

# THE COLLABORATIVE FROM THE FUNDERS PERSPECTIVE

## FUNDERS' UNDERSTANDINGS AND EXPECTATIONS OF THE COLLABORATIVE

Individual funders who granted funds for the Collaborative had somewhat different perceptions of the purposes of the project, motivations for participating, and expectations with regard to outcomes. The intent of the project as defined in its early documentation – to learn how to better support significant restructuring efforts by nonprofits in order to eliminate duplicative services, increase sustainability, increase effectiveness, and produce cost savings – was broad enough to accommodate a range of views.

## PERCEIVED PURPOSES OF THE PROJECT

When asked about their understanding of the purposes of the project, funders' comments fell into three main categories: (a) maintaining vital community services and increasing capacity, (b) reducing duplicative services, achieving cost savings, and reducing the number of human services nonprofits, and (c) informing, learning, and experimenting – providing education for both funders and nonprofit organizations about collaboration, helping the funders to better understand how to provide support to nonprofits around collaboration, and offering a forum where agencies potentially interested in partnering could explore options. Individual funders often expressed the themes that most closely related to their organization's mission or resonated with their interests.

The achievement of cost savings was an area of particularly divergent views. During the early planning stages of the Collaborative, strong reservations were expressed by one funder who insisted that the Collaborative only fund significant strategic restructuring designed to reduce costs. Others felt that cost reduction should not be a priority goal. "You can't minimize the importance of trying to achieve cost savings," observed one of the Co-Chairs. "You can't ever lose sight of this as a goal, but it is not the goal."

The consulting team also felt that achieving cost savings was unrealistic as a primary goal. Referring to the expectation of substantive restructuring resulting in savings, one consultant said, "We pushed back on this…. There can be some financial benefit, but nonprofit restructuring is organized around mission benefit. There can be cost avoidance – and maybe cost savings. The expectation should be benefit to community and some possible financial outcome, but people should have modest expectations of financial savings."

For the Co-Chairs and many other funders, maintaining vital community services during a time of economic stress while maximizing the effectiveness of constrained resources were the drivers for the creation of the Collaborative, but the overarching purpose of the project – the rationale for its design and structure – was building and sharing knowledge about how funders could do their jobs better in supporting collaboration. "It was labeled a pilot project because we wanted to learn how to better support the nonprofit community…. It was about learning. It was to be educational."

## MOTIVATIONS FOR PARTICIPATING

Varying perspectives are also reflected in the funders' responses to the questions "What prompted your participation?" and "Were there other considerations in your decision to participate?" While many of the responses echoed the funders' perceptions of the purposes of the Collaborative, it is clear that the decision to participate was also influenced by the funders' prior experience in supporting or funding collaborative activity, as well as the desire to behave in a collegial manner and have a seat at the table in what was perceived to be an important initiative within the local philanthropic community.

Some of the participating funders expressed initial reservations. These included concerns about whether there would be enough participants in the Collaborative, or funding, to proceed; whether there would be too much of the "long, heavy hand of the funder;" whether the project would really be about a range of options; whether the project design sufficiently emphasized cost savings; and, conversely, whether it was realistic to expect there to be significant cost savings directly resulting from the project.

Reservations aside, the funders overwhelmingly viewed the Collaborative as a major opportunity on a number of levels. They saw it as an opportunity to maintain vital community services and increase capacity, reduce duplicative services, achieve cost savings, and reduce the number of human services nonprofits, all as reflected in their comments about the purposes of the Collaborative. In addition, various funders saw the Collaborative as an opportunity to (a) address challenges creatively, try new approaches, and identify best practices; (b) directly support nonprofit organizations in exercising control over their long-term destinies; (c) utilize and build on their own experience in organizational restructuring; and (d) partner with respected philanthropic colleagues as part of an important and forward-looking initiative that had the potential to have long-term impact across a number of subsectors.

## ANTICIPATED OUTCOMES

Not only did the funders hold varying perceptions of the purposes of the Collaborative and take different factors into account when making the decision to participate, but they also expected differing outcomes – outcomes that in some instances evolved over the course of the project.

The funders' anticipated outcomes with regard to significant restructurings fall along a broad spectrum from uncertainty and low expectations at one end of the continuum to multiple mergers at the other. Their responses can be grouped into several clusters: (a) almost complete uncertainly regarding outcomes, including the possibility that the Collaborative would create problems for the nonprofits, (b) expectations that enhanced collaboration and realignment would occur but significant restructurings would not, (c) expectations of a small number of mergers and consolidations among organizations that were predisposed to restructuring, (d) expectations that a small number of mergers and consolidations would occur as a direct result of the Collaborative, and (e) expectations that a relatively large number of mergers and consolidations (even 20-30) would occur as a direct result of the Collaborative.

Several funders noted that they did not have definitive outcomes in terms of restructurings in mind at the beginning of the Collaborative, but allowed their expectations to develop as the project developed. Other funders noted that, in setting the project budget, the Collaborative assumed it would support approximately three or four restructurings, and the funders made contingency plans to raise more funds should they choose to support more transactions at the end of Phase II.

A number of funders viewed desired outcomes in terms of dialogue and learning and the creation of a climate where change is possible. One funder noted, "We didn't expect any particular results. We saw the project as a learning process, a process through which dialogue would be started. We hoped that, sooner or later, there would be fewer nonprofits as a result." One of the consultants also highlighted the evolutionary nature of change, noting that the Co-Chairs "did a great job thinking about how to change the conversation, versus just offering available resources. They also did a great job engaging both funders and members of the nonprofit community. It was a well thought out, well designed approach. It was designed to result in change."

# FUNDERS' ASSESSMENT OF PROJECT RESULTS

Most funders were pleased with the results of the Collaborative. They viewed the number of restructuring transactions completed as good – even impressive – and the level of dialogue created around restructuring as very valuable. A few funders, particularly those who anticipated immediate, demonstrable cost savings or a large number of restructuring transactions, were disappointed.

The Co-Chairs, whose purpose in developing the pilot was largely educational, were delighted with the number of restructured entities that emerged at the end. Another funder expressed a long-term perspective: "The true test is not the number of mergers that occurred directly, but how many occur a year from now. And did folks learn?"

Because the design of the Collaborative was experimental, and the research model required adherence to a strict timeline, it was not intended that the results would be judged solely in terms of the number of restructured organizations emerging from the cohort that progressed sequentially through all three phases. This, however, may have receded from some members' minds as they awaited the results of Phase III. "As time went on," observed one funder, the focus got narrower and everybody started to focus on numerical outcomes – the number of restructurings to be achieved. We didn't keep in mind that this was a step in a larger process."

In addition, at least one funder perceived a subtle change in the narrative of the Collaborative as it unfolded. That funder noted that, over time, the Collaborative seemed increasingly to focus on a model of consolidation to expand and enhance service delivery rather than consolidation to reduce administrative costs. The funder was unsure why such a shift occurred, but speculated that the emphasis on enhanced service delivery reflected the predispositions of a number of funders and the consultants.

# FUNDERS' ASSESSMENT OF THE BROADER IMPACT OF THE COLLABORATIVE

There is a strong sense among the funders that the Collaborative has set something in motion, and that interest in significant restructuring among nonprofits has increased in northeast Ohio and may be spreading to other nearby regions. They cite (a) more awareness of, and knowledge about, restructuring; (b) greater perception of mergers and consolidations as positive and as tools to be used by strong organizations; (c) greater awareness of the financial and other costs of restructurings; and (d) greater willingness on the part of funders to support restructuring costs.

In addition, funders perceive that the notion of collaboration is now high on the agendas of funders and nonprofits alike. They feel the community sees value in funders pooling resources. They also find it notable that a cohort of organizations moved together through a process and utilized common resources to arrive at decisions regarding strategic alliances. They feel the Collaborative provided a more nuanced understanding of how to use collaboration, and it put the northeast Ohio community on notice that collaboration is something funders value. It taught funders that collaboration is not as easy as it sounds; watching the process closely showed that it is more time-consuming and costly than one imagines. It also showed that collaboration is sometimes not appropriate – and should not be seen as a silver bullet to relieve pressure on funders' limited resources.

The work begun by the Collaborative will continue in at least three concrete ways. It is anticipated that the Foundation Center will develop, in collaboration with La Piana Consulting, a series of educational workshops for nonprofits based on the material presented at the Phase I workshops. In addition, the Foundation Center has agreed to serve as a repository for the documents created during the Collaborative, so that in the future others in the nonprofit community will have the opportunity to benefit from the experience. Third, in a separate initiative by Deaconess Community Foundation and Saint Luke's Foundation subsequent to the Collaborative, the Tides Foundation has been engaged to conduct a needs assessment to ascertain the types of common back-office support that local nonprofits would find useful.

# STRENGTHS & WEAKNESSES OF THE PROJECT

In retrospect, funders perceive many strengths and a few weaknesses in the design and implementation of the Collaborative.

The leadership provided by the Co-Chairs was mentioned by a number of funders as a major strength. The funders appreciated that the Co-Chairs balanced the need to move forward with the need to include everyone. They felt that healthy discussion was encouraged, and the decision-making process was consensus-driven and democratic with a great deal of input from the larger group of funders. They praised the transparency of the process, sensing that there was nothing behind the scenes that wasn't on the table. At the same time, the funders appreciated that the Co-Chairs vetted the issues at an appropriate level; the larger group of funders was not consulted on small issues, on which it trusted the Co-Chairs to act, but was consulted on all significant issues.

Funders also found the structure of the funder meetings to be a strength. They liked the number of meetings, felt that the materials were well-organized, and liked that the meetings were agenda-driven and focused on the project, without a lot of socializing.

A number of funders also cited as a major strength the quality and expertise of the consulting professionals. They were seen as highly experienced, effective consultants who brought knowledge about the health and human services community and had respect for the nonprofit organizations.

The structure of the Collaborative itself was seen as a strength. Funders found it to have a clear process. At the same time, they felt the Collaborative struck a good balance between evolving organically as a result of the learning achieved and being formal enough to keep everyone engaged. In general, they approved of its time-limited nature and the emphasis on evaluation.

Another strength to which many interviewees spoke was the synergistic benefit of bringing multiple partners together. By joining together in the numbers they did and at the funding level they achieved, the members of the Collaborative demonstrated their belief in the power of collective action and achieved a capacity for leverage that no single foundation, or small group of foundations, could. In this context, funders specifically praised the Collaborative for providing an effective and organized way to pool expertise in providing consulting services. They also found valuable the breadth of the funding community involvement and the fact that the leaders of the Collaborative were no the largest foundations.

Other comments suggested the potential for additional collaborative activity in the future, noting that the success of the Collaborative gave the funding community confidence to come together and undertake other common projects.

There were many responses to the "strengths" question that evoked references to learning – both for funders and organizations – and to new messages that were heard in the nonprofit community. Respondents were pleased that (a) both funders and nonprofits had learning experiences around collaboration; (b) nonprofit leaders were included in the design of the Collaborative; (c) positive relationships developed within and among groups that participated; (d) funders had an opportunity to convey to nonprofit organizations that philanthropic dollars are not unlimited; and (e) the project sent a positive message to nonprofits that funders care and will use whatever approach is available and effective to help them.

On the other hand, the project was not without perceived flaws, although very few weaknesses were identified. One funder was disappointed in the number of restructurings that occurred. Another felt that the number of restructurings was appropriate, but that the total cost of the project was high given the number of restructurings directly achieved. Yet another funder thought that the very use of the number of restructurings as a measure of success was a weakness of the project, preferring that the Collaborative focus on the longer-term goals.

When asked about major weaknesses of the Collaborative, some funders referenced the behavior of their peers, suggesting that there were members of the funding community who ought to have been engaged but were not. Others mentioned uneven participation among the funders as a weakness. Another characterized as a "minor issue" the tension between funders who wanted to see cost reductions and the rest of the group.

Although many funders found the design of the Collaborative to be a strength in pursuing its educational goals, a number of funders found it somewhat rigid and cumbersome from a practical standpoint. They noted that there were some nonprofits that could have participated but did not, because their activities did not fit into the timeline or because their involvement in collaborative activity did not fit into the Collaborative's cohort model. One funder saw too much emphasis on evaluation (finding that it created unnecessary inflexibility). Another found the timeframe too long.

Finally, a number of funders expressed concern about how the nonprofit organizations that were offered the opportunity to participate in the Collaborative perceived the invitation from the funders. Recognizing the fundamental power imbalance in the grantmaker/grantseeker relationship, interviewees wished, in retrospect, that more had been done to assure the nonprofits that their participation in the initial education workshops was voluntary. They also wished that the funders had been better able to convey to the nonprofits that the funders did not have preconceived goals with respect to the number of, nature of, or specific agencies to be involved in the restructurings.

## FUNDERS' VIEWS OF FACTORS MOST CRITICAL TO THE COLLABORATIVE'S SUCCESS

Not surprisingly, the items cited by funders as factors most critical to the Collaborative's success echoed many of the major strengths described above.

At the top of the list was the right leadership. Funders overwhelmingly found the Co-Chairs to be respected, credible, effective, dedicated, and willing to put in the time needed. They felt that their leadership was pivotal to the project's success. On a related note, some respondents expressed appreciation for the way in which the Collaborative functioned, citing the commitment to communication, funders' ability to be engaged and provide feedback, and the presence of trust and transparency.

Other factors critical to success cited by funders relative to the structure of the Collaborative included the (a) power of the joint effort and pooled dollars and (b) expertise of the consultants and their commitment to doing the job right.

A number of responses to the question regarding factors most critical to success referenced the nonprofit community, both in terms of the contribution that the participating human service organizations made to the Collaborative's outcomes and in relation to the nonprofits' interactions with the funders. In this context, relationships already in place between funders and nonprofits were flagged as an important factor, as was the role of the nonprofit advisory group. One funder expressed appreciation for "the willingness of the nonprofits to lay things on the line, go the extra mile, not withhold, and not play games," while another felt the Collaborative was fortunate to find organizations that were open to restructuring at the time of the Collaborative and chief executive officers who were willing to embrace the good that could result from restructuring.

Finally, the condition of the economy – the key driver for the development of the Collaborative – was identified by several respondents as a factor critical to the initiative's success. They noted that substantial financial pressures were catalysts for the funders to come together and for the nonprofits to restructure.

## FUNDERS' VIEWS OF AREAS FOR IMPROVEMENT

When asked how to enhance the process and functioning of the Collaborative, several funders pointed to the area of communications between the philanthropic partners and their nonprofit audiences. Even though the invitation to the education workshops clearly stated that attendance was strictly voluntary, not all agencies internalized the message. Funders recommended that even more be done in the future to help organizations understand that participation in a collaborative project is voluntary.

Moreover, funders noted, there could have been better mutual understanding with the nonprofits about the time that would be required in a restructuring process and about the kinds of costs for which the agencies themselves would be responsible. There might have been more emphasis placed on the importance of restructuring across the nonprofit sector. In the future, projects of this type would be improved by revisiting some of the communications materials with the benefits of hindsight.

While the funders praised the convening of the advisory group that included both nonprofit leaders and funders as a way of gaining the benefit of nonprofit organizations' perspectives, interviewees noted that there would have been value in maintaining an active group of this type throughout the duration of the Collaborative. (The advisory group did not continue to meet after the consultants had been identified.) In retrospect, some participants felt that maintaining the group as a vehicle for funder-nonprofit communication would have been useful for both practical and symbolic reasons.

## THE ROLE OF TRUST AMONG FUNDERS

The role of trust in negotiating a strategic restructuring is discussed later with respect to the perceptions and experiences of the nonprofit organizations. Trusting relationships were important among the funders as well. Engaging in and funding collaborative activity, taking on an experimental project, ceding leadership to others, working within consensus, and delegating grantee relationships to consultants all required executives in the philanthropic community to work inter-dependently, trusting in a good outcome. The broad base of participants, the ease with which funds were raised, and the smooth functioning of the Collaborative indicate the willingness of northeast Ohio funders to work together in these ways.

## THE PLACE OF FUNDERS COLLABORATIVES IN NORTHEAST OHIO IN THE FUTURE

Members of the Collaborative were asked to offer their perspectives on how funders collaboratives will fit into the fabric of philanthropic work in northeast Ohio in the future. A number of respondents were unsure, stating that it will depend on the specifics of future situations and the dynamics of the individuals involved. Others expressed the opinion that such collaboratives will be important, but that they will ebb and flow.

A second group emphasized the potential applicability of the funders collaborative model in subsectors other than human services. One funder flagged healthcare as an important area in which much restructuring might be achieved, while others mentioned that there is a great need for this kind of project in all areas.  Several members of the funders group predicted that the funders collaborative will be an increasing part of the fabric of philanthropy.

The most enthusiastic group saw the funders collaborative model as very important to how the philanthropic community will work in the future. One funder felt collaboratives are key to continuing to push the thinking about how and who funders fund and how funders can approach their work. They also may be instructive in learning about how to work with the public and private sectors. Another funder pointed out the parallels between funders collaboratives and regionalism, noting that collaboratives can help the philanthropic community keep the bigger picture in mind. Yet another would like to see the emergence of newer, more exciting models – for example, venture capital models as used in the private sector, where organizations could pitch ideas to funders who would form collaborations based on their mutual interest in investing in those areas.

# THE COLLABORATIVE FROM THE NONPROFITS' PERSPECTIVE

Additional learning from the Collaborative can be derived from the perspectives of the nonprofit organizations that participated in all three phases of the project.[12] As with the funders, the nonprofit organizations had differing understandings and expectations of the project and different motivations for participating.

## NONPROFITS' UNDERSTANDINGS & EXPECTATIONS OF THE PROJECT

As mentioned earlier, the invitation letter to nonprofit organizations for the initial education workshops touched on the multiple dimensions of the Collaborative – to learn how to better encourage and support significant restructuring efforts in order to eliminate duplicative services, increase sustainability, increase effectiveness, and produce cost savings. When asked about their initial understanding of the purposes of the project, the nonprofits provided varied answers that drew upon different dimensions of the Collaborative's stated intent.

First and foremost, there was recognition of the economic pressures impacting nonprofits and funders and the need to eliminate redundancy, increase effectiveness, and produce cost savings.

Respondents also saw the Collaborative as a means to provide incentives to help overcome the inertia that had kept many nonprofit organizations from restructuring on their own: "For the last six or seven years there had been conversations in Cleveland where we were saying, 'We have to merge,' and many organizations had talked but there was not much happening. This was the

[12] The formal evaluation (Fischer, Vadapalli, and Coulton, 2011) includes data from organizations that did not proceed beyond Phase I, while the current study focuses on the experiences of the eight agencies that completed all three phases of the Collaborative.

funders' way to get people off the dime. Nothing was happening, so they put out prize money to get things going from the conversation stage to the action stage." These respondents felt it was clear that restructuring was the point – that the funders thought there were too many human services nonprofits.

The nonprofit organizations also were aware of the educational goals of the Collaborative. At least one pair of organizations that participated – which had begun to explore collaboration prior to the inception of the Collaborative but chose to switch gears and continue the work within the framework of the Collaborative – did so in part because they felt their experience in restructuring could contribute to the community learning sought by the Collaborative.

Several nonprofit interviewees commented specifically that they felt the funders were trying to do the right thing for the community. They felt the funders wanted to support collaboration in a different way than they had previously. In offering education and critical consulting support to participating organizations, the Collaborative provided the nonprofit community with more options.

## MOTIVATIONS FOR PARTICIPATING

Economic circumstances, whether explicitly stated or implied, were an important factor in the nonprofits' decisions to participate. Funds from both public and private sources had become increasingly scarce, and there was enormous pressure to do more with less.

At the time the Collaborative was announced, six of the eight organizations that restructured at the end were already engaged in collaborative activity, in discussion about future possibilities, or in actual negotiations with the entity that was to become their restructuring partner. Motivations for these organizations to participate in the Collaborative and take on its requirements and constraints included, first and foremost, the availability of professional consulting services. In addition, some of the nonprofits felt that, by participating in the Collaborative, they could gain from – and contribute to – the learning to be achieved.

To what extent did the nonprofits feel pressured because a large group of funders had issued the invitation to the Phase I workshops? The funders' letter piqued not only interest and curiosity but a measure of suspicion as well. While participation in the education workshops was purely voluntary, one nonprofit leader reported that there was some sense of wonder or distrust in the nonprofit community. The thinking was, "If you're a good agency, you'll get involved and you'll get more funding." An executive of another organization thought that some of the smaller agencies may have believed they had to be there or risk offending the funders, but such reservations were not universal.

One of the participants wondered whether the requirement that organizations attending the education workshops send both the chief executive officer and board chair, with no substitutions allowed, inadvertently conveyed a message that funders were keeping careful track of attendance and would view lack of attendance negatively. In fact, the leaders of the Collaborative intended the attendance requirement to convey that restructuring requires commitment from the top.

In general, the lay and professional leaders of the four clusters that completed all three phases of the project themselves saw the Collaborative as being more supportive than directive. When asked to elaborate, they expressed a clear-eyed view. One board chair described the invitation letter from the Collaborative as an opportunity to "go down the path," pragmatically noting that "since we're asking for money, we had to pay serious attention." In another cluster, both board chairs felt that the organizations should participate in an exploration of collaboration, but not necessarily engage in a collaboration transaction, because the funders had initiated the project. They believed that the funders brought a community-wide view about opportunities to increase services that should be respected, but never felt pressured to go through the process if that was not a desirable course for their organizations. Yet another nonprofit leader said, "I thought that we should attend the December meeting to find out what the funders were thinking -- the worst thing that would happen was that we would learn something."

## NONPROFITS' VIEWS OF THE MOST IMPORTANT FACTORS TO CONSIDER WHEN CONTEMPLATING & CONDUCTING RESTRUCTURING

Representatives of the eight human services organizations that emerged in a new configuration after participating in the Collaborative were asked for their thoughts on the most important factors to consider when contemplating and conducting a strategic restructuring process. Responses fell into two main categories – the characteristics to look for in a prospective partner and factors contributing to a successful pre-restructuring process.

### Desirable Characteristics of Potential Partners

Respondents mentioned the reputation of the prospective partner as an important initial consideration. They also spoke to the general desirability of organizations choosing to restructure from a position of strength rather than weakness.

Also important as a threshold issue is similarity of mission and purpose. It is not necessary for the missions of the prospective partners to be in perfect alignment as long as the organizational purposes have a commonality or are complementary. A good program fit can also be helpful.

Some pairs of organizations found that where missions were complementary, disparities in programs or geography could actually be helpful because the two organizations did not view each other as competitors and exploring a partnership didn't feel dangerous.

### Factors Contributing to a Successful Pre-restructuring Process

Interviewees mentioned a number of factors they perceive as enabling a successful process leading to restructuring, including:

**The right attitude.**

> The right attitude can manifest itself in a variety of ways, from keeping an open mind to exhibiting a true collaborative spirit and checking egos at the door. What is needed are executive leadership and board members who are able to look forward, keep the big picture in mind, and put personal biases and agendas aside. Chief executive officers and board chairs who model such behavior can set the tone for staff and boards.

**Thoughtful and thorough negotiations.**

> Respondents identified several dimensions to successful negotiations:
>
> First, it is important that the prospective partners recognize the potential strategic benefits of restructuring early on.
>
> Second, each organization must know itself. One nonprofit leader pointed out, "All parties must understand their needs and values – and the benefits of restructuring…. Know your organization's value and understand what it can leverage; know your bargaining position…. In the negotiating process, you as a nonprofit should know what you will die on your sword over – your deal breakers. You need to stick to them. Spell out what your needs are, and know exactly what is negotiable."
>
> Third, a great deal depends on the composition and quality of the negotiating team. This includes having all the different voices at the table.

Fourth, it is important that various restructuring options are clearly spelled out so that participants can understand, and have ample time to reflect on, what the possible outcomes might look like, and what the structure of the resulting organization might be.

Finally, human resource issues cannot be left to chance. Coming to an early decision about who should be the chief executive officer of the integrated organization can be extremely helpful. It is also vitally important to be clear as to what will happen to other staff and how they will be integrated.

**Thorough due diligence.**

Interviewees called for a defined and very thorough due diligence process, which should include human issues such as the values of staff and board, as well as legal and financial issues. This should not occur too early because a level of trust must develop first, or too late, because surprises late in the game can become deal-breakers.

Interviewees advised paying careful attention to financial matters, including funding sources, because for a restructuring to be successful, sustainability is key. It is especially helpful if there is not much duplication of funding sources.

**High quality facilitation.**

The quality of the consultants who are engaged as facilitators is an important factor in the potential success of the restructuring process. Outside consultants play an invaluable role in providing structure and perspective and in moving the process along.

**Attention to compatibility and continuity in human relations.**

After a potential partner is identified based on externalities such as reputation and mission, there are additional, more subtle, questions to address. The likelihood of successful restructuring is enhanced when both board and staff cultures are compatible (although they may operate differently). It may take time and diplomacy to tease out potential issues and find solutions. Concrete efforts to meld cultures smoothly can also contribute to a successful outcome – for example, holding a retreat that creates an environment in which the separate boards or staffs have an opportunity to start acting in concert.

Providing a sense of continuity also helps to bring organizations together as one. Organizations involved in restructuring have found it beneficial to include many or all members of both boards in the board of the restructured organization. Distributing leadership roles among board members from both organizations can also be helpful. Addressing clearly and fairly the ongoing roles of senior management is critical for successful restructuring.

**Sound communication.**

Not to be underestimated is the value of providing honest, timely, and clear information to key stakeholders. Appropriate communication with board and staff is important so everyone is kept in the loop and has accurate information.

Funders and donors are another critical constituency. They should be informed early on about a potential restructuring, and their perceptions of the chosen partner, proposed form of restructuring, and other factors may be very valuable. Organizations have also found it helpful to explore with funders whether and how their level of support might be affected by a restructuring.

**Trust.**

As discussed in more depth below, trust is important at every level in a restructuring process, and is critical to a successful outcome.

## THE IMPORTANCE OF TRUST IN STRATEGIC RESTRUCTURING

When asked specifically about trust and its importance in strategic restructuring, the nonprofit representatives emphasized that it was critical. Trust was described both in relation to the process through which it is established and with respect to the atmosphere in which discussion and negotiation must take place.

At its core, trust depends upon interpersonal relationships. A successful restructuring process hinges on the ability of multiple individuals and groups to successfully interact with one another, both within a given organization and across organizational boundaries. Interviewees cited trust as being important between and among the following individual and groups: (a) board chairs of prospective partner organizations; (b) chief executive officers of the respective organizations; (c) board members, both within and across organizations; (d) negotiating teams of the prospective partner organizations; (e) board members and their own negotiating teams; (f) staff members, senior management, and board members; and (g) organizational representatives and consultants.

Interviewees also offered recommendations on ways to foster and establish trust, noting that trust can be established through:

- A shared vision and common understandings. This can be accomplished through good communication and aided by good facilitation.
- Reliance on prior interpersonal relationships, where available.
- A willingness to develop new relationships during the process. Time, and the exposure of the parties to each other, are necessary.
- Mutual respect, personal integrity, and an absence of ego. Members of the negotiating team should be chosen with personal qualities in mind.
- Sharing information. A defined process and good facilitation can be very helpful.
- Honest communication and openness.
- Flexibility and patience. Restructuring transactions can be complex, time-consuming, and stressful.

Finally, interviewees advised that trust requires a big-picture view and steadfast attention to a common focus: "Trust was developed as we grew in appreciation that this restructuring was not about us, not about getting credit for doing something; rather, it was about building a better organization. We were 'all on the same page.'" In addition, continual effort is needed to sustain the trust relationship over time, including after the restructuring transaction has occurred.

## CONFIDENTIALITY AS A FEATURE OF THE COLLABORATIVE

The design of the Collaborative called for confidentiality around the interactions and negotiations between prospective partners as they explored restructuring opportunities. The intent was to provide organizations with a protected atmosphere in which to explore, without repercussion, opportunities which they might or might not choose to pursue. Confidentiality was addressed in two major ways within the project.

First, the consultants worked directly with the nonprofit organizations, sharing information with the funders only at those points in the process where recommendations were being made as to which agencies should proceed from one phase to the next. The organizations in general found the opportunity to work confidentially with the consulting group very valuable. Some of the nonprofits noted that it might have been useful, in addition, to have one or two points during the process where they interacted with the funders to learn what they were thinking.

Second, the communications firm coordinated the Collaborative's "messaging" to the public and responses to media attention to the Collaborative. The funders intended this as a protection to the organizations, rather than a restriction on their contact with the media or with each other; the Co-Chairs noted their view that the organizations were not restricted at all from media contact or contact with other organizations. The organizations, however, had varying understandings of the Collaborative's goals and parameters regarding such confidentiality.

Some organizations felt they were discouraged from talking to the media or the other organizations, while others did not. One pair of organizations felt they were discouraged from talking to the media and found that confining, preferring to use media communication selectively to its advantage to support the restructuring process.

Some organizations adopted strict confidentiality by choice. One executive said, "We never talked to the other groups… Confidentiality is critical and, for us, it was smart. While some may argue it would have been helpful to talk with other organizations in Phase III, we all seemed to be at different places in the restructuring process."

Other interviewees described their own behaviors, and those of their counterparts, differently, stating that, whether or not confidentiality was required or preferred, the "word on the street" was out and, the nonprofit community being what it is, people talk.

Some organizations that felt strict confidentiality was expected or desirable also felt it might have been useful to have a briefing on the progress of the other clusters at some point to help give context and learn from others' experience.

## SUPPORT FOR NONPROFIT ORGANIZATIONS DURING THE RESTRUCTURING PROCESS

The organizations found that restructuring is not only complex and challenging, but it is also time consuming and costly. They identified the areas where support is most needed as: education, consulting services, due diligence (legal and financial), and post-transaction integration.

Ongoing general education about restructuring is valued. In addition, some interviewees spoke of the need for more specific help in exploring the desirability of collaboration, including whether to restructure and how to identify and select potentially promising partners. Others would like to have help in actually identifying appropriate organizations with which to explore collaboration.

Consulting services ranked high on the list of areas where support is most valuable. Interviewees noted that the outside perspective brought by experienced facilitators elevates the quality of the negotiations and substantially raises the likelihood that a restructuring will occur and be successful. They also noted that the inability to pay for consulting is a principal reason that more restructurings do not occur.

Interviewees highlighted the need for a comfortable "fit" between client and consultant. The Collaborative chose the three consultants and assigned them to work with organizations, or groups of organizations, at various points. The nonprofits had limited input into their particular consultant assignments. Although the nonprofits participating in the Collaborative recognized, and had universal respect for, the quality and professionalism of the chosen consultants, the chemistry was not perfect in every instance. As one chief executive officer remarked, "I can't fire them because I didn't hire them. There were some points of frustration, but how do you back out? Had I hired them, I would have been bossier." Some interviewees suggested that, in future projects, consideration be given to allowing more input by the organizations in the choice of consultants – perhaps by allowing them to choose their own consultants or allowing them to choose from a pre-selected list of consultants.

A number of organizations participating in the Collaborative were taken aback by the costs of restructuring that were not funded by the Collaborative. The Collaborative had made the decision early on that it would support education and consulting, but not the direct costs of legal and financial due diligence or post-restructuring integration. Although the nonprofit organizations were aware of the decision, the legal and financial work and integration were unexpectedly complex and time- and resource-consuming. Many expressed the view that, for restructuring to be a realistic option for many nonprofits, additional support in those areas will be needed.

Within the Collaborative, due diligence activities were conducted differently from one cluster to the next. In some instances, internal staff and board expertise was successfully tapped. Both boards in one cluster had prior experience with restructuring and board members with relevant professional expertise. Other clusters, however, lacked board members with the necessary expertise, or had board members with expertise who were unable or unwilling to become involved, or did not think it appropriate to call on volunteer counsel. These latter clusters either employed outside experts or reduced the level of their due diligence, or both. Organizations that were able to deploy internal expertise clearly fared better financially than those that had to seek and pay for outside assistance.

Accessing legal help in particular was a source of concern. Some of the organizations were not clear regarding how to access advice on the forms of transactions available to them to suit their particular circumstances. Some of the clusters did not receive expert counsel on the different forms of transactions available until quite far into the process, in some cases only after considerable unnecessary anxiety about whether a transaction could be done given their circumstances. Other legal needs included support for legal due diligence and documenting the transaction.

There was some misunderstanding about how much board members, even lawyers, could do to help, because many of the types of issues that arose called for more highly specialized legal counsel than was available on a volunteer basis. To reduce costs, some of the clusters chose to retain just one lawyer at the end to prepare the documents to effect the restructuring transaction, with the result that neither organization received the full benefit of confidential and undivided counsel.

After working intensively to complete the restructuring transaction, the combined organizations found much work still to do to achieve integration. Human resources, facilities, and technology services were the areas most frequently mentioned. Some organizations have successfully sought additional funding from outside the Collaborative for the substantial non-recurring costs of implementation, while others are still trying to determine how to address them.

The costs of legal and financial support, and support for post-restructuring implementation, are an area for further conversation among funders and nonprofit organizations. On the one hand, some funders feel it is important for the organizations to make an investment in the restructuring outside the funders collaborative process while, on the other hand, the nonprofits are keenly aware that the expenses are substantial, and available sources of funding are often the same funders that participated in the collaborative. Some organizations may need help in understanding how to access appropriate legal, financial, and post-restructuring expertise.

Organizations also perceive the risk that, at the end of the restructuring process, funders will cut back on the grants they made previously to the two pre-restructuring organizations, resulting in a loss of revenue at a time when significant expenses related to the restructuring are also being accrued. They fear that the funders will "go back to business as usual" once the restructuring has concluded. This too is an area for fruitful ongoing conversation among nonprofits and funders.

## SUGGESTIONS FOR REFINING THE MODEL

Suggestions from the nonprofit organizations for refining the Collaborative's model previously discussed include:

- Making even clearer to nonprofit organizations the extent to which their participation in funders collaborative efforts are voluntary.
- Making even clearer what, if any, confidentiality rules apply to the organizations.
- Giving additional consideration to the potential strategic uses by the nonprofits of sharing information with the media and each other.
- Offering "matchmaking" assistance – helping organizations scan the horizon for potential good "fits."
- Allowing participating nonprofit organizations more input into the choice of their process consultants.
- Providing more information up front about the time, effort, and additional funding required to fully carry out a restructuring transaction. It was suggested that organizations be provided a "toolkit" to which they could refer as the process unfolds; this might help to take some of the fears away and help organizations do more of the work on their own.
- Providing more support around legal and financial matters, including structuring the transaction, and post-transaction integration. While the consultants were widely praised for their experience, their knowledge of board governance, and their skills in process facilitation, the organizations feel a clear need for these additional types of expertise that the consulting team was not in a position to provide. Organizations would appreciate assistance both in the identification of appropriate experts and in funding the related costs. They also feel organizations should be advised to seek this additional expertise early in the process.

Further recommendations for refinement of the Collaborative model made by the nonprofit leaders include the following:

**Greater flexibility in the project model should be considered.**

Participants recognized that the Collaborative was an experimental design that necessarily called for a sequential process, fixed timeline, and progression by organizations through the phases as part of a cohort. Uniformity allowed for evaluation and ease of administration, but it did not accommodate a range of different organizations at different points in a collaboration exploration. Respondents recommended that a future funders collaborative around restructuring be more flexible in terms of timing, documentation, and the number of steps required. This would not only better meet the needs of organizations already involved to some degree in restructuring activity, but would also better accommodate organizations of different sizes and degrees of sophistication.

**Participating nonprofit organizations should be offered a stipend and an à la carte menu of services that they can choose depending on their particular needs.**

These services could include legal, financial, real estate, information technology, human resources, and change management expertise, among others.

**The role of the communications firm should be clearer.**

As the Collaborative unfolded, different participants had different understandings of the role of the communications firm and, specifically, what services would be provided to the nonprofits. Some nonprofits were surprised that, while the Collaborative provided them with communications advice around preparation for unsolicited inquiries and maintaining confidentiality, they did not receive support for the myriad communications and messaging needs related to their restructurings. This resulted in an additional, unexpected expense for some organizations. In future efforts, it would be beneficial to define more precisely the role of the communications firm, if used, and the menu of services available to the nonprofit organizations.

**Board members, including those not on the joint negotiating teams, should be engaged more closely in the process.**

Those who are not as deeply involved still have important decisions to make. There should be more direct contact between board members and consultants.

**More attention should be paid to the role of the chief executive officers and to succession planning.**

> During the restructuring process, none of the eight chief executives indicated plans to resign; rather, it was intended that the new entities would provide meaningful roles for each of the original chief executive officers. Two of the restructured clusters have in fact retained the top executives of both partner organizations in key leadership positions, while the other two clusters have each lost one of the original executives after just a few months. The success – even the possibility – of a restructuring often depends on the willingness and ability of the chief executive officers to see the bigger picture. It is sometimes very difficult, but necessary, to resolve clearly early on the issue of who will be the chief executive of the combined organizations and what role the other pre-restructuring chief executive will play. Board members, as well, sometimes tend to think parochially. Nonprofits would welcome assistance in thinking through and addressing these issues.

When asked how the funders should proceed in the future, the nonprofit participants opined that (a) continuing to disseminate information about restructuring is valuable; (b) the Collaborative has developed a community expertise around restructuring that should be capitalized on; (c) the funders should move quickly to fully reap the benefits of the accumulated knowledge; and (d) funders should focus on nonprofits when they are strong, not when they are struggling; that is when collaboration works best.

One interviewee suggested that, instead of repeating the Collaborative model, the funders consider alternative models such as a regular Request for Proposals process where organizations interested in restructuring could apply for financial support and then carry out the process on their own. This interviewee noted this might work best for some organizations while other organizations might benefit from a more structured process.

Regardless of the manner in which the work is carried forward, the respondents' comments suggest the desirability of considering both how the "power dynamic" affects the funder-nonprofit relationship and how to allay, or respond to, organizations' concerns about future funding. While the inherent power imbalance between those who control resources and those who seek them is an ever-present factor in the grantmaker-grantseeker relationship, such differences must be downplayed so that the potential for greater community benefit remains at the heart of restructuring conversations. As a former board chair observed, "While the power dynamic between funders and nonprofits was part of the equation throughout, participating nonprofits decided to accept the reality of that and proceed so as to demonstrate to the larger community the value of restructuring." Funders must also speak to nonprofits' concerns that funders will not support combined organizations at the level they support them individually. This should be addressed so that it does not become an impediment to restructuring.

Interviewees recommended that the ongoing conversation about funder support for restructuring also focus on the larger questions about the relative benefits of restructuring. They caution that restructuring should not be presented as a good in itself; it only makes sense if it produces better results for the community. A funders collaborative can provide a forum for these issues to be vetted and for collaborations to be examined and pursued for the right reasons.

## IMPACT OF THE COLLABORATIVE

When asked about the impact of the Collaborative on the philanthropic community in northeast Ohio, most of the nonprofit representatives interviewed did not know. They either expressed uncertainty or speculated about whether the expectations of the members of the Collaborative had been met and whether they would continue to make funding available in this way. Some expressed the hope that the Collaborative would lead to more collaboration among funders, with one cautioning that, if it does not, there will be more requests for rescue operations than true collaborations.

Other organizational representatives responding to this question addressed the impact of the Collaborative on the nonprofit community in general, with one executive commenting that, through the Collaborative, the philanthropic community has sent a message that they want to see consolidation, greater effectiveness, and doing more with less.

Still others observed that the Collaborative has increased the nonprofits' understanding of restructuring and given the topic a higher level of visibility, noting that the project has raised awareness of restructuring as a positive goal rather than a sign of weakness. One interviewee noted that there is better understanding in the nonprofit sector regarding some of the challenges funders are experiencing and why collaboration is important from their point of view.

From the agencies' perspective, the overall impact of the Collaborative was a positive one. On the whole, the eight nonprofits in the final cohort appreciated the funders' willingness to undertake the project. They feel there is a huge interest in collaboration in the nonprofit community, and this kind of project provides a mechanism for organizations to access opportunities.

Perhaps most importantly, according to the nonprofit leaders, the Collaborative created conditions in which funders and nonprofits could focus on the bigger picture. "There was a lot of hopefulness and a sense of being part of something bigger than our individual organizations," said a board leader, who also commented on the significance of the funders' leadership role in getting the nonprofits to engage. "The foundations should work in a collaborative manner for the same reasons as nonprofit organizations should – it is a better use of resources…. It is all about what is best for the community and how to make organizations as effective as possible."

# KEY THEMES AND LESSONS LEARNED

The Collaborative was explicitly characterized as a pilot project with the expectation that all participants would learn from their experiences in ways that would inform future strategies and practices related to funder collaboration and strategic alliances.  Several themes have emerged from this case study. These themes in turn lead to some lessons learned that have implications for future philanthropic collaborations geared toward nonprofit realignment and restructuring.

**Theme 1:  Everyone has something to learn.**

For many funders, motivations to participate in the Collaborative included the opportunity to experiment, build upon their own experiences, and share knowledge. Collective learning was both an expectation and an indicator of the project's impact. Interviews with participants involved in the four strategic restructurings and with the consultants suggest that the pilot project was a learning opportunity for them as well.

From the funders' standpoint, the Collaborative provided a wealth of information and hands-on experience in how to support nonprofit organizations that are working toward restructuring. The funders received ongoing feedback through Collaborative meetings, electronic communications, and the formal evaluation that highlighted both areas of success and areas needing more attention or improvement.

For the nonprofit organizations, the Collaborative raised awareness of restructuring as a positive goal, rather than a sign of weakness. They learned more about what restructuring entails and how to use external support to achieve their restructuring goals. The nonprofit board and staff members who were engaged in the pilot gained a heightened understanding of why collaboration is important to the funding community and observed some of the challenges faced by the Collaborative's members.

The consultants engaged with this initiative were asked to work together in ways new for them. These included collectively designing each phase of the project and developing joint implementation plans for each phase. The collaboration among consultants also required ongoing information sharing about progress and hurdles and achieving consensus regarding key recommendations, such as which nonprofit organizations would progress from phase to phase in the pilot.

Findings from the case study suggest that participants in the Collaborative learned a great deal and valued the opportunity to acquire new knowledge and experience. This point, along with the fact that philanthropic collaborations focused on realignment and restructuring are a relatively new phenomenon, suggest the importance of incorporating plans for active learning in future efforts.

LESSON: Knowledge development and learning should be explicit goals of philanthropic collaboration in support of strategic realignment in the nonprofit sector.

**Theme 2: Timing is critical.**

The economic downturn affected both grantees and funders. Nonprofit organizations were under increasing financial stress as public and philanthropic resources declined and community needs increased. Funders were grappling with the implications of fewer grant dollars at the same time that nonprofit organizations required additional support. These circumstances created a shared interest in a new approach. There was a greater willingness to take on the risk of experimentation because of a history of collaboration within the funding community, other pre-existing relationships, and the presence of individuals willing to exercise leadership.

LESSON: Out of crisis comes opportunity; seize the moment!

**Theme 3: Leadership is indispensable.**

Leadership was evident in both the funding and nonprofit communities. The Co-Chairs took the initiative to convene their colleagues in the philanthropic community, propose a structure for collaboration, advocate for participation once the structure was adopted, and assume responsibility for oversight and implementation of the Collaborative. They effectively articulated a vision for a new direction and drew upon their social capital and powers of persuasion to move others to action. They ensured that the perspective of nonprofit organizations was represented and provided ample opportunity for other funders to participate in varying ways compatible with their time and interest. They worked to balance the transparency and confidentiality needed to achieve success in the restructuring process. Other funders led by convincing trustees and colleagues in their organizations that participation in the Collaborative was a risk worth taking.

The board members and chief executive officers of the participating nonprofit organizations also demonstrated substantial leadership. This included looking at the big picture and recognizing that restructuring offered the potential to better serve the community. It required putting aside egos and turf issues and embracing new visions for their organizations. The process of working toward restructuring required stepping up to the plate numerous times to devise solutions to potential obstacles and modeling collegial behavior that set the tone for their respective boards and staff. For some, it meant relinquishing current roles and taking on the risks associated with a new structure. It entailed building on existing relationships and creating new ones.

LESSON: Determine the availability, capacity, and readiness of philanthropic and nonprofit leaders early in the process.

**Theme 4: Trust makes things happen.**

Many aspects of the Collaborative were dependent upon trust. These included the ongoing engagement among members of the Collaborative, the consultants, and the organizations involved in restructuring, as well as among these three groups. Considerable trust was placed in the Co-Chairs by other Collaborative members. The funders exhibited a great deal of trust in the consultants by delegating to them the detailed design and management of the project's phases. The participating nonprofit organizations displayed high levels of trust within their own organizations and with the partner organization with which they were exploring a strategic alliance. Underlying this trust were successful personal relationships – belief in the integrity and competence of the parties, opportunities to come to know each other over time and through shared experiences, and a history of prior contacts in some cases.

Both the cultivation of existing relationships and the careful nurturing of new relationships deserve attention. One of the consultants advised the nonprofit partners "to be sure to have social time." Two members of the consulting team independently noted that they themselves ought to have engaged in team building before embarking upon their assignment.

A number of the funders who were interviewed observed that positive relationships and successful negotiations between the nonprofits required that egos be kept at bay. They expressed admiration for the nonprofit leaders who demonstrated the ability to focus on relationship-building and put aside personal biases and agendas.

LESSON: Keep in mind that trust is the glue that holds the process together, and actively seek opportunities to create and strengthen that trust.

**Theme 5: Progress can occur despite power dynamics.**

Funders of the Collaborative understood that the pilot project did not provide a level playing field. They made numerous efforts to address this through their communications to nonprofit organizations – by absenting themselves from virtually all of the direct work with nonprofit participants, by engaging several nonprofit leaders in designing the consultant Request for Qualifications and choosing consultants, and by taking steps to ensure confidentiality for the restructuring work.

A number of the nonprofit organizations attended the Phase I workshop because they felt they could not turn down an invitation from the funders. However, many also saw the potential benefits and seemed to feel less coerced as the process unfolded. In some cases, they also made a leap of faith, in effect choosing to ignore the unequal distribution of power in pursuit of the larger goal of serving the community.

LESSON: Take proactive steps to address the unequal distribution of power through engaging nonprofits in process design and decision-making, providing safe space in which to conduct negotiations, and striving for transparent communication.

**Theme 6: Goals do not have to be highly specific and universally shared for progress to occur – as long as there is general consensus on the overall direction.**

There were a variety of perspectives among the funders about the purposes of the Collaborative. They also differed in their reasons for participating, expectations about potential results, assessment of outcomes, and interpretations of the broader impact. Despite these differences, there was enough commonality regarding the need to work together and the overarching goal of changing the nonprofit landscape that they were willing to participate. The fact that there were many funders and that the cost and risk of participation were shared provided some additional security as they moved into uncharted waters.

While the importance of transparent communication has been referenced in the preceding themes and lessons, there is sometimes value in allowing room for interpretation. Some members of the Collaborative perceived the same words differently. This enabled them to cast the goals and objectives of the Collaborative in a way that fit each of their organizations' missions and strategies and thereby participate in joint funding.

These complex and somewhat mixed messages about communication suggest the importance of carefully attending to communication processes and messages, both intended and unintended.

LESSON: Develop purposes and goals that encourage participation and inclusion; plan and manage communication processes and messages to align with the overall intent and strategies of the project.

**Theme 7: Structure is essential but sometimes one size does not fit all.**

The funders took a great deal of care in developing a well-conceived structure to guide nonprofit organizations through a thoughtful examination of strategic restructuring and its applicability to their specific circumstances. There were definite pluses to this structure, particularly for organizations with limited experience in this arena. At the same time, there were limitations. There was a lack of flexibility for nonprofits in terms of what happened in each phase – what was required, with whom the organizations could work as consultants, timetables, and deadlines. For some this worked well; for others it was a barrier to participation or produced obstacles to be overcome.

On the funders' side, the chosen structure also was essential in that it facilitated participation. As noted earlier, the structure reduced risk for individual funders and provided an opportunity for individual and collective learning, one of the overarching goals. The funders also enjoyed a measure of flexibility that the nonprofits did not; for example, they could determine their levels of financial support as well as the extent of their participation in meetings.

LESSON: Collaborative projects should achieve a balance between structure and flexibility both for funders and nonprofit organizations.

**Theme 8: Planning is important but so is room for change along the way.**

The Collaborative was launched based upon an overall plan developed by the Co-Chairs and vetted with and modified by other participants. At the same time, the plan did not provide a detailed road map for each phase. The phases evolved somewhat organically based upon what the consultants and funders learned as the process unfolded. This allowed for adaptations along the way to improve content and process.

Occasionally, however, there were some misunderstandings about timetables and responsibilities. The evolutionary approach was also time-consuming in that it required ongoing involvement in decision-making.

LESSON: An organic process should be balanced with careful attention to planning and communication to avoid misplaced expectations.

**Theme 9: Doing the deal is one thing; making the deal work is another.**

The case study demonstrates that strategic restructuring is an intensive and lengthy process both for funders supporting this work and for the nonprofits that forge new relationships. The initial structure considered for affiliation may not be the final one that will best serve the nonprofit organizations and the communities they serve. Contractual obligations present constraints that often can only be resolved over time. Moreover, there are substantial tasks that lie ahead, such as creating boards that function effectively on behalf of the new entity, human resources systems that need to be integrated, and sometimes-conflicting organizational cultures that have to be reconciled. These all require significant time and resources after the deal has been struck.

LESSON: Participating funders and nonprofit organizations should recognize and plan for long-term engagement to make strategic restructurings successful.

**Theme 10: The last chapter takes a long time to write.**

One important theme that has emerged in this case study is that restructuring organizations, not to mention an entire subsector such as human services, is a long-term process. The organizations that restructured through the processes initiated by the Collaborative still have much work to do to integrate and achieve the service enhancements or cost savings they anticipate. Organizations that did not proceed through all three phases may decide to restructure as an outgrowth of what they learned in Phase I or II of the project. Yet others who observed the process from the sidelines may be motivated to explore restructuring as they observe the progress achieved by the new entities. Other collaboratives may emerge within the funding community in the future.

At the same time, it is clear that the Collaborative has had many successes. It met its goal to increase knowledge about how to support nonprofit restructuring and incentivized four important restructurings that will serve as models for others in the future. It forged new relationships and understandings in the philanthropic community, between funders and nonprofit organizations, and among the professionals who support the sector. Its careful attention to evaluation and documentation will allow its lessons to be shared both within the northeast Ohio community and the field more generally.

LESSON: Plan to evaluate and assess outcomes over multiple years.

# APPENDICES

## APPENDIX I

**Comparison of Philanthropic Collaborations to Promote Nonprofit Realignment**

With the onset of the current economic downturn, a number of foundations developed strategic responses to assist nonprofit organizations in their communities in responding to these challenging circumstances. The following chart presents comparative information on six projects that involved collaboration among three or more funders whose expressed intention was to promote fundamental realignments within or among nonprofit organizations in their geographic areas of focus.[13] (Other foundations in such places as San Francisco, Arizona, and Columbus, Ohio, also launched initiatives of their own or collaborated with one other partner to address issues faced by nonprofit organizations in their grantmaking areas with the goal of promoting nonprofit realignment.)

Information for the five collaborations that are compared and contrasted with the Collaborative was obtained through a review of websites and other on-line resources as well as through interviews with representatives of each of the collaborative projects.

There are several common features of the six projects. Most involved a community foundation in a leadership role. Local United Way Services were also engaged as funders and/or conveners in several of the communities. The projects pooled funds from multiple sources and created structures for collaborative decision-making regarding eligible nonprofit organizations and/or grant recipients. They reflected some similar strategies such as educational programs, readiness assessments, and technical assistance provided by consultants. Most of the projects are intended to be in place over several years and have been or will be evaluated by institutions or individuals

[13] One of the philanthropic collaborations reviewed, the Strategic Alliance Partnership in Toledo, began much sooner than the current downturn but for similar reasons – in 1998 in response to deteriorating economic conditions in northwest Ohio and the resulting consequences for foundations and nonprofit organizations.

not affiliated with the projects. For the most part, there was a sense that it is too early to draw many, if any, conclusions about the results of these initiatives.

There are also some significant differences. The activities that led to the decisions to launch the projects were varied. For example, in Maine, representatives of several organizations, including institutions that are not grantmakers, came together rather informally to discuss what might be done to assist organizations in their state in reassessing the viability of their missions, programs, and finances. In Boston, the Boston Foundation began by issuing a report with recommendations to the nonprofit sector and then retained the Nonprofit Finance Fund to design a program. In Ohio, the regional association of grantmakers, Ohio Grantmakers Forum, contributed to the evolving discussions about responding to the economic downturn through a presentation at its fall 2008 annual conference.  It also worked with several of its member foundations to convene several early meetings among Cleveland-area funders that predated the formal launch of the Collaborative.

Participation, eligibility, and funding levels have varied considerably. For example, pooled funding amounts have ranged from $86,000 in the first phase of the Dayton, Ohio, project to $4.5 million in North Carolina.  In some instances, all nonprofit organizations in a specified geographic area were eligible to participate. In other instances, only nonprofit organizations in certain fields could take part.

The following chart does not reflect the nuances and complexity of each of the initiatives, and it in no way captures the many hours of uncompensated time spent by those involved to plan and execute these projects.  The comparative data do suggest that there are varied goals, strategies, and methods of implementation that can be pursued through philanthropic collaborations to promote nonprofit realignment.

| | HUMAN SERVICES STRATEGIC RESTRUCTURING PILOT PROJECT (CLEVELAND) | NONPROFIT ALLIANCES SUPPORT PROGRAM (DAYTON) | STRATEGIC ALLIANCE PARTNERSHIP (TOLEDO) | CATALYST FUND FOR NONPROFITS (BOSTON) | COMMUNITY CATALYST FUND (CHARLOTTE-MECKLENBURG | MAINE NONPROFIT VIABILITY PROGRAM |
|---|---|---|---|---|---|---|
| Conveners | Deaconess Community Foundation, Saint Luke's Foundation | Dayton Community Foundation, Family and Children First Council, Dayton Power and Light Foundation | Toledo Community Foundation, Stranahan Foundation, United Way Services of Greater Toledo | The Boston Foundation | Foundation of the Carolinas | A group of nonprofits and funders |
| Number of Funders | 18 (community foundations, private foundations, corporate giving programs, United Way Services of Greater Cleveland) | 3 (same as above) | 3 (same as above) | 4 (The Boston Foundation, Local Initiatives Support Corporation, United Way of Massachusetts Bay and Merrimack Valley, The Hyams Foundation) | 8 (a national foundation, corporate foundations, private foundations, Foundation of the Carolinas) | 19 (Maine Community Foundation, private foundations, United Way Services in three communities) |

| | HUMAN SERVICES STRATEGIC RESTRUCTURING PILOT PROJECT (CLEVELAND) | NONPROFIT ALLIANCES SUPPORT PROGRAM (DAYTON) | STRATEGIC ALLIANCE PARTNERSHIP (TOLEDO) | CATALYST FUND FOR NONPROFITS (BOSTON) | COMMUNITY CATALYST FUND (CHARLOTTE-MECKLENBURG | MAINE NONPROFIT VIABILITY PROGRAM |
|---|---|---|---|---|---|---|
| Funding Pool | $400,000 | Phase 1--$86,000 plus a 30% cost-share by the nonprofit organizations that participated in the third program component; Phase 2--$30,000 plus a 30% cost-share by the nonprofit organizations that participated in the third program component. | $900,000 | $1.725M | $4.5M | $240,000 |

| | HUMAN SERVICES STRATEGIC RESTRUCTURING PILOT PROJECT (CLEVELAND) | NONPROFIT ALLIANCES SUPPORT PROGRAM (DAYTON) | STRATEGIC ALLIANCE PARTNERSHIP (TOLEDO) | CATALYST FUND FOR NONPROFITS (BOSTON) | COMMUNITY CATALYST FUND (CHARLOTTE-MECKLENBURG | MAINE NONPROFIT VIABILITY PROGRAM |
|---|---|---|---|---|---|---|
| Goal(s) | Learn about effective ways to incentivize high-level strategic restructurings that have the potential to increase capacity in the human services infrastructure. | Encourage partnerships, alliances, or mergers; create a community conversation; generate cases/examples | Enhance program delivery and/or achieve more effective and efficient use of resources; encourage collaboration/mergers/coalitions | Catalyze promising voluntary ventures and mergers; build a resource infrastructure | Encourage the creation of a more effective, efficient and innovative nonprofit sector | Provide nonprofits an opportunity to think deeply about the viability of their mission, program and finances |
| Program Design | 3 stages: education, readiness assessment, consultant assistance with restructuring | 3 stages: education, readiness assessment, consultant assistance with restructuring | Competitive grants program | Competitive grants program with a strong technical assistance focus | 8 investment approaches including seminars, competitive grants, directed funding tied to specific changes by grant recipients | Organizational self-assessment, educational clinics, consultant assistance |

| | HUMAN SERVICES STRATEGIC RESTRUCTURING PILOT PROJECT (CLEVELAND) | NONPROFIT ALLIANCES SUPPORT PROGRAM (DAYTON) | STRATEGIC ALLIANCE PARTNERSHIP (TOLEDO) | CATALYST FUND FOR NONPROFITS (BOSTON) | COMMUNITY CATALYST FUND (CHARLOTTE-MECKLENBURG | MAINE NONPROFIT VIABILITY PROGRAM |
|---|---|---|---|---|---|---|
| Time Period | 2009-11 | Phase 1: 2009-10; Phase 2: 2011. In the future, the program will be incorporated into the ongoing grants program at The Dayton Foundation | 1998-present | 2010-15 | 2009-11 | 2009-present |

| | HUMAN SERVICES STRATEGIC RESTRUCTURING PILOT PROJECT (CLEVELAND) | NONPROFIT ALLIANCES SUPPORT PROGRAM (DAYTON) | STRATEGIC ALLIANCE PARTNERSHIP (TOLEDO) | CATALYST FUND FOR NONPROFITS (BOSTON) | COMMUNITY CATALYST FUND (CHARLOTTE-MECKLENBURG | MAINE NONPROFIT VIABILITY PROGRAM |
|---|---|---|---|---|---|---|
| Eligibility | Human service organizations in Cuyahoga County | Nonprofit organizations in Montgomery, Miami, Greene, Darke, Preble, and northern Warren counties | Nonprofit organizations in Lucas, Wood and Ottawa counties | Arts and culture, community development, human service, youth development non-profits inside the Route 128 beltway | 700 nonprofits in Mecklenburg County with priority given to the following fields: arts, culture and humanities; after-school youth development; health care, exclusive of hospitals; workforce development; housing and shelter; social services | Nonprofit organizations in Maine |
| Administrative home | Ohio Grantmakers Forum | Dayton Community Foundation | Toledo Community Foundation | Nonprofit Finance Fund | Foundation of the Carolinas | Maine Community Foundation and Maine Association of Nonprofits |

| | HUMAN SERVICES STRATEGIC RESTRUCTURING PILOT PROJECT (CLEVELAND) | NONPROFIT ALLIANCES SUPPORT PROGRAM (DAYTON) | STRATEGIC ALLIANCE PARTNERSHIP (TOLEDO) | CATALYST FUND FOR NONPROFITS (BOSTON) | COMMUNITY CATALYST FUND (CHARLOTTE-MECKLENBURG | MAINE NONPROFIT VIABILITY PROGRAM |
|---|---|---|---|---|---|---|
| Consultants | 3 providers selected by a committee of funders and nonprofit executives | Single consultant selected by the funders; nonprofit organizations have the option of selecting other consultants for stage 3. | Selected by the grant recipient | Selected by grant recipient from a list of consultants preapproved by the funders | 4 national consulting organizations and local consultants selected by the Foundation for the Carolinas | Selected from a list of consultants created by 3 capacity-building organizations; the latter assist the participating nonprofit organizations to find a consultant that is a good match for them. |

| | HUMAN SERVICES STRATEGIC RESTRUCTURING PILOT PROJECT (CLEVELAND) | NONPROFIT ALLIANCES SUPPORT PROGRAM (DAYTON) | STRATEGIC ALLIANCE PARTNERSHIP (TOLEDO) | CATALYST FUND FOR NONPROFITS (BOSTON) | COMMUNITY CATALYST FUND (CHARLOTTE-MECKLENBURG | MAINE NONPROFIT VIABILITY PROGRAM |
|---|---|---|---|---|---|---|
| Number of participating nonprofit organizations | Phase 1-76; Phase 2-17; Phase 3-8 | Phase 1—educ/73, readiness /24, consulting/16. Phase 2—readiness/3, consulting/5. | 40 | 23 organizations that came together in 8 collaborations | More than 300 nonprofit organizations participated in one activity; 70-80 organizations participated in more than one activity offered through the Fund. | 90 |

| | HUMAN SERVICES STRATEGIC RESTRUCTURING PILOT PROJECT (CLEVELAND) | NONPROFIT ALLIANCES SUPPORT PROGRAM (DAYTON) | STRATEGIC ALLIANCE PARTNERSHIP (TOLEDO) | CATALYST FUND FOR NONPROFITS (BOSTON) | COMMUNITY CATALYST FUND (CHARLOTTE-MECKLENBURG | MAINE NONPROFIT VIABILITY PROGRAM |
|---|---|---|---|---|---|---|
| Evaluation Method | An independent evaluation was conducted by a research team from Case Western Reserve University. | None to date | Program staff at the Toledo Community Foundation and the Stranahan Foundation reviewed grant reports submitted by the participating nonprofit organizations to assess progress and outcomes relative to articulated goals. A number of nonprofit organizations that received grants through the Partnership also participated in a focus group. | The Nonprofit Finance Fund is currently collecting baseline data. An independent evaluation is planned at a later stage of the Fund's implementation. | The Foundation of the Carolinas has assessed progress and results to date through a review of grant reports. Interviews with some participating nonprofit organizations have been conducted by an independent consultant. | A consultant employed by the Leadership Learning Community has conducted an evaluation. |

# APPENDIX II

**List Of Interviewees**

Neville Arjani – Youth Opportunities Unlimited

Cynthia Bailie – The Foundation Center – Cleveland

Elizabeth Banwell – Maine Association of Nonprofits

Eli Becker – New Directions, Inc.

Terry Bishop – Dominion Foundation

Tara Broderick – Planned Parenthood of Northeast Ohio

Vikki Broer – Weathertop Foundation

Keith Burwell – Toledo Community Foundation

Carrie Carpenter – Charter One Foundation

Brian Collier – Foundation of the Carolinas

Mike Crislip – Crossroads

Jo DeBolt – La Piana Consulting

David Doll – West Side Ecumenical Ministry

Marcia Egbert – The George Gund Foundation

George Espy – Ohio Grantmakers Forum

William Eyman – Bellflower Center for Prevention of Child Abuse

Michael Farrell – Center for Families and Children

Polly Furey – Domestic Violence Center

Leah Gary – The William J. and Dorothy K. O'Neill Foundation

Walter Ginn – The Frank Hadley Ginn and Cornelia Root Ginn Charitable Trust

Kathy Hallissey – The Cleveland Foundation

Chris Hitchcock – Fred A. Lennon Charitable Trust

Karen Hooser – The Reinberger Foundation

Pam Howell-Beach – Stranahan Foundation

Linda Dooley Johanek – Domestic Violence Center

Sharon Sobol Jordan – Center for Families and Children

David Kantor – Kantor Consulting Group

Peter Kramer – Catalyst Fund for Nonprofits

Howard Landau – Landau Communications

Todd Lloyd – Ohio Grantmakers Forum

Michael Matoney – New Directions, Inc.

Amy Main Morgenstern – Main Stream Enterprises, Inc.

Deborah Perkins – E CITY

Judy Peters – West Side Ecumenical Ministry

Robert Reuter – The Reuter Foundation

Carol Rivchun – Youth Opportunities Unlimited

Jill Rizika – Towards Employment

Beth Rosenberg – E CITY

Judith Simpson – United Way of Greater Cleveland

Cristin Slesh – The Abington Foundation, Eva L. and Joseph M. Bruening Foundation, and The Thomas H. White Foundation

Barbara Stonerock – The Dayton Foundation

Leslie Strnisha – Sisters of Charity Foundation

Peter Taylor – Maine Community Foundation

Deborah Vesy – Deaconess Community Foundation

Denise San Antonio Zeman – Saint Luke’s Foundation

# BIBLIOGRAPHY

"Dayton Foundation Program Helps Nonprofits Weather Ups and Downs." Dayton Daily News, Insight. (2009, April 19). Retrieved August 19, 2011, from the Dayton Foundation website: http://www.daytonfoundation.org/041909dn.html.

Fischer, R., Vadapalli, D., and Coulton, C. "Restructuring the Nonprofit Human Services Sector: Findings from an Innovative Pilot." Cleveland, Ohio: Center on Urban Poverty & Community Development, Mandel School of Applied Social Sciences, Case Western Reserve University, April 2011.

Fritz, J. "Philanthropy During a Recession: Giving USA Report Yields Insights Into What Fundraisers Can Do Now." (2009, June 14). Retrieved August 19, 2011, from the About.com website: http://nonprofit.about.com/b/2009/06/15/philanthropy-during-a-recession-giving-usa-report.

Fund for Our Economic Future website: http://www.futurefundneo.org/

La Piana Consulting. "The Human Services Strategic Restructuring Pilot Project: Transforming Nonprofits in Cuyahoga County, Ohio." Summary Report. June 2011. Retrieved from www.lapiana.org/downloads/LaPianaConsulting_Summary_ClevelandTransformation.pdf.

La Piana, D. "The Partnership Matrix." La Piana Associates. Retrieved from (http://www.lapiana.org/downloads/ThePartnershipMatrix_LaPianaConsulting_2011.pdf.

Lawrence, S. "Past Economic Downturns and the Outlook for Foundation Giving." Foundation Center Research Advisory, October 2008. Retrieved August 19, 2011 from the Foundation Center website: http://foundationcenter.org/gainknowledge/research/pdf/researchadvisory_economy_200810.pdf.

"Live from 'Transforming Philanthropy,' Ohio Grantmakers Forum's Annual Conference." (2008, October 28). Retrieved August 20, 2011, from the Philanthropy Front and Center – Cleveland blog, 2008: http://clevelandblog.foundationcenter.org/cleveland/2008/10/.

Preston, C. "Foundation Endowments Dipped in 2008, but Giving Rose." [Electronic version] Chronicle of Philanthropy, June 25, 2009. Retrieved August 19, 2011 from http://philanthropy.com/article/Foundation-Endowments-Dipped/63117.

Salamon, L.M., Geller, S. L., and Spence, K.L. "Impact of the 2007-09 Economic Recession on Nonprofit Organizations." Communiqué No. 14, June 29, 2009. Retrieved from http://www.educational-access.org/Documents/Impactof2007_09EconomicRecessiononNonprofitOrganizations.pdf.

Yankey, J. & Willen, C. (2010). "Collaboration and Strategic Alliances." *The Jossey-Bass Handbook of Nonprofit Leadership and Management*. (3rd ed.). San Francisco, CA: Jossey-Bass.

Documents and Records from the Collaborative

"The Human Services Re-Structuring Pilot Project," Phase I Education Workshop Presentation, December 3, 2009

Letter of Invitation, November 2009

"Request for Qualifications (RFQ) for Strategic Restructuring Services," August 10, 2009