



Mayor's Office of
Housing Community
Development Division

We Welcome You to the:

Learning Session on Strategic Restructuring



May 16th 2017

Learning Session on Strategic Restructuring

SAN FRANCISCO NONPROFIT IMPACT ACCELERATOR

NONPROFIT SUSTAINABILITY INITIATIVE

La Piana

CONSULTING

Collaborate. Create. Accelerate.

Bob Harrington, Partner



Office of Economic and Workforce Development



*“If you want to go fast, go alone
If you want to go far, go together.”*

- African Proverb



The Multiplier Effect

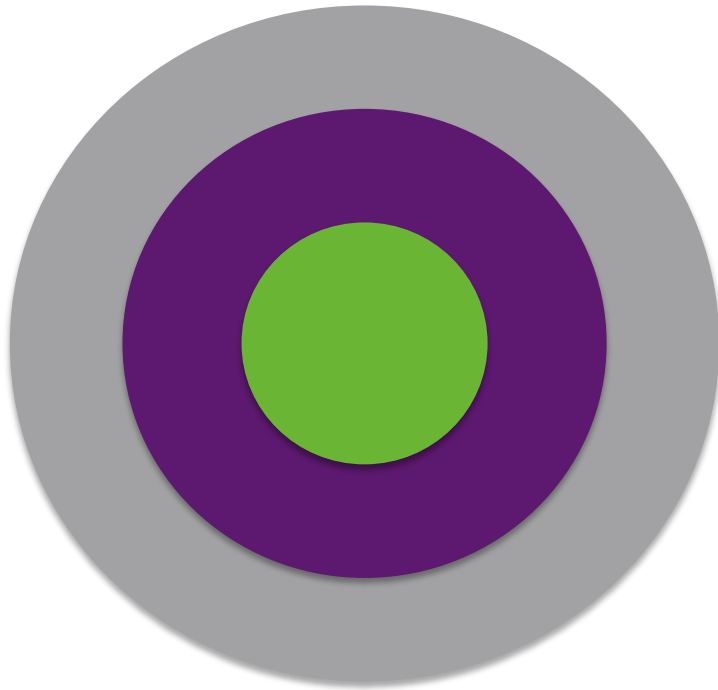
*Collaboration enhances the capacity
of participating organizations
for mutual benefit and to achieve
a common purpose.*

The Collaborative Map



- Collaboration
- Alliance
- Strategic Restructuring

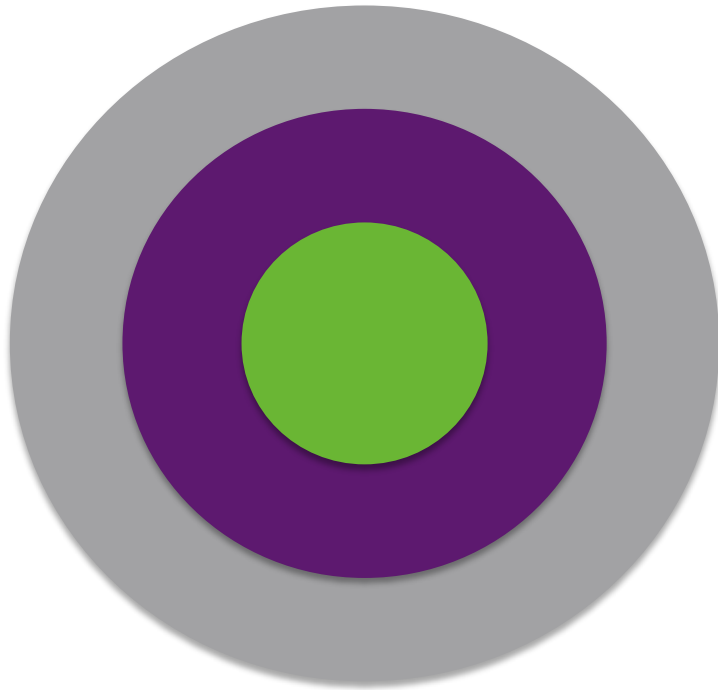
Collaboration



Collaboration

- Coordinated Action
- Joint Advocacy
- Collaborative Learning
- Network

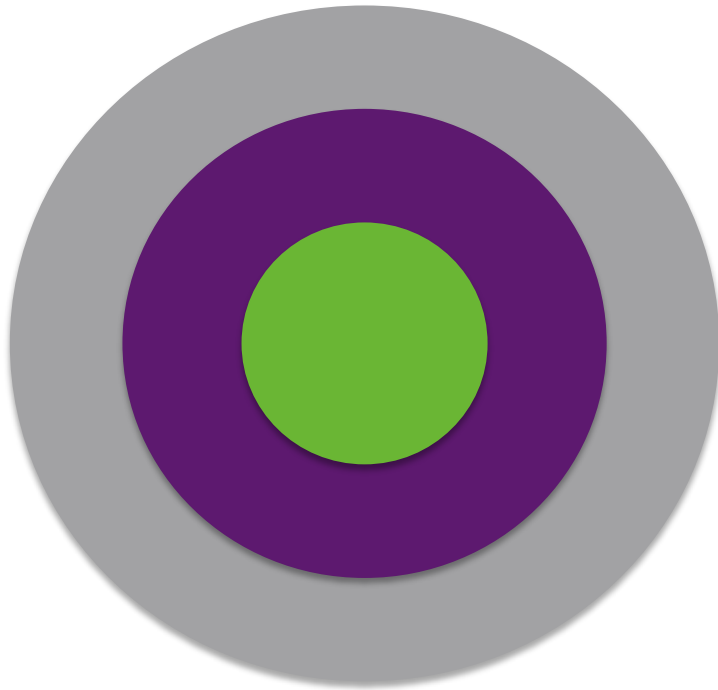
Alliance



Alliance

- Administrative Consolidation
- Fiscal Sponsorship
- Joint Programming
- Joint Earned Income Venture
- Affinity Group
- Coalition, Consortium, and Association

Strategic Restructuring



Strategic Restructuring

- Joint Venture Corporations (including MSOs)
- Parent-Subsidiary Structure
- Merger or Acquisition



*Case Study: Joint Programming
Ready Set Parent!*





*Case Study: Management Services Organization
MACC CommonWealth*



*Case Study: Administrative Consolidation
The Chattanooga Museums*

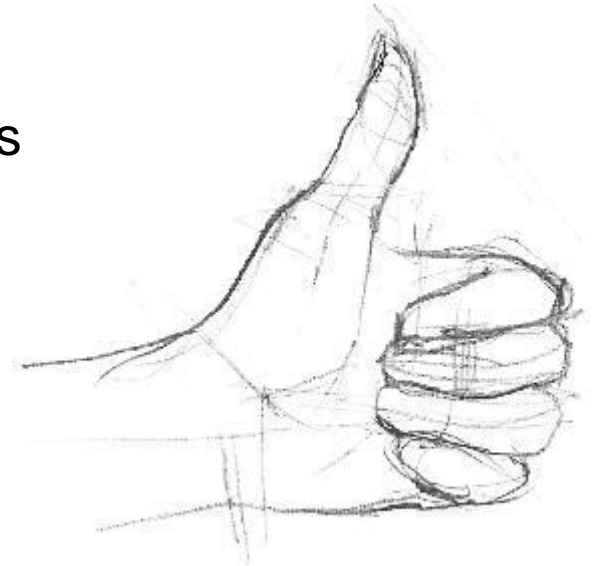




***Case Study: Joint Programming
Domestic Violence Programs and
Federally Qualified Health Centers***

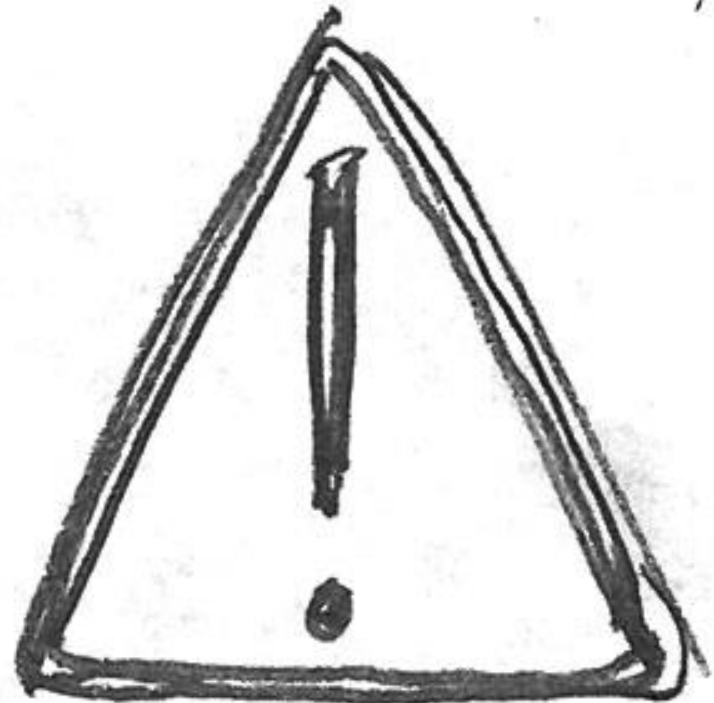
Success Factors

- Mission focus
- Flexibility in pursuing mission
- Not in an immediate crisis
- A lack of divisiveness
- Clarity regarding desired outcomes
- Positive relations with potential partners

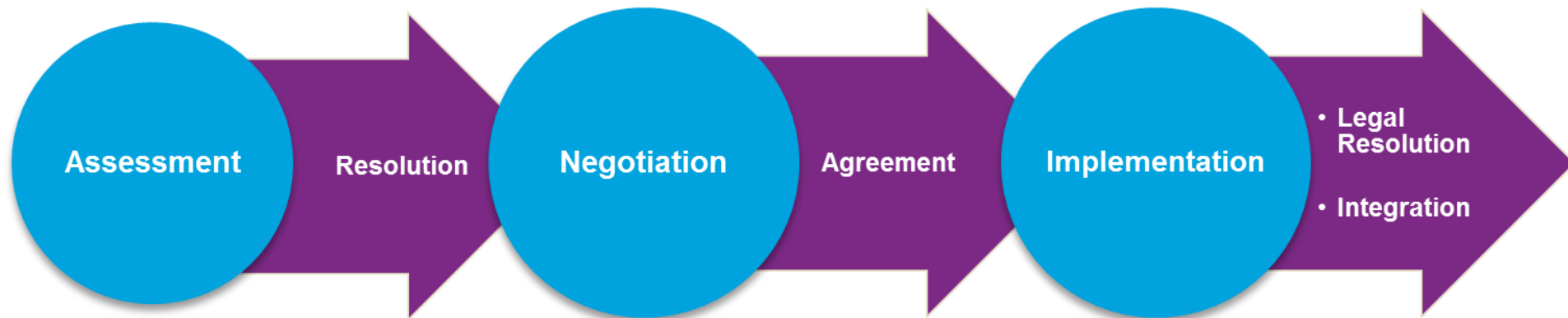


Roadblocks

- Autonomy concerns
- Lack of trust
- Self-interest
- Organizational culture



The Strategic Restructuring Process



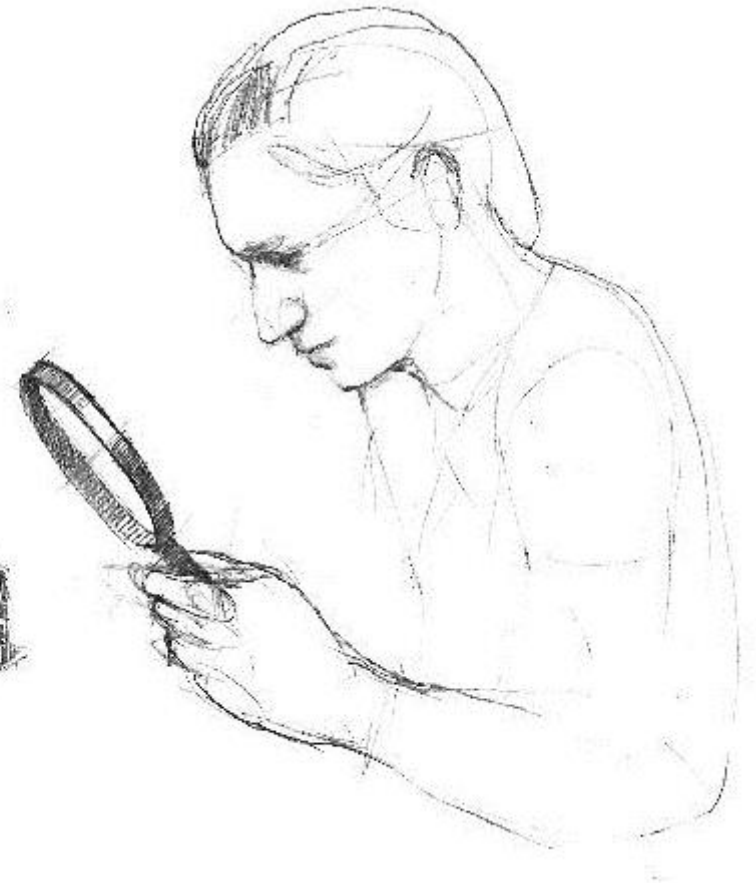
Self-assessment

- Motivators
- Desired outcomes
- Critical issues
- Organizational factors or “red flags”
- Financial assessment

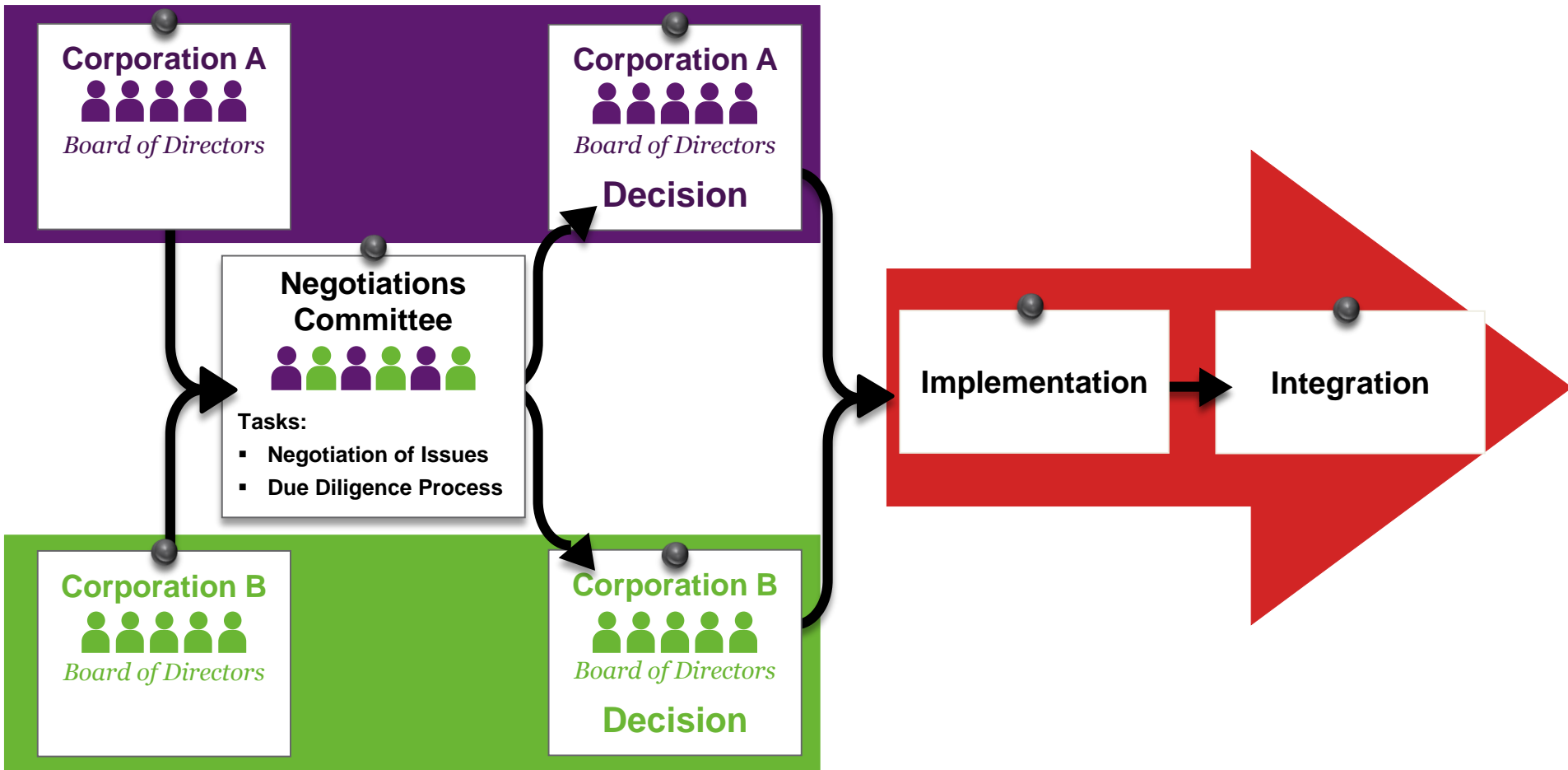


Partner Assessment

- Level of trust
- Past experiences
- “Usable” skills and assets
- Cautions and challenges
- Mission and program compatibility
- Financial condition



Negotiation



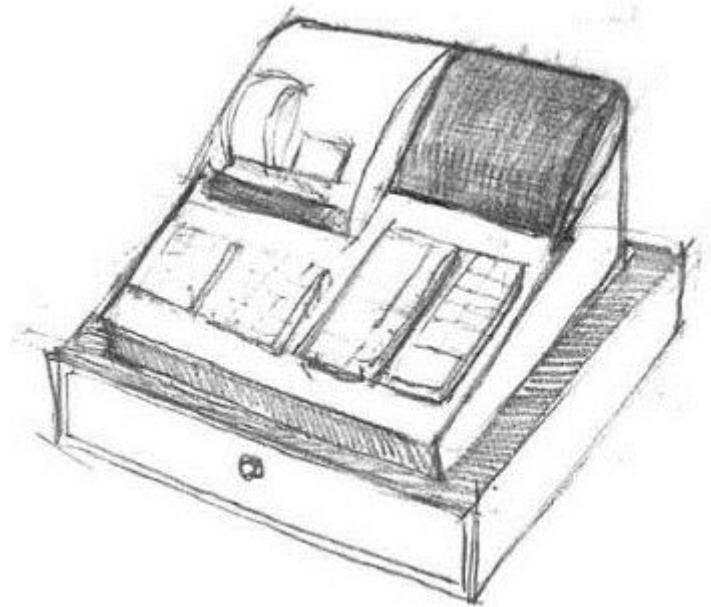
Issues to be Negotiated in a Merger

- Governance
- Financial
- Human resources
- Capital
- Programmatic
- Communications



Financial Impact and Analysis

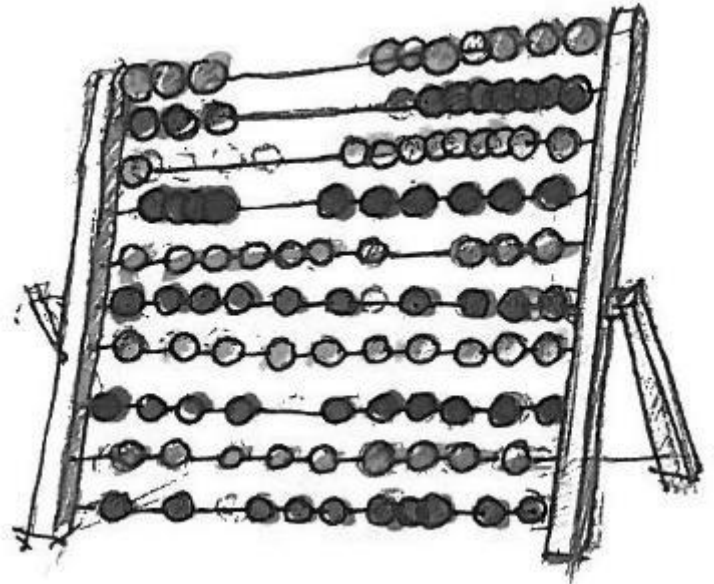
- Financial Comparison
 - Statement of Financial Position
 - Statement of Activities
 - Analysis of Financial Health
- Human Resource Comparison
- Budget Development
 - Projection for Combined Budget
 - Cost/savings Analysis
- Donor Comparison



Financial Due Diligence

Documents to review:

- Organizational
- Tax
- Insurance
- Personnel
- Financial/Funding
- Capital/Real Estate
- Others?

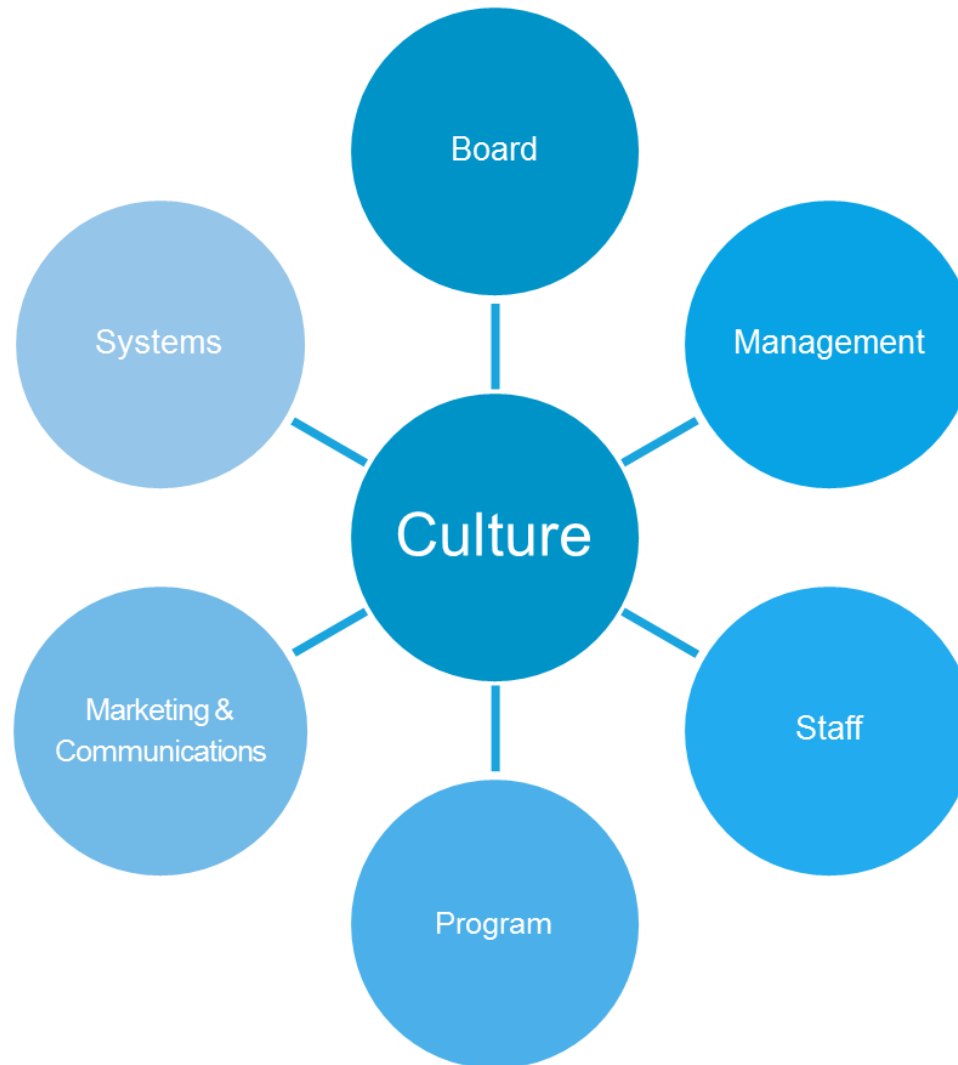


Legal Implementation

- Vote by boards of directors
- Finalize Agreement and Plan of Merger (or similar guiding plan)
- File documents with government agencies



Areas to be Integrated



Cultural Integration

- Be intentional about the process
- Maintain two-way communication
- Celebrate successes
- Resolve disagreements immediately
- Make communication/decision-making style explicit
- Monitor internally and externally



Integration Pitfalls

Mergers do not fail because organizational leaders can't integrate their financial systems or IT...

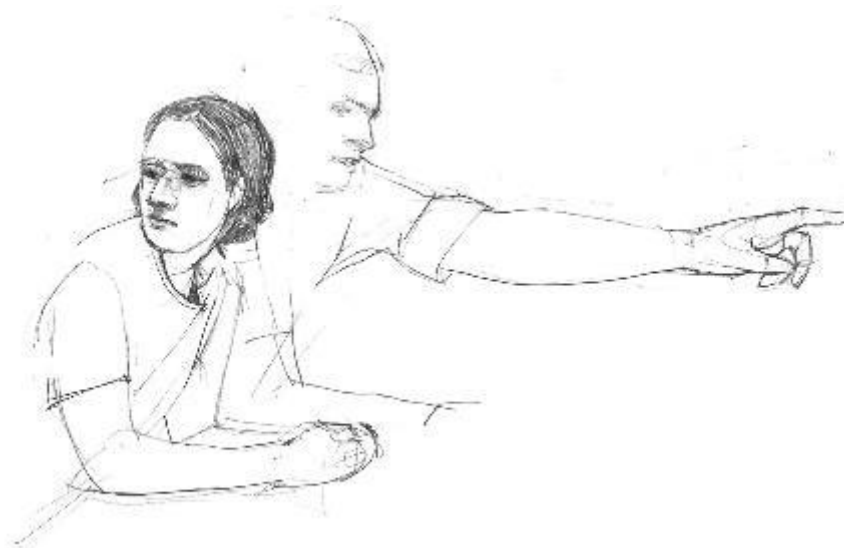
*Mergers **can** fail because people tend to hold onto their individual cultures and identity rather than create a new organization.*

Lessons Learned



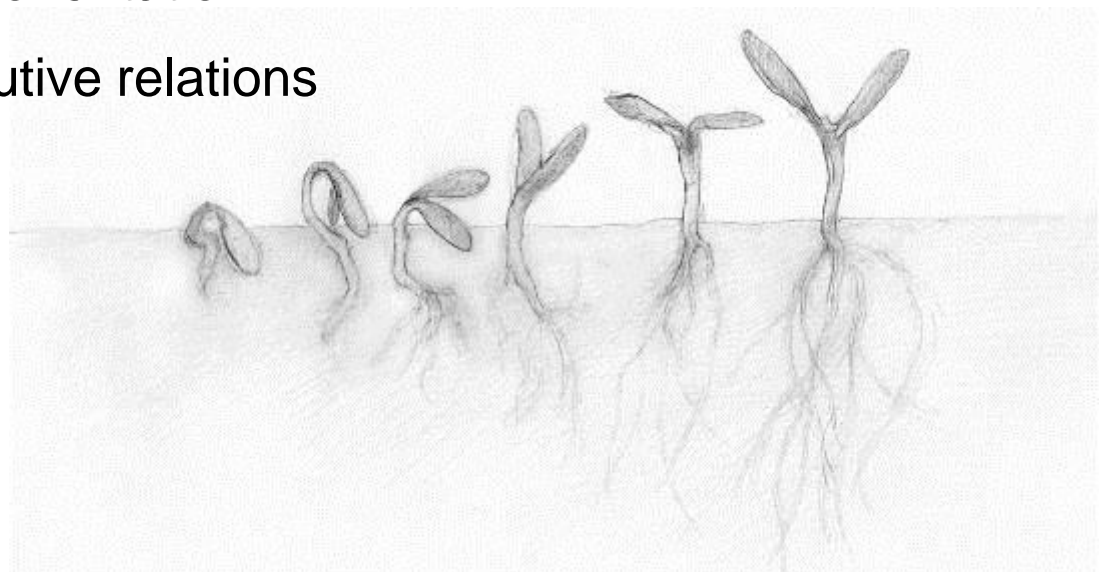
Be Prepared

- The process will take time
- People may leave
- There are both costs and benefits (intermediate and long-term)
- Reach out to donors, supporters, membership early on



Success Factors

- A champion
- Shared mission
- Positive experiences with collaboration
- Board support/encouragement
- A risk-taking/growth orientation
- Positive board-executive relations



Build Change Management into Culture

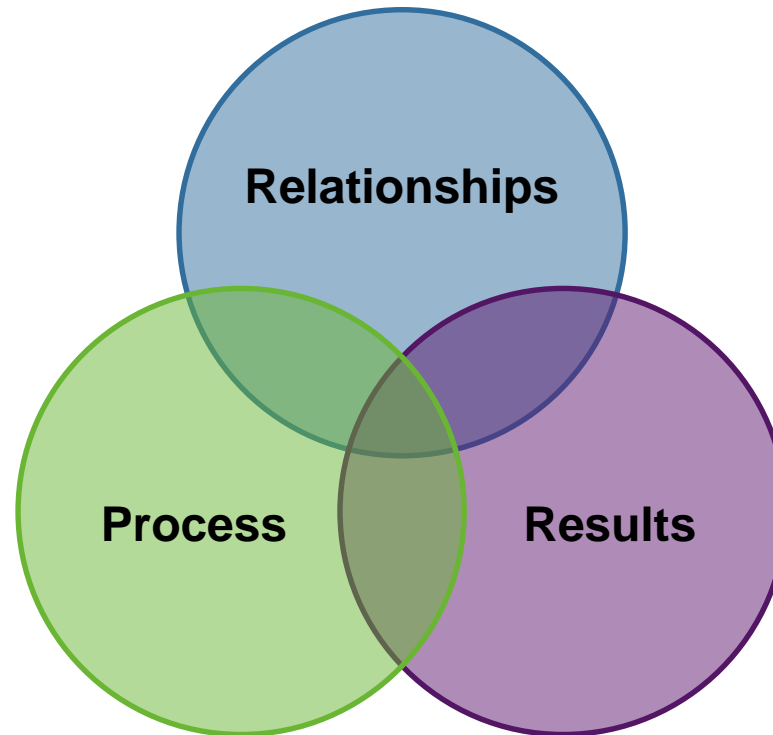
- Change is hard
- Change creates both excitement and anxiety
- Talk openly about the needed changes



Managing a Strategic Restructuring

Relationships

- Trust
- Mutual Respect
- Shared Purpose
- Working Relationship
- Skills Match



Process

- External Assessment
- Self-Assessment
- Partner Assessment
- Negotiations
- Implementation

Results

- Mission Enhancing
- Program Strengthening
- Legally Sound
- Financially Viable
- Publicly Supportable

Questions and Comments



Thank you.



harrington@lapiana.org

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Panelists

- Joelle Gomez, former CEO
Women's Center,
Youth and Family Services

- Dori Rose Inda, CEO
Salud Para La Gente,
Watsonville Law Center

A decorative graphic in the top-left corner consisting of a green, textured, leaf-like shape with a white border, resembling a torn piece of paper or a natural element.

Panelists

- Brett Andrews, CEO
Positive Resource Center,
AIDS Emergency Fund,
Baker Places

- Sharon Miller, CEO
Renaissance
Entrepreneurship Center

Questions and Comments



Impact Accelerator Timeline and Process (subject to change)

| Date | Task & Process | Time Commitment |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| May 15 and 16 | Learning sessions | |
| May 24 | Distribute Strategic Restructuring Assessment Tool (SRAT) application link and Phase 2 information | |
| June 16 | Deadline for nonprofits to determine whether they want to apply for the SRAT process and submit application | 20-30 minutes to complete application |
| July 7 | Final decisions and notification on SRAT participation | |
| July 7 – September 8 | Distribute and allow organizations time to complete the SRAT. 3-5 Board Members and senior staff leadership (CEO/ED, CFO/Financial Manager, Senior Program Staff, Senior Development Staff) take the SRAT together. One person fill's out SRAT responses on the computer during the session. | ~2 hours |
| September 8 | Deadline to complete the SRAT | |
| August – November | La Piana consultant meets with each organization to debrief SRAT process, discuss critical issues related to a potential partnership, and determine next steps. Participants should include as many of the individuals as possible who participated in taking the SRAT. | 2-3 hours |
| Mid-September, ongoing | Partnership exploration and negotiations | TBD based on partnership |