

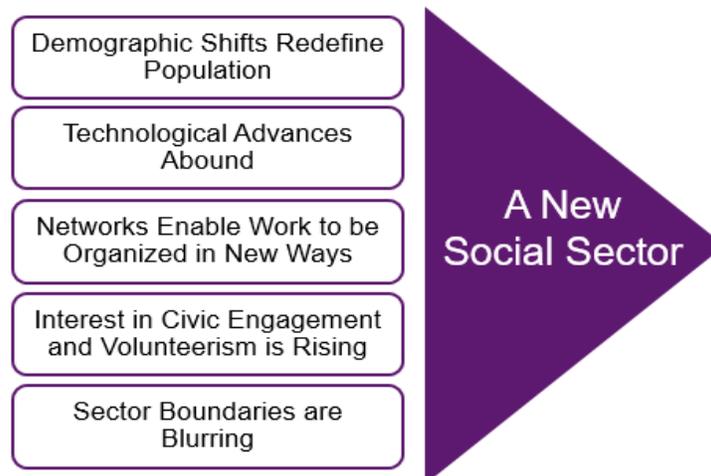
Federations and the Five Convergence Trends

Convergence

Since 2009, La Piana Consulting has been paying close attention to how a handful of key trends — and the variety of ways in which these trends intersect — are changing the nonprofit sector. Many of these play out in similar ways across organizations, but others may be intensified or unique when viewed in the federated context.

Although the federated organization outstrips many others in size, resources, and reach, its distributed structure serves as a microcosm from which smaller nonprofits might draw relevant lessons. In viewing federated nonprofits' assets and vulnerabilities through the lens of the five key trends identified in our 2009 report, *Convergence: How Five Trends Will Reshape the Social Sector*, we believe that the ways they are responding to changes in demographics, technology, ways of working and collaborating, civic engagement and volunteering, and sector roles can be illustrative, not only for peer federations, but for other large national networks and nonprofits.

The Five Convergence Trends



Examples of how these trends are creating new opportunities and challenges (often two sides of the same coin) for federated organizations are described below.

Demographic Shifts

The generational and racial makeup of the nation is changing. One challenge this poses to nonprofits is that of adapting to both serve and appeal to younger and increasingly diverse clients, donors, and other stakeholders.



Some of the implications for federated nonprofits are:

- A large subset of federations are youth development organizations; today's youth are more diverse and seek programs relevant to their experience
- Participation in membership-driven organizations is on the decline, challenging the revenue model of federations that rely on member dues
- Many federations rely on longtime donors who are now aging and transferring their wealth to a generation for whom institutional loyalty is not a strong motivator

Enhancing Relevance, Expanding Opportunity: Outward Bound

With roots in post-WWII England, [Outward Bound](#) was originally founded to train young seafarers. It was imported to the U.S. in the 1950s in the form of a wilderness-based character development program and served mostly upper-middle class young men. Young women began to make inroads as participants in the mid-1960s, and in the 1990s Outward Bound intensified its effort to increase racial and income-level diversity with the opening of "Urban Centers" across the country and through a full-tuition Pinnacle Scholarship Program.

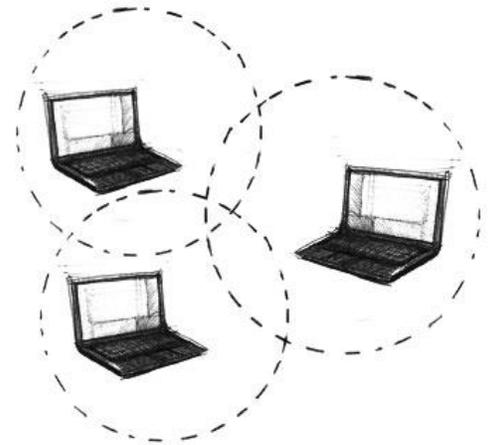
The scholarship program began in California, and today [Outward Bound California](#) not only continues to offer Pinnacle Scholarships as well as need-based scholarships, but has woven diversity and inclusion into the fabric of its work as the founders of the organization intended. In 2008, this included establishing the first West Coast "Urban Center," after a strategy pioneered in East Coast metropolitan areas to better reach underserved youth using cities-as-place to promote personal growth. It also partners with a range of schools and other nonprofits throughout California. Through such efforts, Outward Bound California now serves a more diverse student population than ever before. Understanding the importance of linking young people with leaders who share their experiences, Outward Bound California is also partnering with organizations like Outdoor Educators Institute that recruit and train traditionally underrepresented populations in the outdoor recreation industry as well and adopting in-house policies and trainings to expand hiring into these communities.

Technological Advances

Social media, "big data," and a plethora of other technology-enabled ways of working mean that all nonprofits must manage the dual challenge/opportunity this presents for operations, fundraising, program delivery, and outcomes measurement.

Some of the implications for federated nonprofits are:

- Federations face a heavy lift in adopting and applying new technologies (and related training) across their vast national networks, but can benefit greatly from doing so
- Technology gives potential clients and donors access to diverse opportunities and alternatives that compete with federations for visibility and engagement



Transformation Enabled by Technology: The National Audubon Society

In May 2016, [National Audubon Society](#) President and CEO David Yarnold described his organization's technological turnaround in an article for *The Chronicle of Philanthropy*. The National Audubon Society is a \$73M organization with 462 independent chapters, 23 state offices, and 13 international partner organizations. Yet at the time Yarnold was hired six years ago, the national headquarters had only three marketing and communications staff and was working with outdated and duplicative technology. Although this lack of capacity was a symptom of broader existential challenges facing the organization, Yarnold recognized that communications and technology would also need to be part of the solution.

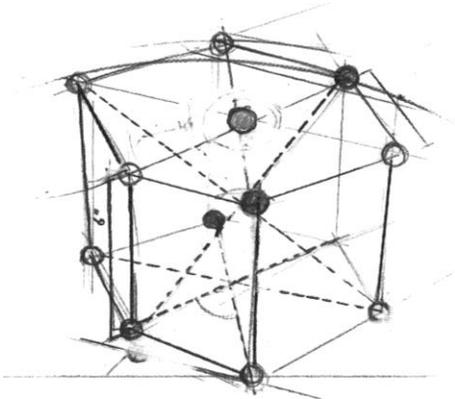
By investing in staffing and capacity in professional communications, digital technology, and IT, the National Audubon Society accelerated and targeted its content development and fundraising, leading to improved visibility, exponentially greater advocacy reach, and significant growth in online donations. It has also made digital mapping technology available across its network of chapters, enhancing its core conservation mission.

Network Dynamics

The rise of more networked ways of working emphasizes collaboration and both allows and demands greater fluidity of social change efforts. While in one sense networks challenge the primacy of the traditional "organization," many nonprofits are leveraging the power of networks to share data, source solutions to multifaceted problems, and amplify their advocacy voice.

Some of the implications for federated nonprofits are:

- Federations function as a specific kind of network, but share similar challenges around effective collaboration, shared leadership, and mutual accountability
- Working in networks requires a level of transparency that may require a shift for federations that have been built on proprietary programs or closed cultures



Strengthening the Network to Demonstrate Impact: Boys & Girls Clubs of America

The Boys & Girls Clubs network includes more than 1,140 independent organizations, plus the national organization, [Boys & Girls Clubs of America](#) (BGCA). In 2010, a group of organization leaders met, together with other youth experts, to look at the question of impact: how is participation in Club activities positively impacting the four million youth served each year — and how could this impact be enhanced? To tackle this challenge, BGCA refined its theory of change and program focus to emphasize three priority areas: Academic Success, Good Character and Citizenship, and Healthy Lifestyles, and launched the [National Youth Outcomes Initiative](#) (NYOI) to use common, research-informed indicators and data collection standards to measure them.

After field-testing with just 39 clubs, NYOI is now fully scaled throughout the national network. Local data management systems have been linked to BGCA's national system, facilitating data collection and analysis, and BGCA provides training and technical assistance to build the capacity of individual Clubs to participate in the NYOI, fostering a culture of continuous learning. By engaging these diverse organizations in a common effort to measure impact in a consistent manner, BGCA is not only able to better understand youth outcomes, but isolate the practices of the most effective Clubs and disseminate these throughout the network.

Civic Engagement and Volunteering

In 2009, many saw a looming resurgence of interest in civic engagement and volunteering, but in retrospect it was more than a resurgence, it was a reinvention. Across the sector, volunteers increasingly want to contribute (and/or acquire) professional skills, not just serve as “another set of hands.” Meanwhile, with less free time, they seek more episodic, focused involvement.

Some of the implications for federated nonprofits are:

- Demographic and technological shifts are challenging social movement-based federations to engage stakeholders in new and potentially unfamiliar ways
- Federations seeking to standardize program delivery across their networks face challenges around large-scale volunteer (and staff) training, turnover, etc.



Movement Building in the 21st Century: NAACP and Black Lives Matter

How does a civil rights organization with a century-plus legacy translate its relevance to the next generation, balancing old-school organizing with tech-enabled activism? In an attempt to respond to shifting demographics, [the NAACP](#) redefined participation by reaching out to younger activists where they were. Under Benjamin Jealous' leadership in 2009, the organization invested in reactivating its youth and college division, which focuses on educating and developing youth leaders. Since then, the rise of social media has played a catalytic role in shining a spotlight on social justice and civil rights issues that the NAACP champions, upping the ante on the movement's ability to engage with young people online as well as in more traditional ways.

In 2014, the prevalence of racial profiling and police brutality cases, including the deaths of Eric Garner, Michael Brown, and Tamir Rice, elicited emotion-filled community responses. Like the demonstrations in Ferguson and Baltimore, social media channels were ablaze with fear, desperation, and anger. Born through these pivotal events, [Black Lives Matter](#) leveraged social media and online activism, together with protests in the physical domains of streets and neighborhoods across the country. The rise to prominence of Black Lives Matter created a push-pull tension for the NAACP: the entities are complementary, while also competing for the hearts and minds of advocates and activists. Though it may be the young people themselves who forge the path forward, knitting together the power of both organizations, as demonstrated by activists like Anscia Brown, a student at St. John's University in New York City. [In an NPR report in July 2015](#), Brown said that an Instagram post spurred her school's NAACP chapter to stage a die-in to protest the killing of Eric Garner, and that she and fellow students tapped into their NAACP network to help spread #BlackLivesMatter messages, mobilizing on-the-ground protests through social media and fusing the strengths of both movements.

Sector Blur

The mainstreaming of corporate social responsibility and emergence of social entrepreneurship have given rise to new competitors, partnership opportunities, and revenue models for nonprofits of all kinds. At the same time, young people are less interested in the organization than the cause, and want to get things done, whether it's through a nonprofit or not.



Some of the implications for federated nonprofits are:

- New business models can disrupt (for good or for ill) the work of federated organizations by performing similar functions or offering new solutions

Competition Drives Innovation: HI USA

With a revenue model primarily built on hostel stays, Hostelling International USA ([HI USA](#)) is a mission focused nonprofit operating in the hospitality sector, and over the past several years, it has competed with an increasingly diverse set of for-profits. With the rise of not only commercial hostelling organizations, but boutique hotel chains and Airbnb, HI USA's young target market has a growing array of travel options to choose from. This was only one of the trends in play as the organization developed its most recent strategic plan and subsequently conducted its unprecedented network unification effort (completed in 2014), but it remains a significant one.

Earlier this year, HI USA CEO Russ Hedge wrote [a blog post](#) sharing his reflections from not one, but two, global hostel conferences (one in Dublin, the other in Amsterdam), and how the broadening of choices for young travelers must be embraced as an opportunity rather than a setback. Even after learning that two major corporate hostel chains plan to expand their U.S. operations, Hedge remains energized, observing that “as corporate ventures, their goals are certainly different than HI USA, yet their presence can help improve the visibility of the entire U.S. hostel sector.” And with a network of over 50 hostels hosting more than one million overnights annually, HI USA has a right to be optimistic. Faced with a changing environment, Hedge encourages a strategic response that capitalizes on what differentiates HI USA: its focus on promoting intercultural understanding rather than generating a profit and its interest in getting travelers out into local communities rather than keeping them inside buildings — in short, its mission.

Conclusion

In *Convergence*, we suggested three key areas where nonprofits should focus their efforts to best meet the challenges and opportunities of emerging trends: leadership, management, workforce development; tools and technology; and partnerships and organizational structures.

The examples above include stories of federated organizations recognizing and responding to new realities, and of success in managing network-wide adoption of new tools and technologies to do their work more effectively, drive data-informed decision making, and enhance communications with donors and other key constituents. However, they also show how federations must continue to grapple with dilemmas around relevance, member and volunteer engagement, collaboration (both within and outside the national network), and finding the win-win scenario in an increasingly competitive environment.

The greatest challenge, and asset, for federations is the ability of their networks to scale innovation in responding to change. The next brief in this series, *Internal Collaboration and Restructuring in Federated Nonprofits*, will explore how federated structures organize (and reorganize) themselves to achieve shared goals.

This article, *Federations and the Five Convergence Trends*, is part of the [Federated Nonprofits Series](#) by [La Piana Consulting](#).