Strategic Restructuring Seminar

with
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Partner
What We’ll Cover Today

- Quick review of terminology
- Assessment and Exploration
  - SRAT
  - Partner Assessment
- Q&A
**The Partnership Matrix**

- **Collaboration**
  - Information sharing
  - Program coordination
  - Joint planning

- **Joint Programming**
  - Single focus or program
  - Multi-focus or program
  - Integrated system

- **Administrative Consolidation**
  - Contracting for services
  - Exchanging services
  - Sharing services

- **Contract or MOU**
  - No permanent organizational commitment
  - Decision-making power remains with individual organizations

- **Change in Corporate Structure**
  - Involves a commitment for the future
  - Decision-making power is shared or transferred
  - Is agreement-driven

- **Management Services Organization**
- **Parent/Subsidiary Corporation**
- **Corporate Merger/Acquisition**
- **Joint Venture Corporation**

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Assessment and Exploration
Purpose

- Gain clarity
- Build agreement
- Identify points of divergence
- Prepare
Assessments

Online Strategic Restructuring Assessment Tool (SRAT)
SRAT

- 25 questions
- Basis for internal conversation
- Creates customized report
Question Categories

- Potential Partners
- Financial Position
- Motivators / Desired Outcomes
- Facilities
- Experience with Collaboration / Partnerships
- Community Support
- Administrative Capacity
- Organizational Influence and Access
- Concerns and Challenges
- Board Response
- Staff Response
- Organizational Culture: Communication
- Organizational Culture: Decision-making
13) What are your primary concerns about a potential partnership? **Check all that apply.**

- Loss of identity/brand
- Loss of autonomy
- Job loss
- Compatibility of organizational cultures
- Lack of trust between our potential partners and ourselves
- Lessening or loss of connection with the local community
- Ability to manage change
- Messaging/communication during and after the exploration process
- The financial cost (for exploring and/or implementing a partnership)
- The opportunity cost (i.e., concern that the process might take too much time away from current activities and/or preclude other opportunities)
We have some external pressure (from a funder or parent organization)

While funders can be an important source of information and support, funder interest should never be the sole driver for consideration of a strategic restructuring. Often funders have the benefit of having “the wide view” of a particular community or subsector, and may have insight into opportunities that are not as visible to you. That said, every organization is unique and the power dynamic between funders and the organizations they fund should not manifest in excessive pressure to pursue a particular course of action. “Forced” collaboration is rarely successful.

Funders and parent organizations that suggest or encourage strategic restructuring are typically doing so out of a desire to help the organization(s) involved better advance their mission. Ideally, then, you will consider the information and suggestions they put forward while also considering the reasons behind their recommendation and the applicability of those reasons to your specific situation.

If pursuing a partnership seems like something that might, in fact, help your organization, take funder/parent organization suggestions and use them as a jumping off point for your own measured consideration. While there are times when an organization has little choice, how you negotiate a partnership is something you can influence, and going into the process well-prepared will increase the likelihood of success.

To learn more about how one group of funders supported strategic restructuring in its community, see The Human Services Strategic Restructuring Pilot Project: Transforming Nonprofits in Cuyahoga County, Ohio (http://www.lapiana.org/downloads/LaPianaConsulting_Summary_ClevelandTransformation.pdf).

Exploration
Generating Potential Partners

- Organizational Relatedness
  - Generate the universe of potential partners
  - Business model
  - Mission
  - Problem solvers

- Prospective Partner Screen
  - Applying additional criteria
Organizational Relatedness

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<th>Organization A</th>
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<td>Mission fit</td>
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<td>Other criteria (culture, staff, board, access, etc.)</td>
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The Negotiation Process

Corporation A
Board of Directors

Corporation B
Board of Directors

Corporation A
Board of Directors

Integration

Joint Legal Counsel

Negotiations Committee

Corporation B
Board of Directors

Identify Issues
- Negotiate financial and legal issues
- Record agreements
- Communicate progress to constituents

Due Diligence
- Determine potential problem
- Disclose information
- Analyze

Decision

Corporation A
Board of Directors

Corporation B
Board of Directors

Process

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Technical issues? Email Lara hoke@lapiana.org
Questions and Discussion