

FFTA 38TH ANNUAL CONFERENCE

WELCOME

July 7-10, 2024
HYATT REGENCY DENVER
AT THE COLORADO
CONVENTION CENTER



EMPOWERING **FAMILIES** ELEVATING **COMMUNITIES**

Better Together: New Approaches to Mergers, Acquisitions, and Partnerships

July 8, 2024



Family
Focused
Treatment
Association

La Piana
DRIVING SOCIAL IMPACT since 1998

Agenda

- Context Setting
- Motivations
- Trends and Survey Results
- Understanding Mergers and Strategic Partnerships
- Process
- Structures
- Non-Mergers
- Case Studies
- Wrap Up

Goals for this Session

- What do you hope to get out of today's session?
- Are there specific questions you would like answered?
- Do you have prior experience with nonprofit mergers and/or strategic partnerships?

Context

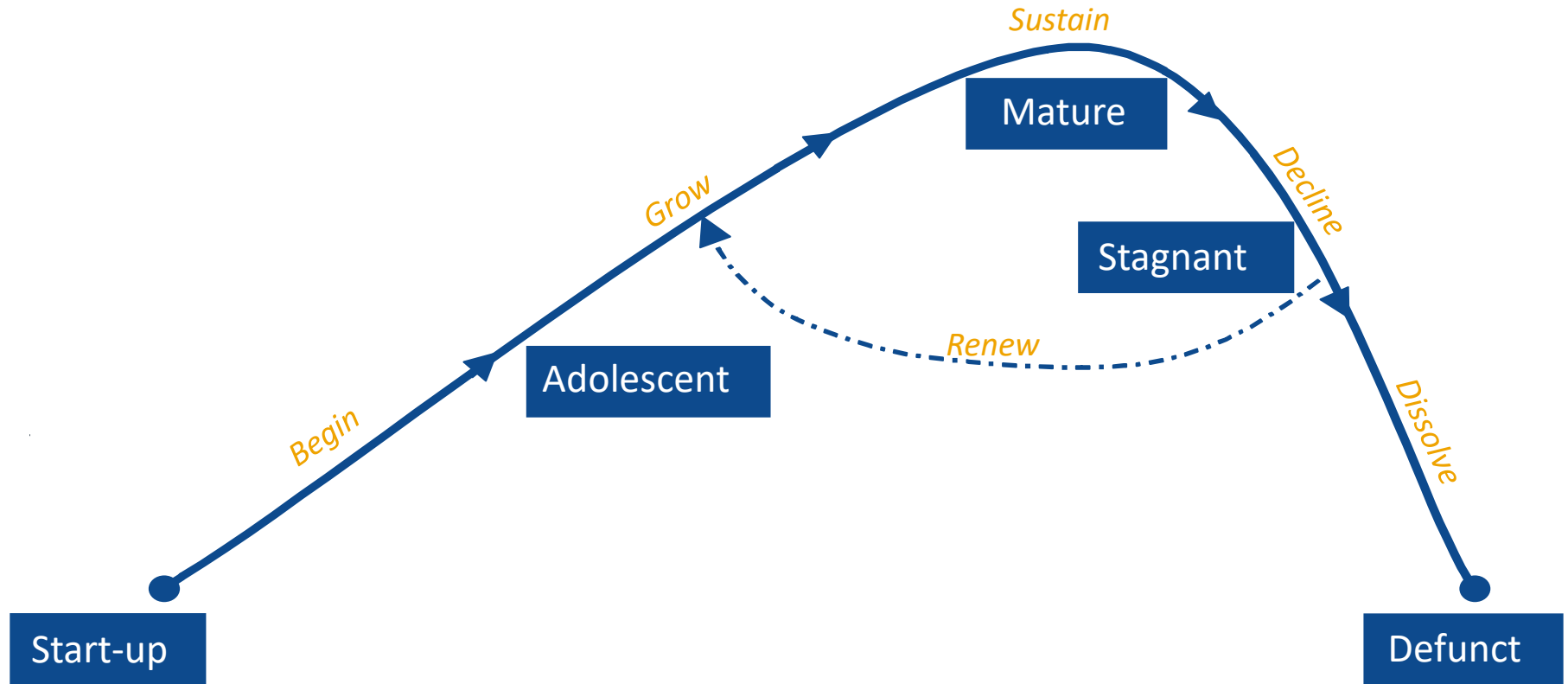


**When you think about your organization,
where is it in terms of its growth trajectory?**

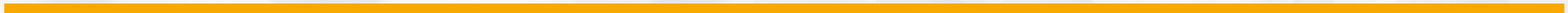
What opportunities exist?

What challenges do you face?

Nonprofit Lifecycle Model



In your experience, what has motivated nonprofits to consider strategic partnerships or mergers?



Motivations



The Multiplier Effect

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

Nonprofit Motivations for Exploring Strategic Partnerships



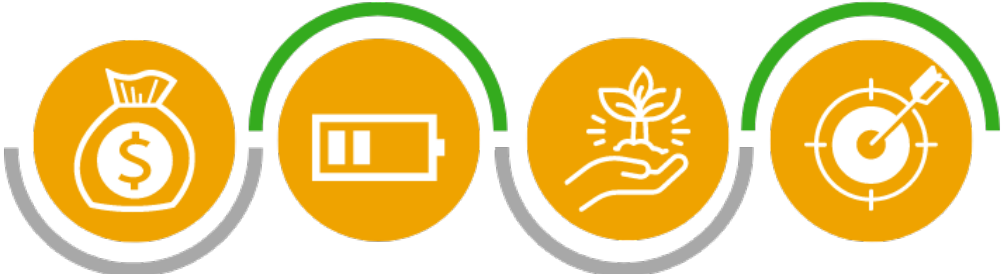
**In Pursuit
of Strategy**

**Market
Opportunities**

**Leadership
Challenges**

**A Tired
Board**

**To Better Serve
The Community**



Economics

**Limited
Capacity**

**Growth
Mindset**

**Reasons Specific
to Each Nonprofit**



Survey & Trends



Strategic Relationship Trends

- Mergers and other types of collaborations as a **competitive strategy**, rather than solution to crisis
- Increased interest and activity **across the sector**
 - Especially since PPP and ERTC funding has ended
- **Funder interest** in multi-organization partnerships or mergers (e.g. not 2, but 5 organizations integrating)
- Increased interest among **national organizations**
- Increased interest in **non-mergers** as a first step

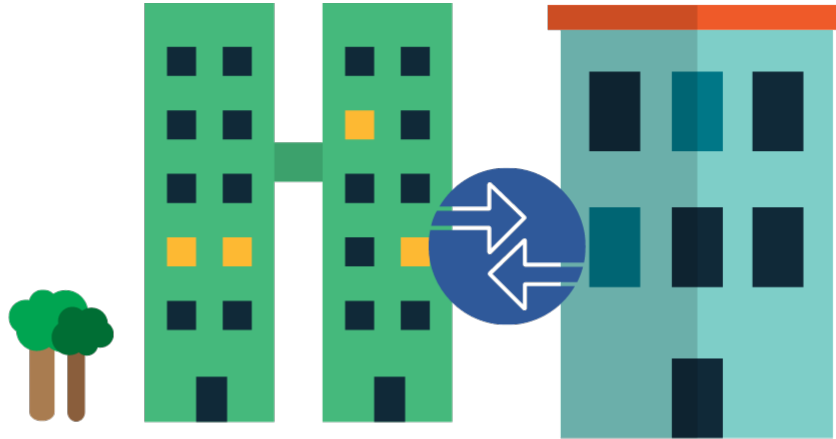
Impacts & Challenges

TOP INTERNAL IMPACTS:

- FUNDRAISING
- PUBLIC VISIBILITY
- EXPERTISE
- FINANCIAL HEALTH

TOP COMMUNITY IMPACTS:

- PROGRAM RANGE/SCOPE
- PROGRAMMATIC OUTCOMES
- GEOGRAPHIC SCOPE



TOP CHALLENGES:

- COORDINATING/INTEGRATING OPERATIONS
- CREATING A SHARED CULTURE
- ACCEPTING CHANGE
- INTERNAL AND EXTERNAL COMMUNICATION

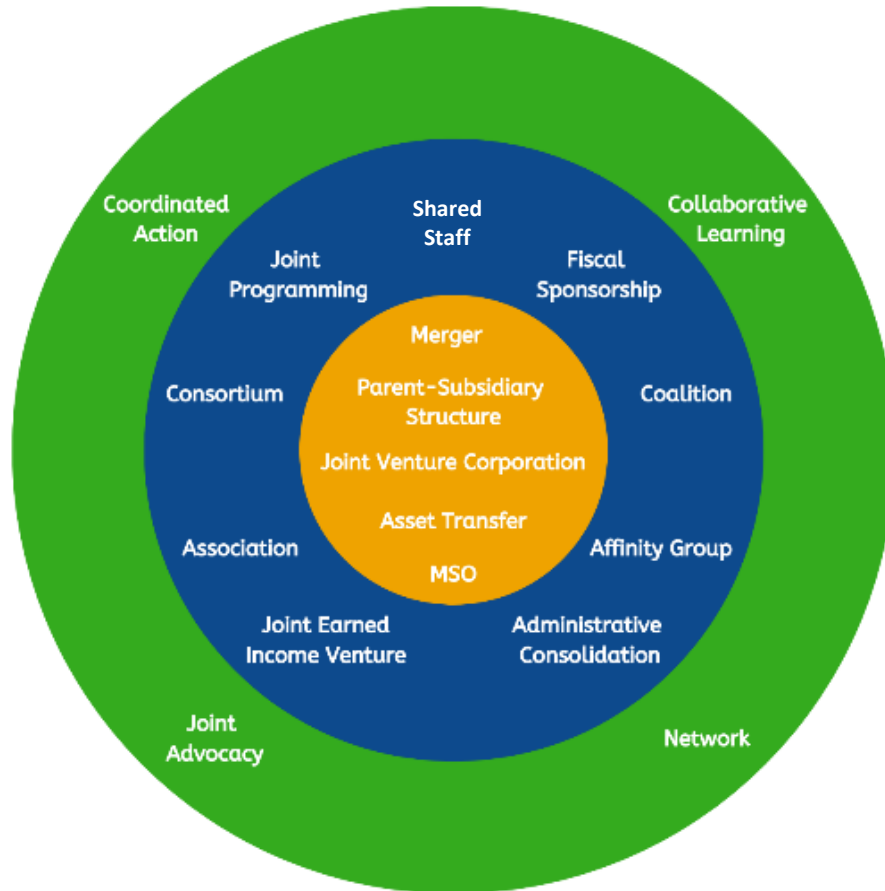
Understanding Mergers and Strategic Partnerships



Form Follows Function

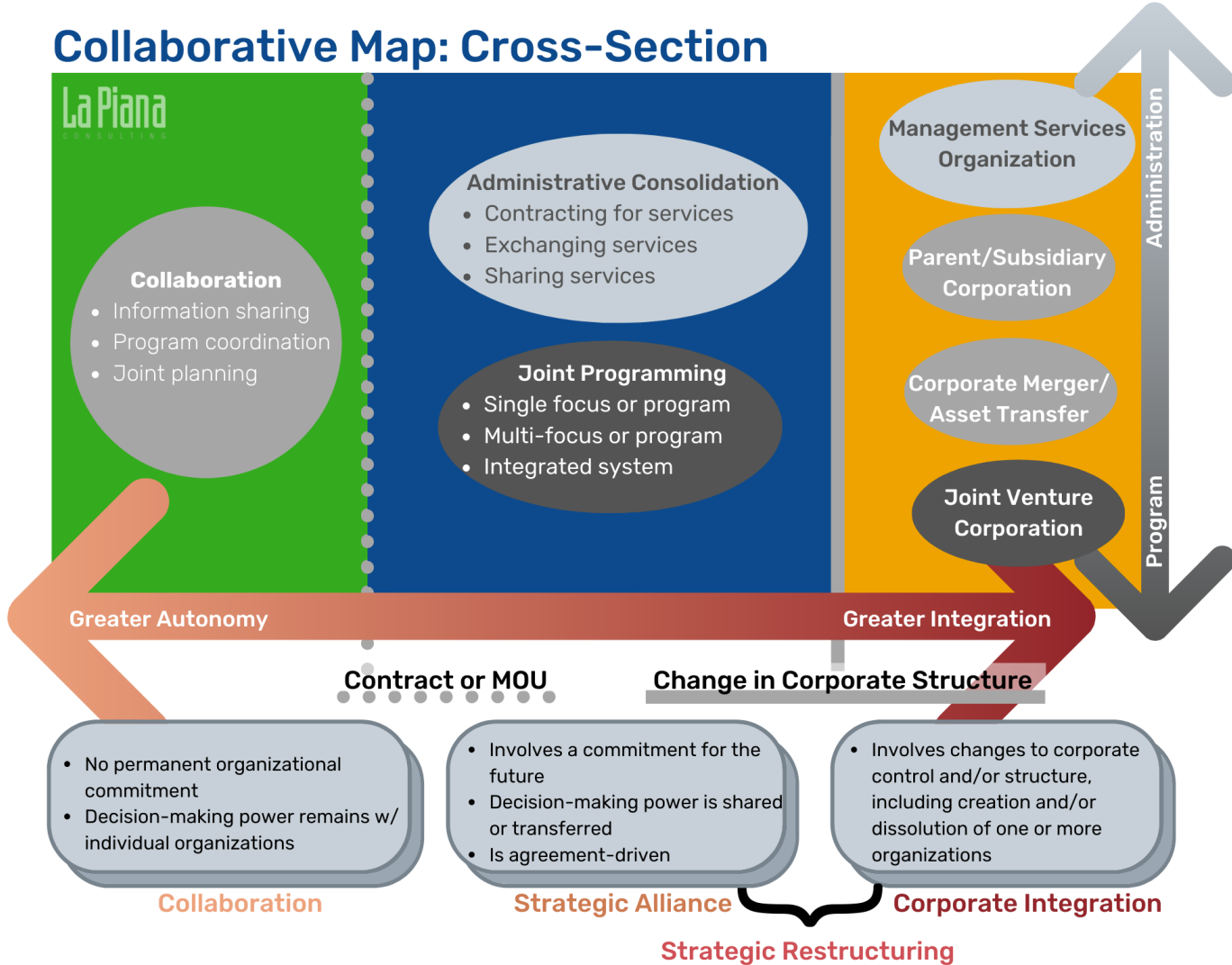


The Collaborative Map



-  Collaboration
-  Alliance
-  Strategic Restructuring

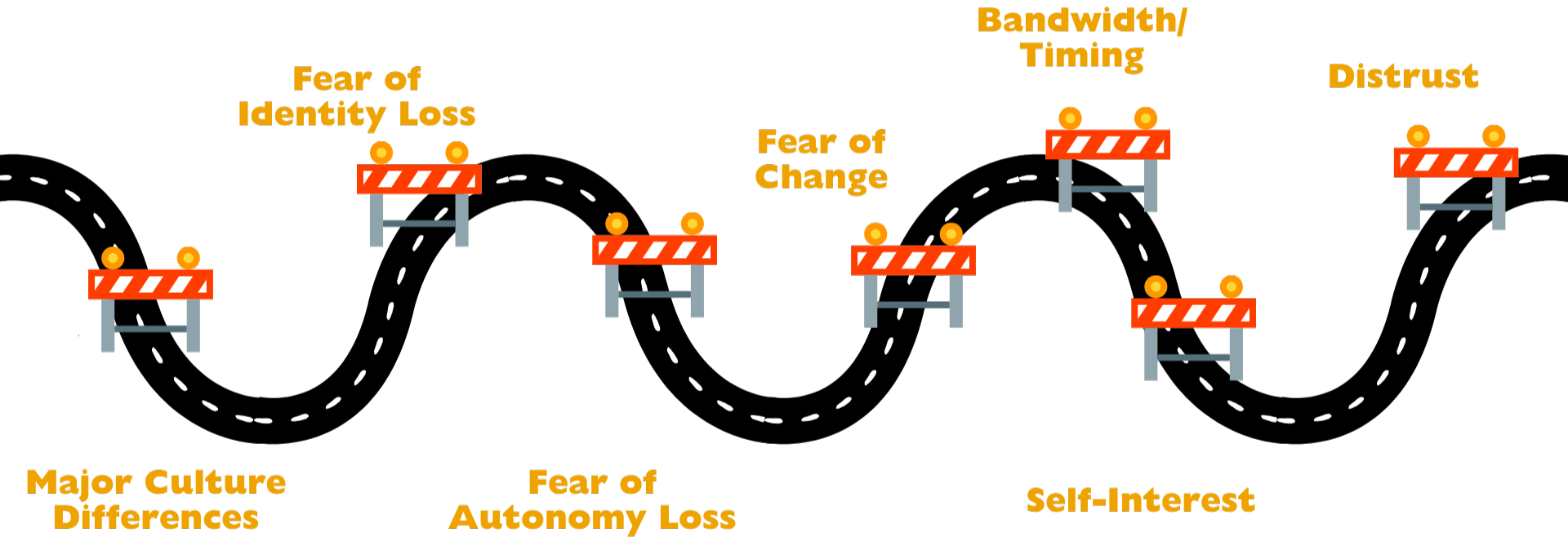
Collaborative Map: Cross-Section



Success Factors



Understanding Roadblocks



Process



**If your organization was considering a strategic partnership,
what would you be looking for in a partner?**



Process – Assessment



INTERNAL ASSESSMENT

Factors to Assess:

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



IDENTIFYING POTENTIAL PARTNERS

Which organizations are closest to you?

- Offer same/similar programs/services
- Have geographic or “consumer” overlap
- Seek funding from the same sources
- Compete for media attention, staff, or board members



ASSESSING POTENTIAL PARTNERS

Level of trust

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

Helpful Resources

MERGER AND ALLIANCE TOOLKIT

LA PIANA CONSULTING

1 GETTING READY: ASSESSMENT

- 1.1 Why are you considering a strategic relationship?
- 1.2 What do you hope to accomplish?
- 1.3 Are you ready?
- 1.4 What's the importance of organizational culture?
- 1.5 How does your organization handle change?
- 1.6 How do you find and approach a partner?

Merger and Alliance Assessment Tool

Motivators/Desired Outcomes

1. What goals, or desired outcomes, does your organization seek to achieve through a partnership with one or more other organizations?

Please select all that apply.

- We want to expand our programming – either the range/scope of programs offered, or the numbers served
- We want to consider opportunities to expand our geographic scope; i.e., expand our programs into new communities/sites
- We want to improve our outcomes – get better results for those we serve or otherwise increase our impact
- We want to reduce operating/administrative costs by sharing those with others
- We want to develop or access higher level operating, administrative expertise
- We want to develop or access higher level programmatic expertise
- We want to develop a stronger/more effective “voice”
- We want to preserve our programs which may be at risk without a partner

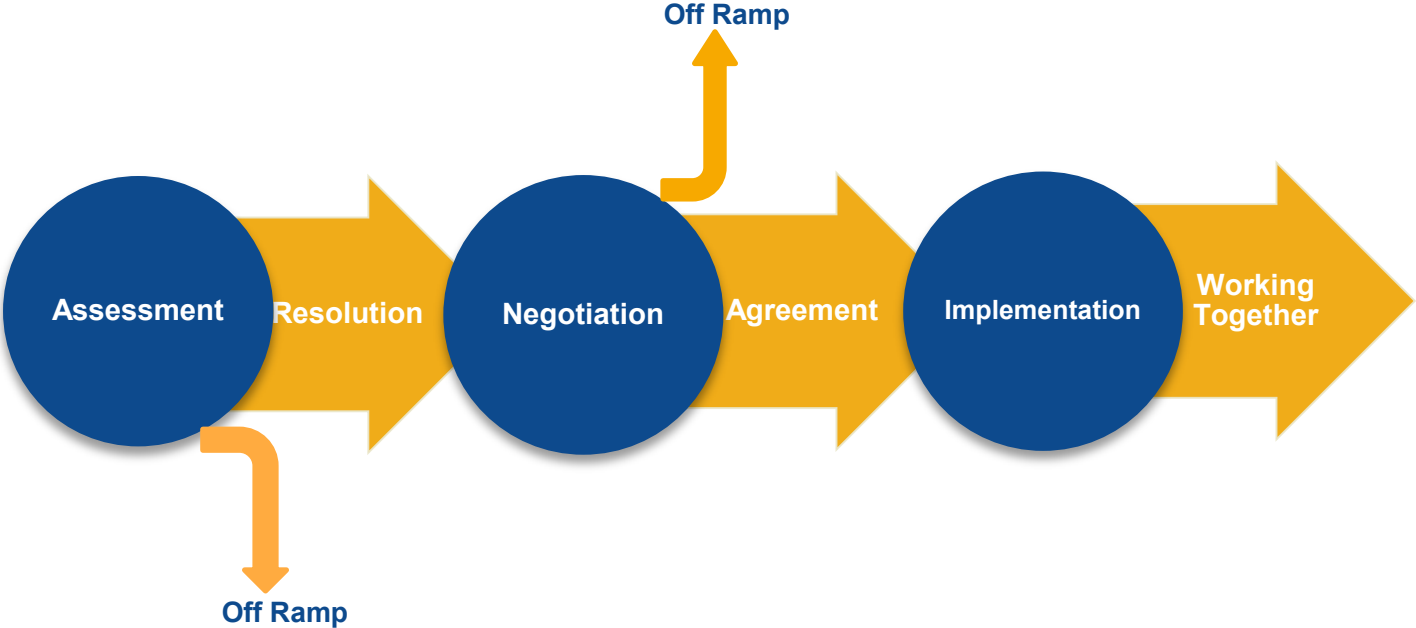
Managing a Strategic Restructuring

Timeline:

- Assessment can take **1-12 months**
- If no time pressure, **3-5 months** for negotiation is ideal
- Timeline depends on priority issues and committee bandwidth
- After agreement, it can take **12-18 months** or more to fully operationalize the integration
- True cultural integration may take additional time



A Strong Process Supports a Range of Outcomes



Negotiation Process



Issues to Negotiate

- Shared Vision
- Programmatic
- Financial
- Human Resources
- Capital/Systems
- Governance
- Communications



What takes place

- Prepare for and facilitate negotiations
- Track agreements
- Financial Due Diligence
- Communication strategy
- Crisis management
- Coordination with attorneys
- Debriefs and Board presentations

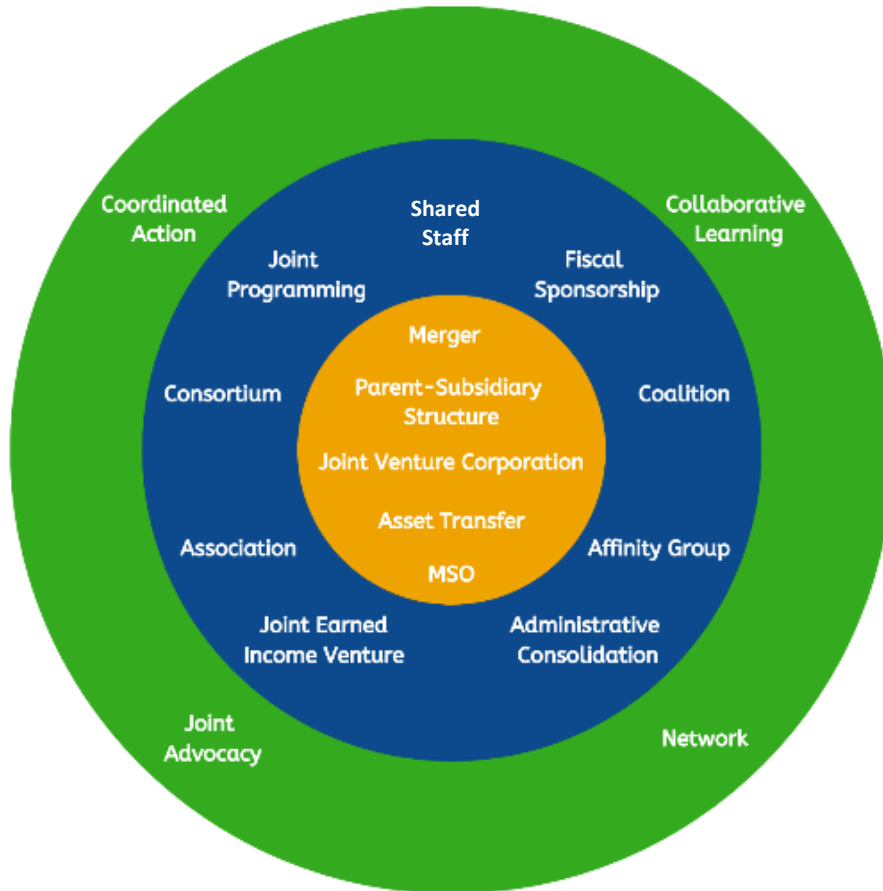


Due Diligence

- Financial
- Legal

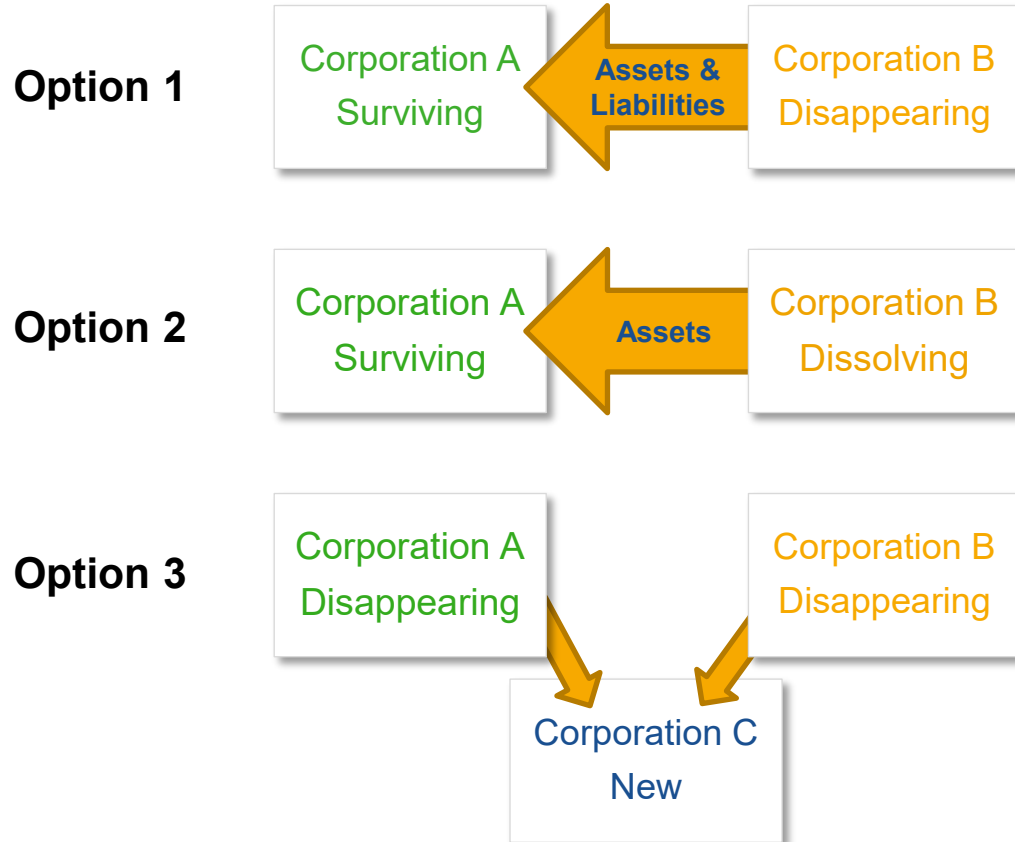
Structures: Mergers and Restructurings

The Collaborative Map



-  Collaboration
-  Alliance
-  Strategic Restructuring

Implementation Options for Strategic Restructuring

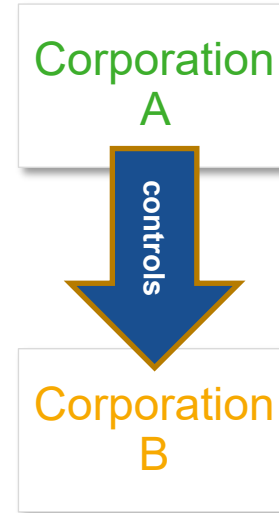


Parent-subsidary Relationship

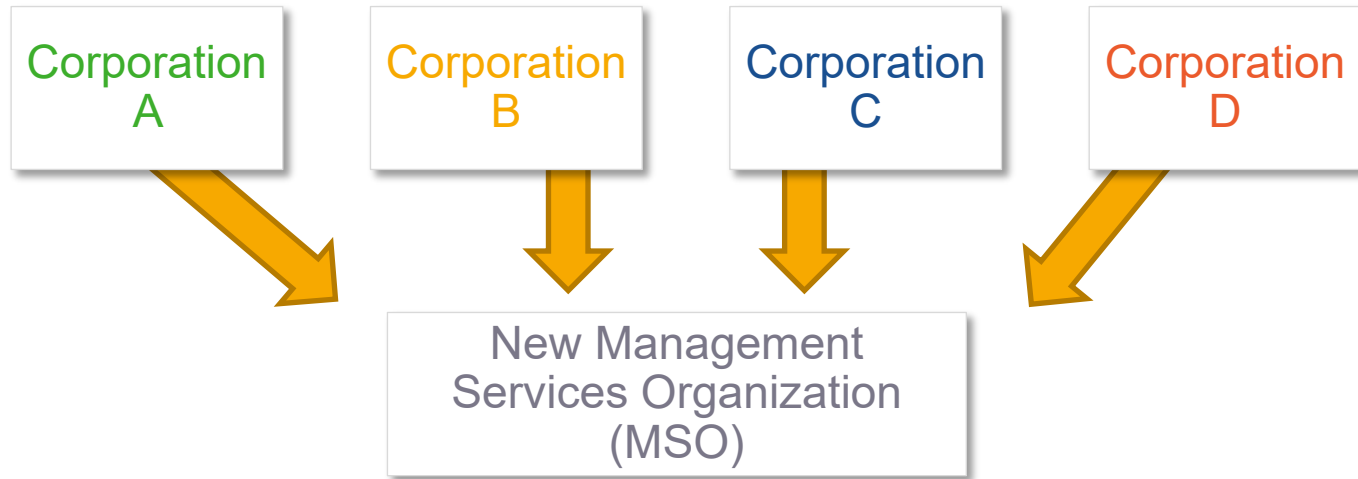
Before



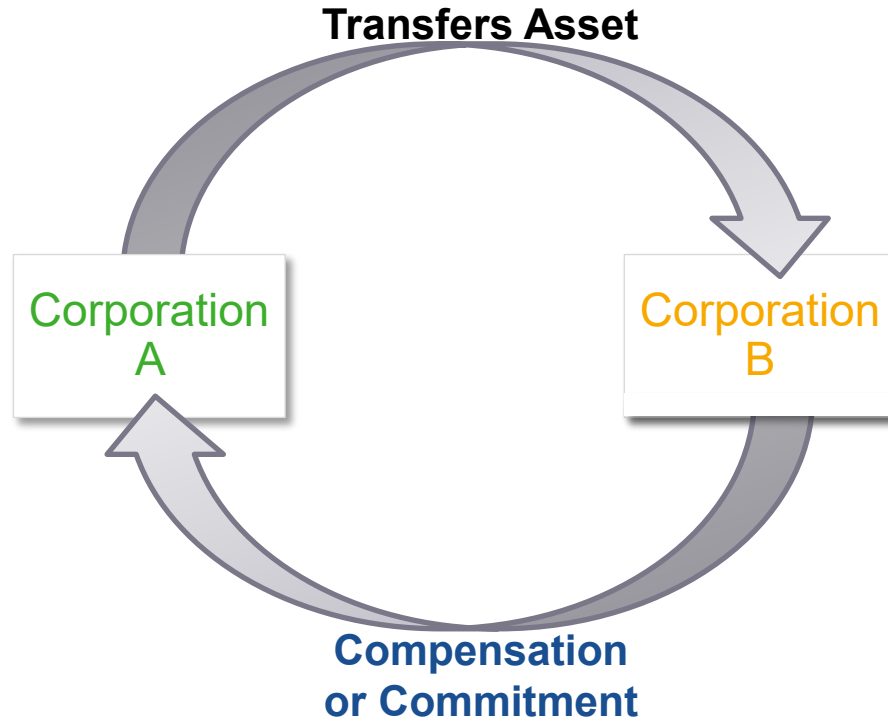
After



Management Services Organization

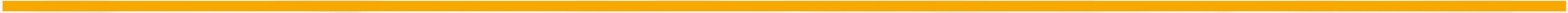


Asset Transfer



What structures are most compelling to you?

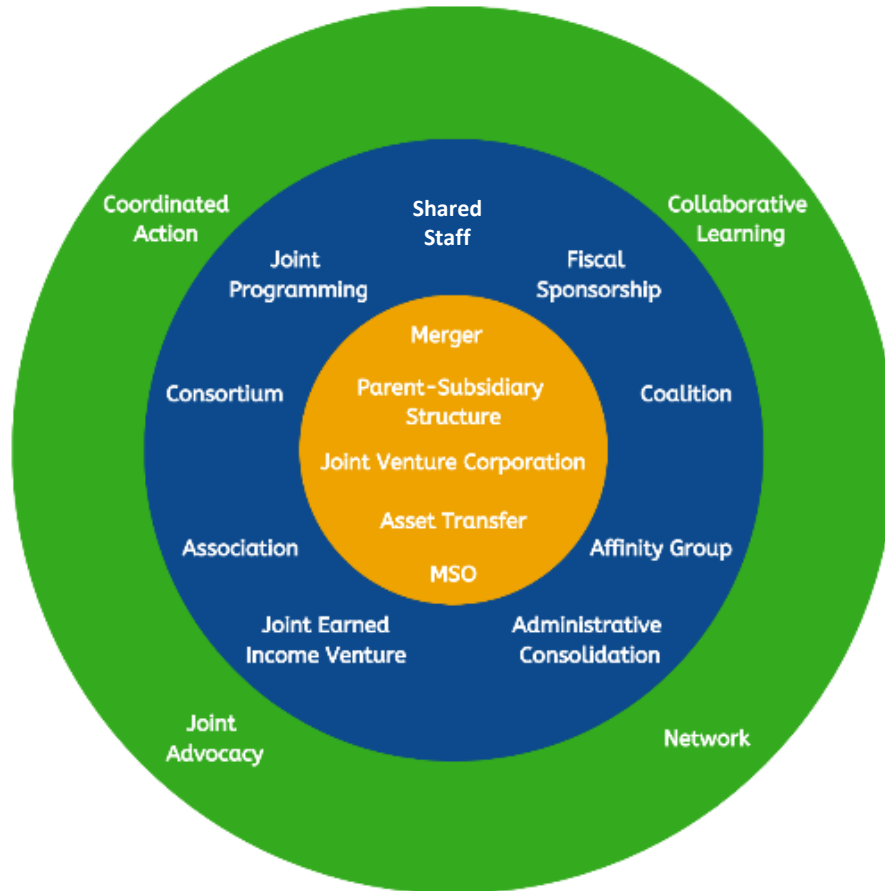
Which ones do you have questions about?



Structures: Non-Mergers

A 3D wooden pyramid structure is shown on a white surface. The pyramid is composed of several layers of light-colored wooden blocks. The background is split: the left side is a solid blue color, and the right side is white. A thick orange diagonal bar separates the blue background from the white background and the pyramid.

The Collaborative Map



-  Collaboration
-  Alliance
-  Strategic Restructuring

**Has your organization been involved in formal collaborations
in the past?**

What worked?

What didn't?

Why?

Non-Merger vs. Merger Strategic Partnerships

- Major Challenge
 - Determining what will and will not be provided by the partnership
 - Determining who will perform what tasks
 - Coordinating shared activities among different organizational cultures



Self Assessment

Key Focus Areas for Non-Mergers

- What key gaps could a strategic partnership fill?
 - Bring different strengths to a collaborative project
 - Share the work of a collaborative project
 - Specific skills or capacities to fill gaps
- What areas or activities do you have the capacity to offer?

Issues to be Negotiated

Major Differences from a Merger

- Issues are usually in fewer areas but more detailed/operationally focused for example:
 - Financial Issues
 - Who will pay for what?
 - How will we be compensated?
 - Who will hold the money?
 - Human resources
 - Who will do what?
 - Who will be the employer of staff?

Examples of Collaboration & Alliance

Option	Human Resources	Information Technology	Finance	Other
Collaboration	<ul style="list-style-type: none"> Sharing policies, procedures, best practices Cross-training (e.g. spending time in each other's office[s]) Shared recruiting, training 	<ul style="list-style-type: none"> Sharing policies, procedures, best practices Coordinated IT analysis and assessment Joint training of staff on new software 	<ul style="list-style-type: none"> Sharing policies, procedures, best practices Joint finance training for staff and board 	<ul style="list-style-type: none"> Sharing governance models Coordinated long-range planning Joint programming
Alliance	<ul style="list-style-type: none"> Mentoring Standardized HR practices, training Development of a common recruiting pool Shared HR professional Shared employment 	<ul style="list-style-type: none"> Shared database and server Shared IT professional and other key staff One organization provides IT services for another 	<ul style="list-style-type: none"> Shared accounting systems Shared CFO, key staff One organization provides accounting services for another 	<ul style="list-style-type: none"> Advocacy training for boards Joint marketing/ branding Bulk purchasing, translation services Joint programming
Creating an MSO	<ul style="list-style-type: none"> Co-employment Single benefits program Benefits administration 	<ul style="list-style-type: none"> Intranet Common Help Desk Shared accounting software Centralized servers 	<ul style="list-style-type: none"> Centralized finance staff and systems – report generation, cash management, billing 	<ul style="list-style-type: none"> Centralized facilities management Coordinated grants management and reporting

Non-Merger Integration Challenges

Major Differences

- Fewer areas of integrations
- Different integration challenges
 - Working within different organizational cultures (*not creating one culture*)
 - Interfacing with different systems, operations, policies
 - Ongoing trust between organizations
- Autonomy issues

Elements of a Memorandum of Understanding

- Shared Vision – what we want to accomplish together
- Values, guiding principles – how we will show up for each other
- Process for decision-making - RAPID
- What will be shared
 - Service detail
 - Cost breakdown/budget/flow of funds
 - Terms of sharing
 - Expectations of care and ongoing interaction
 - Length of commitment
 - Terms of exit
- Outcomes and measures of success
- Communications – how is this arrangement messaged?
- Conflict resolution

Non-Merger Case Studies





- <https://evseniorhomesharing.org/>
- Partnership of three nonprofits:
 - [Aster Empowered Aging](#)
 - [Tempe Community Action Agency](#)
 - [AZCEND](#)
- Share a staff person
- Program website
- Joint oversight
- Memorandum of Understanding

Central Wetlands Reforestation Collective

- <https://centralwetlands.org/>
- Partnership of five main nonprofits:
 - Coalition to Restore Coastal LA
 - Common Ground Relief
 - CSED of the Lower 9th Ward
 - Meraux Foundation
 - Pontchartrain Conservancy
- Program website
- Joint oversight
- Memorandum of Understanding

CWRC PARTNERS AND SPONSORS:



Merger Case Study: Healthy Futures



Mission & Strategies

To improve the wellbeing of young Texans through equitable access to sexual health information, contraception, and resources.

We approach our work holistically through:


- Health Education for youth and families
 - Training & Technical assistance for youth-serving professionals and systems
 - Awareness about the issue of sexual and reproductive health
 - Advocacy for public policy improvement at the local and state level
 - Research and data to inform policy change and programmatic best practices
-

Purpose

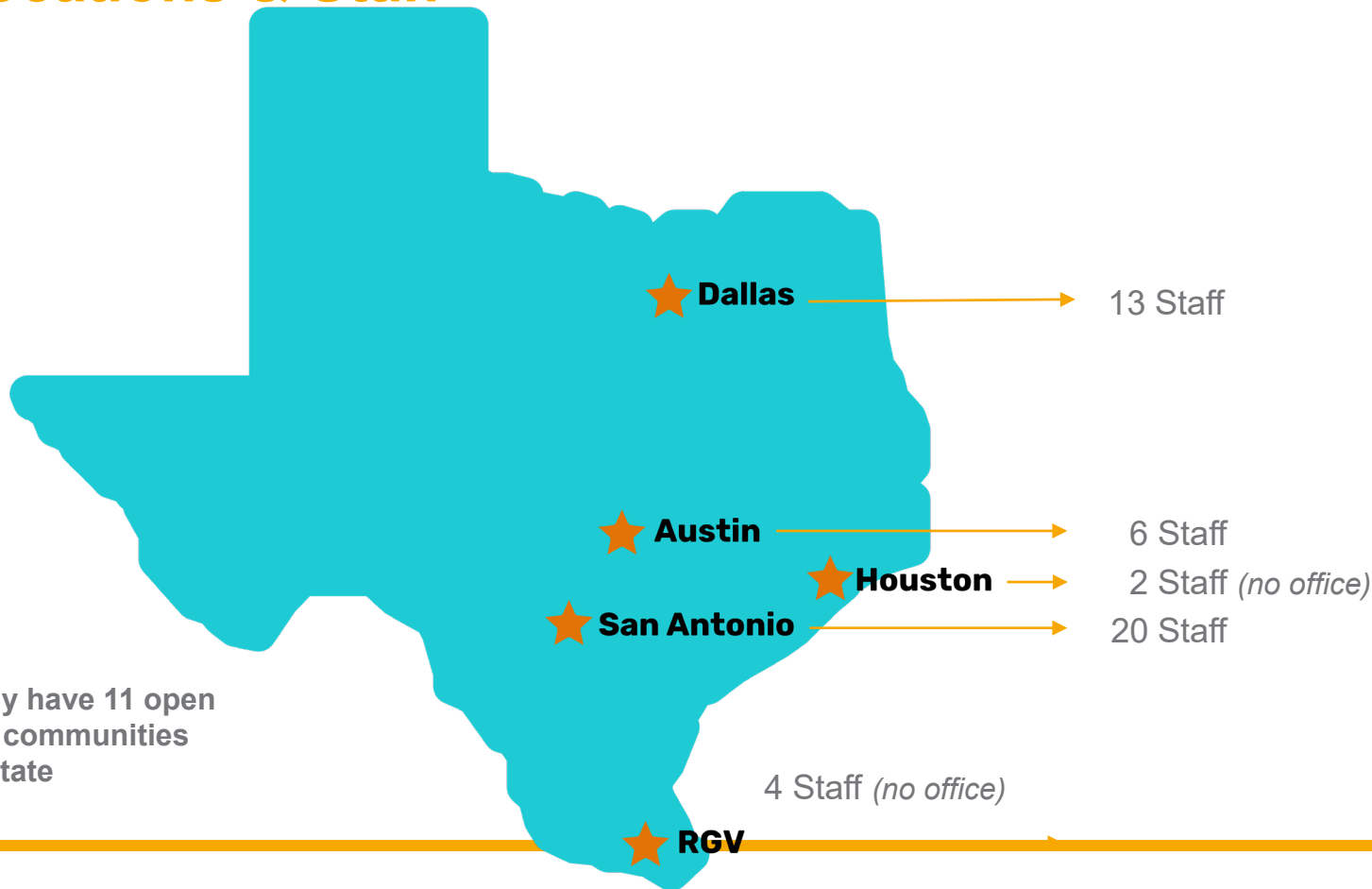
Three healthy organizations with complementary programmatic strengths, funding streams, and geography

- Built on success of previous joint collaboration in programming:
 - Advocacy - Texas is Ready (school health curriculum), women's access to preventive healthcare services, including contraception
 - Texas Foster Youth Health Initiative
 - National shift in framing of teen pregnancy prevention = need to rebrand for 2 orgs
 - Considered full spectrum of collaboration options
 - Goal was to increase IMPACT - not to reduce overhead or staffing
-

3 Organizations

			
Staff Locations	San Antonio, Austin, RGV	Dallas	Austin, Dallas, Houston, RGV
# Staff	22	13.5	10
# Board Members	7	18	13
2020 Budget	\$2.9m	\$1.7m	\$1.4m
Primary Funding Streams	Government & foundation grants	Government grants & individual contributions	Foundation grants

Locations & Staff*



*We currently have 11 open positions in communities across the state



Timeline

- Sep 2019 - Apr 2020 - Texas Campaign (TxC) explored strategic integration with another entity and decided not to proceed
 - Dec 2020 - Ntarupt and TxC leadership & boards explore strategic integration and begin due diligence with VestedIN Consulting
 - Feb 2021-Mar 2021 - Written proposal to invite Healthy Futures of Texas to participate in exploration process and joins due diligence
 - July 2022 - La Piana Consulting LLC hired to facilitate
 - Dec 2022 - All three Boards unanimously approve 'intent to merge'
 - Jun 2022 - Boards authorized leadership to sign merger resolution
 - Aug 1, 2022 – MERGED
 - Aug 2022 - Dec 2023 - Post merger transition (17 months)
-



healthy
futures
OF TEXAS

Advancing informed
sexual health decisions

Key Ingredients

Secret Sauce

- Legal, due diligence and getting to the merger agreement
- Put the mission FIRST
- Relationships
- Trust & Respect
- Patience
- Bravery
- Resiliency
- Expertise
- Communication
- Communication
- Communication



The background of the slide is a light cream color with a pattern of small, light-colored wooden blocks scattered across it. Each block has a dark grey question mark printed on its top surface. The blocks are oriented in various directions, creating a sense of randomness and inquiry.

Wrap Up

What questions do you have?

What would help you navigate your organization's journey?

Other closing thoughts

Thank you!

Lara Jakubowski
Jakubowski@lapiana.org

La Piana Consulting is a national firm serving the social sector since 1998. We partner with nonprofits and philanthropy to develop and deliver customized solutions to expand social impact.

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Thank You – Please Submit Session Feedback in your WHOVA App

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