

# Nonprofit Collaboration & Mergers: Finding the Right Fit

A Resource Guide for Nonprofits

## A Collaborative Effort of:



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# Introduction

In recent years, a significant amount of attention has been given to the benefits of nonprofit partnership. Many nonprofits recognize that complex issues facing communities cannot be solved by any one organization and some have begun forming partnerships. Within the nonprofit sector, a wide spectrum of partnerships exists. While some meet informally to exchange information, others collaborate to develop joint strategies that go beyond the scope of any one organization. Others are moving beyond collaboration, exploring merger, consolidation, and joint ventures with increasing frequency.

In the last decade, a variety of publications have explored the benefits of nonprofit partnership. Some suggest that a greater emphasis on partnership results in less duplication, less overlap of service, and better outcomes for communities. Given that 30,000 new nonprofits emerge each year, many funders have encouraged and supported closer collaboration among their grantees to increase the likelihood that philanthropic dollars will be spent on higher impact efforts.

In 2001, in an attempt to learn more about the benefits and obstacles of nonprofit partnership, United Way of Greater Milwaukee began the Collaboration Learning Project (CLP). The project focused on contributing funding to five different partnerships and following their progress over a three-year period.

The three-year project was followed by an educational forum in November of 2004, *Nonprofit Collaboration and Mergers: Finding the Right Fit*. United Way of Greater Milwaukee, the Greater Milwaukee Foundation, the Nonprofit Management Fund, the University of Wisconsin-Milwaukee (UWM) Center for Urban Initiatives and Research, and the UWM Helen Bader Institute for Nonprofit Management co-sponsored the Forum.

The Forum brought together Robert Harrington of San-Francisco based La Piana Associates Inc., a national expert on the topic of nonprofit partnership, and over 140 local leaders of arts, environmental, and health and human service organizations to candidly discuss the benefits and obstacles of nonprofit partnership. The events of the day covered the range of nonprofit partnerships from the more informal activities of sharing resources and space to full-scale merger.

In addition to some of the United Way funded projects, the Forum featured partnerships that got an initial start because of the significant investments made by the Greater Milwaukee Foundation such as the Milwaukee Youth Arts Center, the Earned Income Tax Credit “Super Sites” and the Menomonee Valley Redevelopment. At the same time, the Nonprofit Management Fund brought key resources and technical assistance to many of the projects highlighted, including the Milwaukee Environmental Consortium and the local examples of organizational mergers.

Participating nonprofits in the Collaboration Learning Project and the 2004 Forum provided a great deal of insight into the benefits and obstacles of nonprofit partnership. This publication draws from the experiences and wisdom of those organizations and is meant to be a resource for nonprofits engaged in collaborative activities and/or considering a strategic partnership.

# Results of United Way's Collaboration Learning Project

## Project Overview

The year was 2001 and collaboration was the buzzword on the street. Over the course of the year, Peter Drucker's book, *Meeting the Collaboration Challenge* became the new nonprofit must-read and the J.E. Edwards ad featuring a businessman carrying a picket sign bluntly stating "Collaborate or Die" ran in the *Wall Street Journal*.

All of this attention sparked a dialogue at United Way that led to the development of the Collaboration Learning Project. It was really pretty simple: issue a Request for Proposals (RFP), choose five promising partnerships responding to unique needs in the community, and follow them over the course of three years to gain insight into factors that help or hinder their success.

By design, projects were diverse in scope. Grantees ranged from a collaborative intended to decrease duplication in food pantries to a strategic acquisition or merger of a large and small nonprofit.

Funding decisions were made by a group of eight United Way volunteers who came from as varied backgrounds as the Projects themselves, including but not limited to a banker, a psychiatrist, a nonprofit consultant, and an environmentalist. The committee was charged with the task to choose five out of 33 proposals. Proposals were carefully evaluated using specific criteria, including clarity of partners' roles, alignment of partnership mission with individual organizational missions, and viability of goals.

In July of 2001, the committee made funding decisions confident that the chosen five were a "natural fit." The next three years consisted of surveys, site visits and any other mechanism to learn more about elements necessary for successful collaboration.

Throughout the three-year period, grantees cooperated with the committee's requests to learn more and for the most part gave candid responses to their questions. The organizations were good sports as they were prodded about their partnership's ability to resolve conflict, carry out planned activities, achieve outcomes, and deal with the loss of key leadership among other issues.


Since its inception, the Collaboration Learning Project (CLP) consistently focused on being a "learning" project. Although the primary goal was to identify obstacles and elements necessary for successful collaboration, the committee believed in the beginning that the CLP would encourage nonprofits to collaborate, ultimately enhancing the effectiveness and efficiency of nonprofit service delivery.

Three years later, the committee still believes in the benefits of collaboration. However, it is much more knowledgeable about the difficulty of partnering with other organizations to achieve a shared vision. Over the course of the three-year period, the committee witnessed key people leave and collaboratives die. Out of the five partnerships funded by United Way, three are no longer in existence.

The remaining two, a merger and a cross-sector collaborative are still alive and well. The collaborative, the Homeowners Options Program for the Elderly (HOPE), which works with seniors at risk of losing their homes due to delinquent property taxes has some of the key ingredients of Paul Mattesich's recipe for successful collaboration: mutual respect, ability to compromise, adaptability, unique purpose, and skilled leadership among other things.<sup>1</sup> The result of a cross-sector effort that includes the Milwaukee County Treasurer's Office, Aurora Family Service, Housing Resources, and the Milwaukee Department on Aging, HOPE has kept hundreds of seniors from losing their homes.

This section highlights lessons learned from the five partnerships. Although the narrative does not identify the names of participating organizations, this does not infer that participants have anything to hide. The Collaboration Learning Project was a "learning" project that valued the challenges as well as the benefits; removing the identity of participants simply helps to focus on the substance of their experiences.

<sup>1</sup> Mattesich, P. et al (2002), *Collaboration: What Makes it Work: A Review of Research Literature on Factors Influencing Successful Collaborations*, 2nd Edition, Amherst H. Wilder Foundation.



**"Three years later, the Collaboration Learning Project committee is a lot more knowledgeable about the difficulty of partnering with other organizations to achieve a shared vision."**

Left: Steve Holt, Chair of United Way's Collaboration Learning Project Committee

## Key Lessons for Funders

Over the course of the three-year Project, the committee learned some valuable lessons about partnership. Perhaps, the most valuable lesson is that funders cannot demand collaboration and expect positive outcomes. When the Project began, one of the objectives was to provide incentives to encourage nonprofit collaboration.

In *Real Collaboration: A Guide for Grantmakers* (2001), David La Piana discusses the consequences of starting a collaborative relationship in response to a Request for Proposals (RFP). He claims that Real Collaboration is voluntary and nonprofits should come together because “they perceive potential synergies, not because a funder encouraged them to do so.”

The committee concurs with La Piana’s observations and believes that a more appropriate role for funders is to support trainings and technical assistance on collaboration and fund collaboratives that have been in a relationship for at least one year in advance of any request for funds. As one committee member stated, “If organizations court one another first, there is a greater likelihood for success.”

## Characteristics of Successful Partnerships

As the committee followed the progress of the five partnerships, it became clear that groups with the following characteristics had a much higher likelihood of success.

### Committed Leadership

Sid Gardner, Director of the Center for Collaboration for Children, writes that, successful collaboratives “are staffed and led by people who have a sense of urgency about outcomes and a keen sense of how to get things done.” This is clearly the case with the collaboratives the committee saw flourish. Groups that experienced the greatest success had leaders that did not view the work of the partnership as external to their everyday activities. A need was identified and their level of commitment led them to find a way to make the partnership a part of their regular efforts.

**Successful partnerships had commitment at both the executive and staff levels.**

### Unambiguous Goals

Like strong leadership, a clear set of realistic goals is necessary for a collaborative to succeed. Much of the literature discusses the need for a shared vision among collaborative partners. Although important, a shared vision is not enough to drive a partnership to achieve positive outcomes. In the committee’s interactions with the five partnerships, there was no doubt that all possessed a shared vision for how they wanted to improve the community. For many of the partnerships, however, they were unclear about the specific objectives they wanted to achieve. In contrast, those groups that experienced the greatest success documented the explicit objectives they wanted to achieve and revisited them at each meeting to ensure progress.

2 Gardner, S. (2000), *Changing the Rules? County Collaboratives’ Roles in Improving Outcomes for Children and Families*, p. 21.

**Perhaps, the most valuable lesson is that funders cannot demand collaboration and expect positive outcomes.**

## Clearly Defined Roles

Developing clearly defined roles is another important criteria for collaborative success. Partnerships that made the most progress had a specific plan for how each organization would contribute its unique services to achieve mutually identified goals. While partnerships with clearly identified roles had ownership of the group process and product, partnerships with ambiguous roles had the tendency to feel disengaged.

## Commitment at Multiple Levels of the Organization

Another criteria for partnership success is commitment at multiple levels of the organization. While following the five partnerships, it became clear that management staff of two organizations initiated one of them but played a limited role in the implementation of the effort. This created some animosity with direct service staff that had difficulty making time for the collaborative effort in their already demanding realm of responsibility. By the same token, another collaborative suffered when the executive director assigned the primary responsibility to a staff person and pulled away from the effort. Partnerships that realized the most success had commitment at both the executive and staff levels.

## Dedicated Staff Time

Regardless of how committed an organization is to the vision of a particular partnership, it is important to address the day-to-day staff time and agency resources the collaboration will require and formulate a realistic plan for meeting those needs. For some partnerships, it was difficult to transition from the inspiration phase to thinking realistically about the amount of staff time it would take to meet their objectives.<sup>3</sup> Partnerships that realized their objectives had specific staff time committed to the effort.

## Sustainability in the Midst of Change

Of all of the criteria mentioned, loss of key leadership was perhaps, the greatest obstacle to participants in the Collaboration Learning Project. As mentioned earlier, three of the five collaboratives are no longer in existence. In almost every instance, when one key staff person left, the collaborative terminated. This even led two partnerships to return funds to United Way before the Project ended. According to La Piana, “since so much of the success of any collaborative grows out of the positive relationships of the individuals involved, any changes in the core founding group can lead to crisis.”<sup>4</sup> For this reason, it is important to orient new members to ensure that there is continuous leadership if a key leader vacates their position.

Although a variety of factors are necessary for a collaborative to flourish, committed leadership, unambiguous goals, clearly defined roles, commitment at multiple levels of the organization, dedicated staff time, and sustainability in the midst of change are the key indicators identified by United Way’s Collaboration Learning Project Committee upon completion of the three year Project. These were the common threads that linked the five partnerships regardless of the community need they were responding to or the outcomes they were setting out to achieve.

**Loss of key leadership was perhaps the greatest obstacle to participating organizations.**

<sup>3</sup> In *Real Collaboration, A Guide for Grantmakers* (2001), La Piana characterizes the inspiration phase of collaboration as fluid, creative, and experimental; this is the beginning phase of collaboration when organizations come together informally before a formal structure is developed.

<sup>4</sup> La Piana, D. (2001), *Real Collaboration: A Guide for Grantmakers*, p. 13.

**Groups that experienced the greatest success had leaders that did not view the work of the partnership as external to their everyday activities.**

# The Importance of Evaluating Process

Often, partnerships focus exclusively on the goals they are attempting to achieve and the activities that will get them there. A partnership of organizations, for example, may form to diminish crime in a particular neighborhood and focus its energies on leveraging resources and developing strategies to help it meet its objectives. Very little time, however, might be spent on evaluating how the collaborative functions. In *Evaluating Collaboratives: Reaching the Potential*, Dr. Ellen Taylor-Powell states, “How a collaborative functions has a great deal to do with what the collaborative accomplishes.”<sup>5</sup>

A frequent frustration with collaboratives is that there are a lot of meetings but little gets done. It is relatively uncommon for collaboratives to reflect on process and obtain member feedback about the effectiveness of meetings, the satisfaction and participation of members, the quality of the decision-making process, and the level of trust among members. The lack of attention to process often causes collaboratives to falter.

In June of 2003, United Way of Greater Milwaukee invited Dr. Ellen Taylor-Powell to speak to nearly one hundred nonprofit representatives on the topic of collaboration. Throughout her presentation, she emphasized the importance of evaluating the collaborative process. She offered examples of how nonprofits are assessing factors like clarity of goals, quality of leadership, and satisfaction with accomplishments through quarterly reviews, questionnaires, and informal discussion at the end of each meeting.

In her book, Dr. Taylor-Powell provides a variety of tools for nonprofits to utilize to evaluate process. One of particular interest is the Internal Collaborative Functioning Scale, a tool designed for nonprofits to assess how their collaborative is functioning. This particular tool is included here as a resource for nonprofits to start thinking about how they can gauge the workings of their collaboratives more effectively, an important criterion for achieving success.

**“How a collaborative functions has a great deal to do with what the collaborative accomplishes.”**

**- Dr. Ellen Taylor-Powell**

## Conclusions

Over the course of the three-year project, United Way’s Collaboration Learning Project Committee witnessed some partnerships struggle while others flourished. I learned that real collaboration is voluntary and cannot be demanded by funders through an RFP (Request for Proposal) process. They also learned that partnerships are more likely to succeed if they have committed leadership, unambiguous goals, clearly defined roles, commitment at multiple levels of the organization, dedicated staff time, and sustainability in the midst of change. These factors coupled with a regular attempt to step back and reflect on the collaborative process (e.g., effectiveness of meetings, level of member participation) are critical to partnership success.

**A frequent frustration with collaboratives is that there are a lot of meetings but little gets done.**

<sup>5</sup> Taylor-Powell et al (1998). *Evaluating Collaboratives: Reaching the Potential*, University of Wisconsin Extension.



# Internal Collaborative Functioning Scales

**Instructions:** Indicate how you feel the collaborative is functioning by circling the number on each that you feel is most descriptive of our collaborative.

Shared Vision						
We do not have a shared vision			We have a shared vision and clearly understood vision			
1	2	3	4	5	6	7

Goals and Objectives						
Members do not understand goals and objectives			Members understand and agree on goals and objectives			
1	2	3	4	5	6	7

Responsibilities and Roles						
Roles and responsibilities of members are not clear			Members are clear about their roles			
1	2	3	4	5	6	7

Decision Making Procedures						
We do not have effective decision making procedures			We have effective decision making procedures			
1	2	3	4	5	6	7

Changing Membership						
We do not have procedures for changing members			We have procedures for changing members			
1	2	3	4	5	6	7

Conflict Management						
We are able to successfully manage conflict			Conflict keeps us from doing anything			
1	2	3	4	5	6	7

Leadership						
Leadership is not shared and inadequate			Leadership is effective and shared when appropriate			
1	2	3	4	5	6	7

Plans						
We do not follow work plans			Plans are well developed and followed			
1	2	3	4	5	6	7

Relationships/Trust						
People don't trust each other			Members trust each other			
1	2	3	4	5	6	7

Internal Communication						
Members do not communicate well			Members communicate well with each other			
1	2	3	4	5	6	7

External Communications						
We do not communicate well externally			Our external communication is open and timely			
1	2	3	4	5	6	7

Evaluation						
We never evaluate our performance			We have built evaluation into all our activities			
1	2	3	4	5	6	7

# Insights from 2004 Forum on Nonprofit Collaboration and Mergers

## A Learning Opportunity for Nonprofit Managers and Board Members

As United Way's three year Collaboration Learning Project drew to a close, the committee believed that it was important to share its lessons and experiences with community. At the same time, it wanted to convene other groups across the sector to talk candidly about the benefits and obstacles of nonprofit partnership.

The result was an educational forum for Nonprofit Managers and Board Members, entitled Nonprofit Collaboration and Mergers: Finding the Right Fit. The November 9th Forum was co-sponsored by United Way of Greater Milwaukee, the Greater Milwaukee Foundation, the Nonprofit Management Fund, the University of Wisconsin-Milwaukee (UWM) Center for Urban Initiatives and Research, and the UWM Helen Bader Institute for Nonprofit Management.

The Forum brought together Robert Harrington of San-Francisco based La Piana Associates Inc., a national expert on the topic of nonprofit partnership, and over 140 local leaders of arts, environmental, health and human service organizations to candidly discuss the benefits and obstacles of nonprofit partnership. The events of the day were held at Boerner Botanical Gardens and covered the range of nonprofit partnerships, from the more informal activities of sharing resources and space to full-scale merger.

Prior to the Forum, The Nonprofit Management Fund hosted a discussion on organizational collaboration with board members. Both the Greater Milwaukee Foundation and the Nonprofit Management Fund have committed significant resources to local partnerships. The experiences of their grantees brought valuable learning opportunities to participants.



*Sculpture outside of Boerner Botanical Gardens, the site of the Forum*

## Forum Background and Sequence of Events

As the Collaboration Learning Project committee reviewed publications on collaboration, it was drawn to the work of San Francisco-based La Piana Associates, Inc. La Piana Associates is the nation's leading consulting firm in the area of strategic restructuring, including mergers, joint ventures, consolidations, alliances, and other forms of partnerships. La Piana Associates works closely with funders interested in the advancement of knowledge and practical tools for the sector. Recent publications include *Real Collaboration: A Guide for Grantmakers* commissioned by the Ford Foundation, *The Nonprofit Mergers Workbook: The Leader's Guide to Considering, Negotiating, and Executing a Merger*, and *Part II: Unifying the Organization after a Merger*.

Since the committee believed that it would be beneficial to bring La Piana Associates' expertise to Milwaukee, it recruited Robert Harrington to be the keynote speaker for the event. Harrington brings over 30 years of nonprofit experience to La Piana Associates. In his consulting, he draws on his extensive experience to assist organizations with mergers and other forms of restructuring. While working at La Piana Associates, Harrington has consulted with a variety of nonprofits including arts and culture, environment, health, youth development, education, faith based, workforce development, mental health, and legal.

The morning began with a keynote presentation by Mr. Harrington on the elements necessary for successful collaboration and was followed by four breakout sessions highlighting the experiences of local collaboratives across the sector. Breakout sessions included Creating Synergy through Shared Space, Building Dynamic Arts Partnerships, Sharing Resources for Greater Impact, and Crossing the Divide: A Look at Cross Sector Collaboration.

The afternoon began with a presentation by Harrington on the benefits and challenges of strategic restructuring and was followed by local examples of groups that either chose to merge or not. Breakout sessions included To Merge or Not to Merge and Strategic Acquisitions and Mergers. At the same time, another breakout session, Funders and Collaboration: The Inside Story, highlighted examples of how funders are working together to leverage resources for greater impact.

The information generated from the Forum provided a great deal of insight into the benefits and obstacles of nonprofit partnership. Throughout the day, participants received valuable information from the keynote speaker and twenty-five panelists from arts, environmental, and health and human service organizations as they shared their experiences. The remainder of the publication will highlight some of those partnerships and provide key lessons for nonprofits participating in collaboratives and/or considering merger.



Pictured with Robert Harrington, Susan Dragisic (left) and Essie Allen (right) of United Way of Greater Milwaukee

# Real Collaboration Defined

The Forum began with Harrington's keynote presentation, Real Collaboration. He defined Real Collaboration as authentic working together across organizational boundaries toward common goals. Throughout his presentation, he reiterated that real collaboration has the potential to reduce duplication, decrease competition, and enhance problem solving. However, he emphasized that real collaboration takes time, is difficult to achieve, and cannot be created by funders. He also argued that real collaboration is voluntary and should not be inspired by a grant opportunity. He emphasized that in its most authentic form, collaboration can help organizations work together to advance their missions.

**Real Collaboration is voluntary and should not be inspired by a grant opportunity.**

## Stages of Collaboration

Harrington spent the remainder of his talk discussing the stages of real collaboration: Inspiration, Formalization, Operation, and Institutionalization or Termination.<sup>6</sup>

### Inspiration

The inspiration phase is the informal stage in a collaborative's development when organizations come together because they perceive potential synergies. This stage of development is creative and experimental. Generally, there is no formal structure or funding; its future, at this stage, is often uncertain.

**If the collaborative is driven by a written agreement or MOU at the formalization stage, it has a higher likelihood of survival.**

### Formalization

Agencies advance from the inspiration stage to the formalization stage when collaboration becomes more frequent and/or there is recognition that collaborative activities are critical to the organizations' missions. At this point, a formal structure is often put in place and staff beyond the initiators are brought into the process. This is also the stage when a memorandum of understanding (MOU), an informal agreement stating the commitment of the parties to work together, is created. If the collaborative is driven by a written agreement at this stage, it has a higher likelihood of survival.

### Operation

In the operation stage, agencies are implementing the activities agreed upon in the formalization stage. The operation stage has the potential to last for years, particularly if there is little turnover of the original initiators of the collaborative.

**Termination does not necessarily mean failure; it might simply signify that the collaborative has outlived its usefulness.**

<sup>6</sup> A more detailed description of the collaborative stages can be found in La Piana, D. (2001), *Real Collaboration: A Guide for Grantmakers*.

## Termination or Institutionalization

If the collaborative survives for a long period of time, it is inevitable that some of the key leaders will leave. Oftentimes, this can result in collaborative crisis if the new leader or staff person does not attach importance to the collaboration and/or a constituency within the organization does not find value in its continuation. If, in contrast, the collaborative is valued by new leadership and continues to help organizations advance their missions, institutionalization of the collaborative is possible. It is important to note, however, that termination does not necessarily mean failure; it might simply signify that the collaborative has outlived its usefulness.

According to Harrington, this four-stage typology can assist partnerships and funders in thinking through the developmental stages of collaboration. His description of the collaborative phases set the stage for the real life examples offered by local leaders of arts, environmental, and health and human service organizations that follow.



**“Real Collaboration is authentic working together across organizational boundaries toward common goals.”**

**-Robert Harrington, La Piana Associates, Inc.**



# Lessons from Local Collaboratives

## Sharing Spaces

In recent years, some nonprofits have opted to leave their individual spaces behind to share space with other nonprofits. For many, the benefits of a bigger facility, lower administrative costs, and an increased ability to work with organizations with similar missions under the same roof led them to take the leap. Not surprisingly, there are benefits and obstacles to these relationships. At the forum, a variety of panelists talked candidly about their experiences with shared space. The following describes some of their experiences and provides some insight for nonprofits considering sharing space.



## The Milwaukee Environmental Consortium

In 2002, two environmental organizations, the River Revitalization Foundation and Friends of Milwaukee's Rivers were contemplating merger. Although one of the objectives of both organizations is to improve the water quality of rivers, it became clear after they considered merger with the help of a consultant that their organizational philosophies were too different. Recognizing that they nonetheless needed to be closer together to be more effective, they formed a strategic alliance and pursued the idea of sharing space. At that time, the River Revitalization Foundation was operating out of a small office in a board member's office space and Friends of Milwaukee's Rivers was operating out of a rented living room space. According to Lynn Broaddus, Executive Director of the Friends of Milwaukee's Rivers, "We were very isolated organizationally so we started exploring the idea of shared space."

The strategic alliance between Friends of Milwaukee's Rivers and the River Revitalization Foundation led to the renovation of a facility that now houses eight environmental organizations that make up the Milwaukee Environmental Consortium. The eight organizations include Bicycle Federation of Wisconsin, Midwest Center for Environmental Science and Public Policy, Friends of Milwaukee's Rivers, Milwaukee Urban Gardens, River Revitalization Foundation, Sierra Club Great Waters Group, The Park People, and Urban Open Space Foundation.



### Initial Concerns

According to Kimberly Gleffe, Executive Director of the River Revitalization Foundation, the boards were the biggest challenge. "Although the executive directors were all invested in the concept, we had to convince the boards because of the associated risks." At the beginning, the organizations wanted to sign a joint lease but quickly realized that they would need to form a new organization, the Milwaukee Environmental Consortium, to make it work. According to Broaddus, "This was a very scary process because our organizations had to sign a lease for more than any of our individual organizations could possibly afford." To respond to board concerns, Broaddus developed a business plan and adjusted the rate structure so individual organizations had to invest more money upfront to cover costs in the event that an organization wanted to pull out of the agreement later on in the process. Ultimately, the work the organizations did with their boards paid off. As Broaddus stated, "We asked our boards to take the leap of faith and they did."

In November of 2003, their dream became a reality. With the help of Groth Design Group, a Cedarburg design firm, they were able to create a space with green materials like bamboo flooring and recycled sunflower seed hulls that reflects the ideals and values of the organizations that are housed there.

## Benefits

For the Milwaukee Environmental Consortium, the benefits garnered from sharing space go beyond financial savings. According to Broaddus, “The staff morale has skyrocketed since these groups moved in together.” Instead of groups working in isolation, they are all working together toward a common vision to improve environmental conditions. At the same time, they now have the ability to share staff people when appropriate and make better use of volunteers. While some groups work together on advocacy efforts, others apply for joint grants to leverage more resources. Their shared location has also increased the visibility of individual organizations that may not have been as familiar to the public in the past. These benefits are likely to contribute to the strength and cohesiveness of Milwaukee’s environmental sector for years to come.



The site of the Milwaukee Environmental Consortium, a shared space for eight local environmental groups.

## United Way Family Enrichment Center of Ozaukee

Like the Milwaukee Environmental Consortium, organizations that now are housed in the United Way Family Enrichment Center of Ozaukee were exploring ways to be more effective. According to Cheri Farnsworth, Executive Director of Ozaukee Family Services, the conversation about the benefits of sharing a costly copy machine contract led a group of organizations operating individual health and human service programs to contemplate sharing space. Since that conversation in the early 1990s, the group has occupied two locations. In 1995, they moved into a St. Mary’s owned clinic in Cedarburg. When the growing clinic needed space, the agencies re-evaluated how the cohabitation was working and decided to pursue another location.

A surprise offer from a couple that supported the collaboration made available the opportunity to design and build a brand new 80,000 square foot building for the group. The result today is an attractive, integrated facility that houses ten organizations including Balance Inc., Big Brothers Big Sisters of Ozaukee County, COPE Services Administrative

Offices, Independence First, Lutheran Social Services Birth to Three Program, Ozaukee Family Services, Ozaukee Works, United Way of Greater Milwaukee, Volunteer Center of Ozaukee, and the Youth & Family Project. The broad-based services currently provided at the United Way Family Enrichment Center of Ozaukee include information and referral, affordable counseling, parent education and support programs, services to children, adults, and senior citizens, and volunteer recruitment and training. The Family Enrichment Center now operates as its own organization with a separate Board of Directors made up of representatives from each of the participating agencies.

## Initial Concerns

According to Farnsworth, two of the primary concerns that the organizations had about sharing space were loss of identity and loss of donors. Like the Milwaukee Environmental Consortium, Farnsworth believes that sharing space actually increased the visibility of the individual organizations. From her perspective, “All boats rise.” When her organization was housed in its own location, only donors that had contact with Ozaukee Family Services came to the site. Now, individuals that perhaps, are coming to the Center to visit Lutheran Social Services, become more aware of Ozaukee Family Services and the other organizations. According to Farnsworth, “As soon as they walk through those doors, they know we exist.”

## Benefits



“The conversation about the benefits of sharing a costly copy machine contract led a group of organizations, operating individual health and human service programs out of church basements, to contemplate sharing space.”

- Cheri Farnsworth,  
Ozaukee Family Services

Over the last ten years, cohabitating has reaped tremendous benefits for the organizations housed in the United Way Family Enrichment Center. Benefits include decreased duplication of service, convenient access to integrated individual and family focused services, and increased opportunities for program coordination and collaboration. According to Farnsworth, “For those of us who were involved from the beginning, it’s truly a dream come true; for our clients, it’s an amazing place for them to come and get the services they need in one place.”

## Milwaukee Youth Arts Center

Like many organizations pursuing shared-space agreements, the creation of the Milwaukee Youth Arts Center arose out of a need for more space. However, as Frances Richman, Executive Director of the Milwaukee Youth Symphony Orchestra (MYSO) stated, “it was a dramatic need for space that developed into a lot more.”

The center is the product of a collaborative relationship between First Stage Children’s Theater and Milwaukee Youth Symphony Orchestra. Both organizations provide arts opportunities for youth but were limited in the number of youth they could serve because of space. According to Rob Goodman, Executive Director of First Stage Children’s Theater, “there were 200-300 children on a waiting list for our theater academy who could not participate simply because of a lack of space.” By the same token, Milwaukee Youth Symphony Orchestra heard 1,000 auditions a year and could only accept 600 or so musicians.

The idea for the center grew out of an informal discussion the executive directors had in an elevator. According to Goodman, “it was a daunting thought for our board to think that we could actually have a new building until Fran and I started talking in the elevator about the possibility; it was then that the idea really germinated.”

Those informal discussions led to the launch of a successful \$12 million capital campaign. Today, the state of the art center located on Martin Luther King Drive and Walnut Street has become a reality. This year, the Milwaukee Youth Arts Center will become home to Milwaukee Youth Symphony Orchestra, First Stage, and a variety of other groups whose mission is to use the performing arts to enhance children’s lives.

Last year, the collaborating organizations created a new 501(c)(3) corporation to own and operate the building. The new organization will employ a facilities manager and a small administrative staff. While the two parent organizations have maintained their own separate boards, there are always two representatives from each of them serving on the board of the new corporation.

### Initial Concerns

According to Goodman, First Stage’s board was concerned about the financial aspects of the Project. From his perspective, “It had to make sense from a business perspective; you don’t want an arts group that has had some success to be buried by a gigantic building it all of a sudden owns.” After some analysis, the board recognized that the organization would benefit from the move since the larger facility would allow for more tuition-based programming, while at the same time doubling or tripling the amount of available scholarships. In addition, It recognized that it would be able to terminate leases at smaller sites of the city if it consolidated all programs into one building. Once the boards were convinced of the financial viability, the executive directors needed to obtain the buy-in of funders. According to Goodman, “Some funders felt that nonprofit arts groups should not own buildings so we had to convince them.”

The challenge of convincing board members and funders coupled with the incredible time commitment from both executive directors made running the daily operations of their individual organizations difficult from time to time. Regardless, both executive directors agree that the benefits vastly outweigh the costs. From Goodman’s perspective, “The benefits are astronomical. Through this work, we will be able to create a national model for our community, which is going to have a significant long-term, positive, life changing effect for thousands of children for years to come.”



**“The Milwaukee Youth Arts Center arose out of a dramatic need for space that developed into a lot more.”**

**- Frances Richman,  
Milwaukee Youth  
Symphony Orchestra**



## Benefits

Although the facility is a new endeavor, the collaborating organizations are already reaping some of the benefits. According to the Goodman, “Staff are thinking bigger; it’s expanded their world view beyond their own departments.” From his perspective, “The Project allows us to dream beyond ourselves.” By the same token, Richman sites “The synergy in the building and the opportunity to brainstorm with a whole new cadre of professionals” as primary benefits.

In the long term, both executive directors believe that the facility will help to reduce duplication and boost economic development in the whole area. At the same time, they believe that the facility will spark more artistic collaboration among youth. According to Richman, “There is enormous opportunity for artistic collaboration – just being in the building with 600 kids at one time – with some of them playing instruments, some of them singing, some of them dancing-- the kids themselves will seek out exciting new, challenging artistic collaborations!”

Both executive directors cited shared mission as one of the most important ingredients for collaborative success. As Richman recalled, when Milwaukee Youth Symphony Orchestra initiated the collaborative relationship with First Stage, some were asking why MYSO was not collaborating with the Milwaukee Symphony Orchestra (MSO) and why First Stage was not collaborating with the Milwaukee Repertory Theater. Her response was that “Although we have a terrific artistic and administrative relationship with MSO-- and of course we play the same music, our goals and missions are very different. It just made more sense to collaborate with First Stage, whose mission, like ours, is to use the arts to enhance children’s lives.”



**“The Project allows us to dream beyond ourselves.”**

**-Rob Goodman,  
First Stage  
Children’s Theater**

**Both executive directors believe that the facility will help reduce duplication and boost economic development in the whole area.**

## Sharing Resources

While some nonprofits opt to share space, others maintain their individual facilities and collaborate by sharing resources. Shared resources include anything from funding to staff. At the November 9th forum, a variety of panelists shared how they were stepping out of their own comfort zones to achieve greater impact. The following highlights some of the key lessons derived from their experiences:

### Madre Angela Dental Clinic

The Madre Angela Dental Clinic grew out an unmet need. According to Bill Solberg, Director of Community Services at Columbia Hospital, “When County Hospital closed, dental care was left by the wayside.” While St. Ben’s Clinic and Healthcare for the Homeless could provide primary medical care, they were not equipped to provide dental care. Solberg recalls getting three to five people a day at these clinics requiring dental care. At the same time, emergency rooms were reporting that the same people requiring dental care were visiting them time and time again. From Solberg’s perspective, “People in poverty could not find a dentist so there was a real crying need that had to be served.”

This unmet need led to the development of the Madre Angela Dental Clinic. Although the Clinic appears to be a freestanding entity, it is a project of Columbia St. Mary’s and many others. The Clinic is a collaborative effort involving community organizations, dental residents, dental students, and hygiene students from area colleges and universities, volunteers from the Greater Milwaukee Dental Association, and three local hospitals. Key partners include Columbia St. Mary’s Hospital, St. Francis Hospital, St. Luke’s Hospital, the Children’s Health Alliance, the Greater Milwaukee Dental Association, Marquette University, Health Care for the Homeless, and the Wisconsin Hospital Association. From Solberg’s perspective, “If it were just Columbia St. Mary’s doing it, it would be too difficult to sustain the effort.”

An advisory board made up of representatives from participating organizations oversees the Clinic. A variety of written agreements and memorandums of understanding (MOU) clearly define the roles of each member in the partnership. Thus, for example, while Marquette is responsible for providing students for the dental residency program, the financial and legal matters are the responsibility of Columbia St. Mary’s.



**“People in poverty could not find a dentist so there was a real crying need that had to be served.”**

**- Bill Solberg,  
Madre Angela Dental Clinic**

### Obstacles

Like most collaboratives, Madre Angela Dental Clinic hit a stumbling block when the partners were forced to figure out how they would sustain themselves in the midst of change. Due to financial reasons, the partner that was supporting a dental residency that supplied 40 percent of Madre Angela staff was unable to continue. In spite of the obstacle, the commitment of the partners prevailed and they were able to develop a dental residency program with Marquette.

**“Funders get a 3:1 return on their investment; it costs us approximately \$450,000 to run a clinic that provides 9,600 people with dental care worth \$1.2 million each year.”**

### Benefits

Without question, the benefit of the partnership is the ability to provide much-needed dental services to clients. Annually, the Clinic provides emergency extractions, fillings, root canals, partials, and dentures to thousands of low-income clients. From Solberg’s perspective, “Funders get a 3:1 return on their investment; it costs us approximately \$450,000 to run a clinic that provides 9,600 people with dental care worth \$1.2 million each year.”

## The Menomonee Valley Transformation

Like the Madre Angela Dental Clinic, the Sixteenth Street Community Health Center is responding to an unmet need. They also went beyond the traditional scope of services offered by a health care provider and are working to link the economy, the environment, and community health through urban brownfield development and sustainable land use planning. According to Peter McAvoy, Director of Environmental Health at the Sixteenth Street Community Health Center, “We felt that if we could address some of the important environmental problems of our neighborhood that were contributing to poor health outcomes, we could be ahead of the curve while being consistent with our agency’s focus on preventative care. We knew the challenges of the Menomonee Valley would require a different level of expertise than we had at the Health Center, hence the need for partnerships.”

The Menomonee Valley lies in the center of the city and has the largest number of brownfields in the State of Wisconsin. According to McAvoy, “We had a situation where there were a significant number of individual sites that were either abandoned, underutilized, or contaminated.” At the same time, many of the jobs that were part of the Menomonee Valley landscape left. As a result, the Sixteenth Street Community Health Center decided to start a program to clean up the brownfield sites, redevelop them, and bring new jobs back to the families served by the Health Center.

According to McAvoy, “Our role became a broker or facilitator, but it was driven by the vision that if we could clean up the environment and bring good family supporting jobs to the Valley, our families would be able to afford high quality health care, buy homes, and invest in improvements to their homes to cut down on the lead problem that is still so prevalent in our neighborhood as well as other environmental conditions that are driving adverse health impacts.”

To assess the brownfield sites and identify solutions, the Sixteenth Street Community Health Center enlisted the help of private sector firms, the Wisconsin Department of Natural Resources, the City of Milwaukee, and others.

They also formed a consortium with nearly 200 individuals, private businesses, government agencies and community organizations. The consortium developed and released *A Vision for Smart Growth*, a booklet that presents innovative architectural designs for buildings and land use generated for the purpose of attracting new investment to the Menomonee Valley.



**“We knew the challenges of the Menomonee Valley would require a different level of expertise than we had at the Health Center, hence the need for partnerships.”**

**- Peter McAvoy,  
Sixteenth Street Community  
Health Center**

After years of effort, the Menomonee Valley is starting to take shape. According to McAvoy, “New bridges that are really quite stunning in their architectural design connect the community to the floor of the Valley for the first time in 100 years. Other infrastructure and environmental remediation have taken place.” That is helping to spur major economic development activity in the Valley. Sigma Environmental recently built a new building on a formerly contaminated site and Harley-Davidson is planning on building a museum and moving some corporate offices there. The consortium has also been successful working with existing businesses to form a business improvement district and a nonprofit organization devoted to the redevelopment of the Valley, the Menomonee Valley Partners. These activities coupled with a significant investment from the City of Milwaukee are contributing to the transformation of the Menomonee Valley. More long-term projects like the development of a public green space that recycles stormwater and a light industrial park that will employ 1,000 will take shape in coming years.

**Successful partnerships have clear vision and share credit to ensure that members stay with you to sustain the effort.**

## The Milwaukee Asset Building Coalition

Another model partnership is the Milwaukee Asset Building Coalition, a coalition created to expand access to free tax preparation assistance sites, increase awareness about the Earned Income Tax Credit (EITC), and connect EITC recipients to asset building opportunities through financial literacy training and bank accounts. The coalition consists of over 30 partners, including financial institutions, private foundations, churches, community based organizations, government, and the IRS. According to Deborah Blanks, Executive Director of the Social Development Commission, “If you want to move families out of poverty, you have to help them build their assets and create wealth they can pass on to the next generation.”



**“If you want to move families out of poverty, you have to help them build their assets and create wealth they can pass on to the next generation.”**

**- Deborah Blanks,  
Social Development  
Commission**

Research from the UWM Employment and Training Institute indicates that there is at least \$27 million in unclaimed tax benefits available to Milwaukee residents. Oftentimes, many eligible workers are unaware of the credits or do not know how to apply. As a result, families lose out on thousands of dollars that they can put toward bills, housing, education, and other assets.

That was the catalyst for starting the Milwaukee Asset Building Coalition four years ago. From Blank’s perspective, “If you can help the working poor bring back money that they actually worked for and earned, you can help them start a bank account and hope that they will eventually buy a house or perhaps an education for their children.”

**“We have a coalition that feels good about what we’ve done; Having helped 10,000 people last year receive \$10 million in earned income tax credits, child tax credits, and refunds, you feel like your time is well spent.”**

Over the course of the last four years, the Milwaukee Asset Building Coalition’s strategy has been to provide services through Volunteer Income Tax Assistance Sites. The coalition has processed over 20,000 tax returns bringing more than \$20 million back to hard working families and the community. Last year, they expanded their efforts and now have “Super Sites” that offer free preparation of state and federal tax forms as well as access to other social services, traditional banking services, and programs of the City of Milwaukee Health Department.

According to Blanks, “Now, when people come in, they can get their taxes done, talk to someone from the health department to find out if they are eligible for Badger Care, take a financial literacy class, and talk to a Milwaukee Saves coach about saving.”

Since the coalition began, thousands of working poor have been able to access free income tax assistance and access the benefits they have earned. From Blanks’ perspective, “Our coalition tries new ideas, learns from past mistakes, and keeps improving. We have a coalition that feels good about what we’ve done; Helping 10,000 people last year receive \$10 million in earned income tax credits, child tax credits, and refunds, makes us feel like our time is well spent.”

**The above case studies offer examples of how local nonprofits are exploring innovative ways to work together. Although participants acknowledge that there are obstacles to collaboration, they have succeeded in overcoming barriers, advancing their missions and impacting the community in ways that would not have been achievable alone.**

## Benefits and Obstacles of Strategic Restructuring

While some nonprofits are collaborating, others are developing more formalized partnerships through strategic restructuring. Unlike collaboration where decision-making power remains with individual organizations, strategic restructuring involves shared decision making or a change to corporate structure, including creation and/or dissolution of one or more organizations. “Strategic restructuring occurs when two or more independent organizations establish an ongoing relationship to increase the administrative efficiency and/or further the programmatic ends and social mission of one or more of the participating organizations through shared, transferred, or combined services, resources, or programs. Strategic restructuring always involves a partial or total change in the locus of control of one or more of the partnering organizations.”<sup>7</sup>

To introduce forum participants to the concept of strategic restructuring, Robert Harrington provided definitions of the types of strategic partnerships nonprofits are pursuing and shared findings from the most comprehensive study conducted to date on the subject that assessed the experiences of over 190 nonprofit social service and cultural organizations. The purpose of the session was to introduce strategic restructuring as a possible vehicle for organizational change.

According to Harrington, merger is just one form of strategic restructuring. From his perspective, nonprofits pursuing more formalized relationships have multiple options. Relationships span the continuum from a joint programming alliance (a restructuring that includes the joint launching or managing of a program(s) to further the programmatic mission of both organizations) to a management service organization or MSO, an integration that creates a new organization to integrate administrative functions. From Harrington’s perspective, it is important to increase awareness about the spectrum of partnerships since many nonprofits are unaware of the many strategic restructuring options and how they can help to build organizational capacity.

As nonprofits explore strategic restructuring with more frequency, there has been an effort to learn from their

experiences. In the most comprehensive study to date on the subject, over 190 organizations pursuing strategic restructuring were surveyed.<sup>8</sup> At the Forum, Harrington shared the findings. When nonprofits were asked why they decided to restructure, the highest percentage indicated increased efficiency (83%) followed by increased competition for funding (60%), increased overhead expenses (47%), and pressure from funders (30%). Other factors mentioned by nonprofits included leadership challenges, a tired board, and an opportunity to better serve the community.

Of those groups that pursued strategic restructuring, the greatest percentage (74%) reported that the relationship resulted in better programmatic collaborations with partner organizations, followed by improved services (67%), increased administrative capacity (63%), and increased market share/competitiveness (60%).

The majority of respondents affirmed that certain factors were critical to success. The most commonly mentioned success factors included initiation of the alliance by a key staff or board member, positive past experiences with collaboration, board encouragement and support, an organizational growth orientation, and positive board-executive relations.

Harrington ended his presentation with some recommendations for nonprofits considering strategic restructuring. He suggested that nonprofits perform a self-assessment to understand their own motivations for considering a strategic partnership. He also suggested that groups evaluate their financial situation and complete a partner assessment to gauge the level of trust between organizations and the potential for complementary skills and assets.

Upon completion of his presentation, Harrington left participants with a list of due diligence documents (e.g., insurance, real estate) partners should assemble and exchange and a set of questions for partners to consider during the merger negotiation process. These tools are meant to help nonprofits considering strategic restructuring identify and analyze key issues prior to developing a formalized relationship.

From Harrington’s perspective, when a nonprofit’s strategic restructuring effort is successful, its ability to fulfill its social mission increases dramatically.

<sup>7</sup> Connolly, P. & York, P. (2002), *Pulling together: Strengthening the Nonprofit Sector Through Strategic Restructuring: Preliminary Evaluation Findings for the Strategic Solutions Initiative (1998-2001)*.

<sup>8</sup> Findings from the study and more detailed descriptions of strategic restructuring options are published in Kohm, A & La Piana, D. (2003), *Strategic Restructuring for Nonprofit Organizations: Mergers, Integrations, and Alliances*, Chapin Hall Center for Children.

Unlike collaboration where decision-making power remains with individual organizations, strategic restructuring involves shared decision making or a change to corporate structure, including creation and/or dissolution of one or more organizations.



## Lessons from Local Groups Opting to Merge or Not to Merge:

Harrington's lecture on strategic restructuring set the stage for local groups to share their experiences with mergers. For some, the term merger conjures up images of hostile takeovers and acquisitions. However, as Harrington articulated, a well-executed merger of two nonprofits with complementary missions and values can achieve efficiencies and synergies that individual organizations could not have achieved alone.

For some of the local groups profiled at the forum, this was truly the case. However, for others, merging made less sense as they got further into the process. The following provides a synopsis of some of their experiences.

### The Nonprofit Center of Milwaukee and the Volunteer Center of Greater Milwaukee

After thirty years of being its own independent organization, the Volunteer Center of Greater Milwaukee, a clearinghouse that connects volunteers to nonprofit organizations, was seeking ways to be more effective. According to Bonnie Andrews, former interim Executive Director, "We were looking for economies of scale – how we could do things smarter and grow." From Andrews' perspective, the organization was in need of greater financial stability and had some challenges raising funds, in part, because of a message that was difficult to communicate.



As a result, the organization started discussing the possibility of a merger and considered potential partners. Further contemplation led the Volunteer Center's Board to approach Leigh Kunde, Executive Director of the Nonprofit Center of Milwaukee, an organization that provides training and technical assistance to nonprofits in a variety of areas from board training to demographic analysis.

According to Kunde, when the Volunteer Center Board member approached her about the possibility of merging, she was not looking for a merger partner. At that point, the organization had just completed a strategic planning process and purchased a new building. However, from Kunde's perspective, "We were open to exploring various options."

As they started discussing the possibility, it became clear that there were similarities between the organizations. Both were intermediary organizations serving many of the same nonprofits, and both had a commitment to training and technical assistance. According to Andrews, "The partnership with the Nonprofit Center made the most sense since we had the clearest mission continuum – we were like-minded organizations serving the same constituency." At the same time, both organizations had a history of working together and came to realize that their members and constituencies would be better served if they merged.

### Process

This realization led both organizations to start the process. From Kunde's perspective, "We thought it was essential to put a three-month time limit on the process in the initial stage. We scheduled three, three-hour meetings with four board members and staff from each organization, found a facilitator through our Management Assistance Program to lead the meetings, and began the process." A confidentially agreement was signed by both organizations as the process began.

One of Kunde's key recommendations is to start out with the non-negotiables. The Nonprofit Center, for example, was unwilling to compromise on the name, location, the mission, and executive director. They had just gone through a name change a few years back and purchased a new building so they were not willing to negotiate those items. By the same token, the Volunteer Center was committed to keeping the same staff and adding volunteerism to the mission. From Kunde's perspective, at that point, "Everything else was on the table."

**In the working agreement,  
the Volunteer Center dissolved as  
a 501(c)(3) and came under the  
Nonprofit Center umbrella as a  
major program.**

As the process progressed, both organizations developed a program matrix to compare personnel policies, budgets, salary ranges, staffing, programs, mission, membership and leases to identify similarities and differences. After completing the series of meetings, a group of volunteers drafted a working agreement that defined the relationship, shared it with legal counsel, and presented it to both boards. In the working agreement, the Volunteer Center dissolved as a 501(c)(3) and came under the Nonprofit Center umbrella as a major program. Through the process, the Volunteer Center retained its name and logo and maintained a volunteer advisory committee to oversee the Volunteer Center program, a requirement from the Points of Light Foundation to remain a part of the Volunteer Center National Network.

Before they finalized the agreement, the organizations convened focus groups of nonprofits to gain insight into how the merger would impact the constituencies. The organizations also met with their major funders to share the news and ascertain the impact on current funding. The majority of nonprofit organizations and funders responded favorably and the organizations moved forward in their efforts to become one organization.

Prior to making the merger public, however, they formed a marketing committee to craft their message and an implementation committee to help the organizations transition within a three-month timeframe. The organizations publicly announced the merger in October of 2003. With the consolidation, the Nonprofit Center now has over 600 nonprofit member organizations, 20 corporate members, linkages with local and national volunteer associations, and access to individual volunteers for placement in the nonprofit sector.



## Recommendations

At the Forum, Andrews and Kunde had the following recommendations for nonprofits considering merger:

- **Ensure that Funders do not drive the process.**

According to Kunde, "We all know that many funders think there are too many nonprofits, but don't let them drive the process since a merger is about the organizations, the mission, the program, the board, the staff, and the constituency you serve. Organizations must do the work to see if there is a good mission fit that will ultimately better serve their constituencies and the community."

- **Get to know your partner.**

Both organizations emphasized the importance of getting to know the board and staff of each organization. According to Kunde, "Just like dating and relationship building, you learn a lot about people or organizations in the course of spending time with them- that gives you the opportunity to say yes or determine that they may not be the right partner."

- **Put the elephant in the room.**

When organizations come together, it is important that conversations are transparent and difficult issues are addressed. In the case of this merger, for example, both organizations had to confront how the merger of a grassroots organization with an organization that had more of a corporate image would play out.

- **Plan for the transition.**

According to Andrews, "The work is ongoing- it's not over when all of the documents are signed" so it is important to plan for the transition.

- **Ensure that your mission will continue if you are the dissolving organization.**

From Andrews' perspective, "We felt that the mission of the Volunteer Center could thrive at the Nonprofit Center instead of being consumed which could have happened at another organization."

Through the merger process, both groups learned a tremendous amount about their organizations, and were able to create one entity that better serves their constituency and enhances their social mission.<sup>9</sup>

<sup>9</sup> Materials, agendas, working agreement prototypes, facilitator resources, and books that were helpful to the merger process are available at the Nonprofit Center of Milwaukee.

## The Wisconsin Humane Society and the Ozaukee Humane Society

Like the Volunteer Center, the Ozaukee Humane Society was concerned about growth. Located in an old outdoor movie theater snack bar, the organization knew it would have to start a capital campaign to raise funds for a new building. In preparation for strategic planning, the research was conducted. The leading national humane societies encouraged the Ozaukee group to consider regionalizing or merging with another humane society to avoid the struggles that so many groups have generating funds to build infrastructure. In conversations with other Humane Societies that had merged throughout the country, the feedback was primarily positive. This led the organization to consider a variety of partners.



Eventually, the Ozaukee Humane Society (OHS) approached the Wisconsin Humane Society (WHS) because they had a history of working together. As talks progressed, it became clear that a merger between the two groups made sense. According to Angela Rester, OHS Board President at that time, "It didn't land on everyone with joy, peace, and harmony; I did get letters from people that felt the loss of local control was something they could not forgive."

However, Rester and the other board members continued to go back to their mission. Although the organization was financially healthy, it believed that merging with the Wisconsin Humane Society would enable it to better serve the animals in its care. According to Rester, as one board

member stated, "A dog and cat don't know that there's a county line that's dividing where they get service." As a result of the merger, all of the office functions of the Ozaukee group were transferred to the Wisconsin Humane Society's Milwaukee facility, a state of the art building that was completed in 1999 for \$8.5 million. The merger has led to increased efficiencies and an enhanced ability to fulfill the mission.

## Hmong American Women's Association and Hmong Educational Advancements

Sustainability was the driving force that led the Hmong American Women's Association (HAWA) to consider merger. HAWA is the only Hmong Association in the State of Wisconsin that focuses on the needs of Hmong women and girls. The organization was founded by a group of Hmong women that regularly come together to do a traditional form of Hmong quilting. In their interactions, they discussed the challenges of the Hmong community and decided to start an organization that provided services primarily to families of refugees from the wave of immigrants that came from Laos to the United States in 1975.

For many years, HAWA did not have to worry about fundraising since most of their funding came from a government agency (the Office of Refugee Resettlement). However, in the late nineties when Hmong were no longer the priority refugee group, the organization lost a lot of its support. According to Dr. Gwat Lie, past President of the Board, "We had few connections and limited capacity to fundraise so we became concerned about our sustainability." This led the group to consider merger.

**Sustainability was the driving force that led the Hmong American Women's Association (HAWA) to consider merger.**

**Although the Ozaukee Humane Society was financially healthy, it believed that merging with the Wisconsin Humane Society would enable it to better serve the animals in its care.**



HAWA evaluated multiple options and finally considered merging with Hmong Educational Advancements, another Hmong organization located in its same building. Hmong Educational Advancements (HEA) provides support for the Southeast Asian community through a variety of services including youth programs and refugee micro enterprise. According to Lie, “It made some sense since both organizations served the Hmong community and had similar missions.” At the same time, both groups brought complementary assets. While HAWA brought more staff, Hmong Educational Advancements brought more resources.

In August of 2002, the organizations started the process. According to Lie, the groups wanted to finish the process by that October but the process “dragged on” to February of 2003. During that time, HAWA had second thoughts, particularly with the realization that the new organization’s executive director might not be a woman if Hmong Educational Advancements played the lead role. From Lie’s perspective, “If we were to merge, we would lose our identity as a Hmong women’s association, the only one of its kind in the state of Wisconsin.”



**“When we decided not to merge, many Hmong women let us know months after the decision was made that they were glad we preserved the organization. They felt the organization gave them a voice and it was important to protect that.”**  
- Gwat Lie  
Hmong American Women’s Association

Although Hmong Educational Advancements was understanding of HAWA’s concerns and remained flexible to a variety of options, HAWA ultimately decided against merger. From HAWA’s perspective, this was the right decision. According to Lie, “When we decided not to merge, many Hmong women let us know months after the decision was made that they were glad we preserved the organization. They felt the organization gave them a voice and it was important to protect that.”

From these examples, it is clear that merger makes sense when organizations share similar values, missions, and constituencies and the relationship allows them to better serve their missions. At the same time, it is apparent that merger does not always have to be the outcome for

organizations that explore the possibility. Oftentimes, organizations that opt not to merge after completing the process benefit from reflecting on their organizational values and purpose. This was clearly the case with the Hmong American Women’s Association as well as Friends of Milwaukee’s Rivers and the River Revitalization Foundation, two environmental groups highlighted earlier that realized their organizational missions were too different to merge but used the relationships developed through the process to create a model shared facility for eight environmental organizations.

## Conclusions

United Way’s Collaboration Learning Project and the November 9th Forum linked partnership theory to real life experience. Throughout the process, the Collaboration Learning Project explored the literature on partnership to understand the phases of collaboration, the benefits and obstacles, and the indicators necessary for success. At the same time, the Project attempted to grasp strategic restructuring- its different options, benefits, and risks.

It also benefited from the experiences of two major funders - Greater Milwaukee Foundation, Nonprofit Management Fund, and their grantees.

This coupling of theory with real experience provides a variety of lessons about partnership. Learnings include how partnerships waiver when there is a loss of key leadership, that funders cannot demand collaboration and expect positive outcomes, and that evaluating collaboration process is important.

At the same time, the Project learned about the many local groups that are looking beyond their own organizations to achieve greater impact. From the Milwaukee Environmental Consortium to the Milwaukee Youth Arts Center to the Madre Angela Dental Clinic, there are groups across the nonprofit sector that are enduring the sometimes difficult road of partnership to enhance their ability to fulfill their missions.

Likewise, the Project became more aware of local groups that explored merger as a way to increase efficiencies and better serve their constituencies. This included witnessing groups that chose to merge reap rewards and groups that chose not to merge benefit from the process.

The United Way Collaboration Learning Project hopes that the lessons and wisdom of participating nonprofits will benefit groups participating in collaboratives and/or pursuing strategic relationships.

# Acknowledgements

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## United Way's Collaboration Learning Project Committee

**The three year project was led by a dedicated and spirited group of United Way volunteers that includes the following:**

### **Steve Holt**

Chair, Collaboration Learning Project  
Principal  
Holt & Associates Solutions

### **Anthony J. Laszewski**

Former Chair, Collaboration Learning Project  
Vice President, Commercial Lending  
TCF National Bank

### **Clarence P. Chou**

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### **Sernorma Mitchell**

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### **Jane Gellman**

Community Volunteer

### **Fran Parker**

Coordinator, Wisconsin Arthritis Program  
Milwaukee Area Health Education Center

### **Kimberly Gleffe**

Executive Director  
River Revitalization Foundation

### **Timothy Riley**

Counselor  
Vocational Professionals

The committee was staffed by **Lanie Wasserman**, Community Impact Manager at United Way of Greater Milwaukee.

## Nonprofit Collaboration and Mergers Forum Committee

**The breadth and quality of the November 9th forum would not have been possible without the following individuals:**

### **Steve Holt**

Chair, Collaboration Learning Project  
Principal  
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### **Stephen Percy**

Director, UWM Center for Urban Initiatives & Research  
Leadership Council, UWM Helen Bader Institute for Non-profit Management

### **Jane Moore**

Director, Research & Development  
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Fund Advisor  
Nonprofit Management Fund

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## Forum Panelists

### **Dean Amhaus**

Cultural Alliance of Metro Milwaukee

### **Leigh Kunde**

Nonprofit Center of Milwaukee

### **Bonnie Andrews**

Volunteer Center of Milwaukee

### **Gwat Lie**

Hmong American Women's Association

### **Linda Bell**

Center for Blind & Visually Impaired Children

**Gilbert Llanas**

Northwestern Mutual Foundation

**Deborah Blanks**

Social Development Commission

**Robin Mayrl**

Helen Bader Foundation

**Trena Bond**

Housing Resources

**Peter McAvoy**

Sixteenth Street Community Health Center

**Lynn Broaddus**

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**Patrick Brown**

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**Matt Plummer**

Aurora Family Service

**Dorothy Dean**

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Ozaukee Humane Society

**Ricardo Diaz**

Centro de la Comunidad Unida

**Frances Richman**

Milwaukee Youth Symphony Orchestra

**Cheri Farnsworth**

Ozaukee Family Services

**Lee Schultz**

IndependenceFirst

**Kim Gleffe**

River Revitalization Foundation

**Bill Solberg**

Madre Angela Dental Clinic

**Rob Goodman**

First Stage Children's Theater

**Stephanie Sue Stein**

Milwaukee County Department on Aging

**Forum Facilitators****Sarah Dean**

Community Volunteer

**Sernorma Mitchell**

Greater Milwaukee Foundation

**Scott Gelzer**

Faye McBeath Foundation

**Jane Moore**

Greater Milwaukee Foundation

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This publication was produced by **Lanie Wasserman**, Community Impact Manager, United Way of Greater Milwaukee. Comments and inquiries are welcome and should be directed to the following:

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