

# The Conference of Southwest Foundations

# Strategic Restructuring Overview

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with

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# Thoughts on Today's Economic Climate

“At Least 100,000 nonprofits nationwide will be forced to close their doors in the next two years.”

Paul Light

*Professor of Public Service, New York University*

“The current economic crisis is extraordinary in its magnitude and threat to the services that nonprofits provide for our communities.”

Glen O’Gilvie

*CEO, Center for Nonprofit Advancement*

“This is a time for nonprofits to think about ways to work together, improve efficiency, and stretch the dollar. It’s time to think about shared back office, shared marketing and PR, and consolidations. Better to work together than to limp along...we will have a stronger nonprofit sector when it’s all over.”

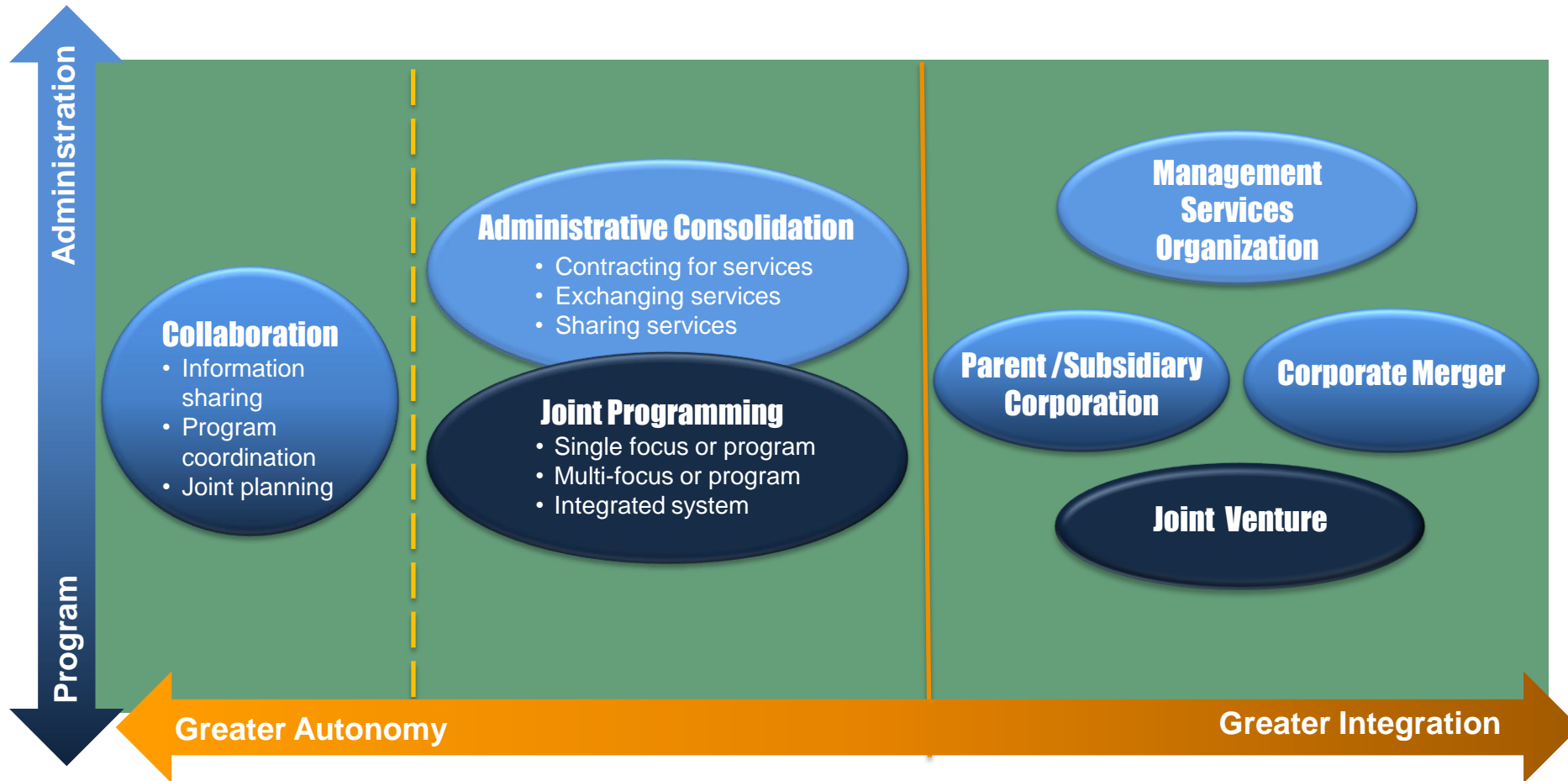
Alice Rivlin

*Senior Fellow and Director, Greater Washington Research at Brookings*

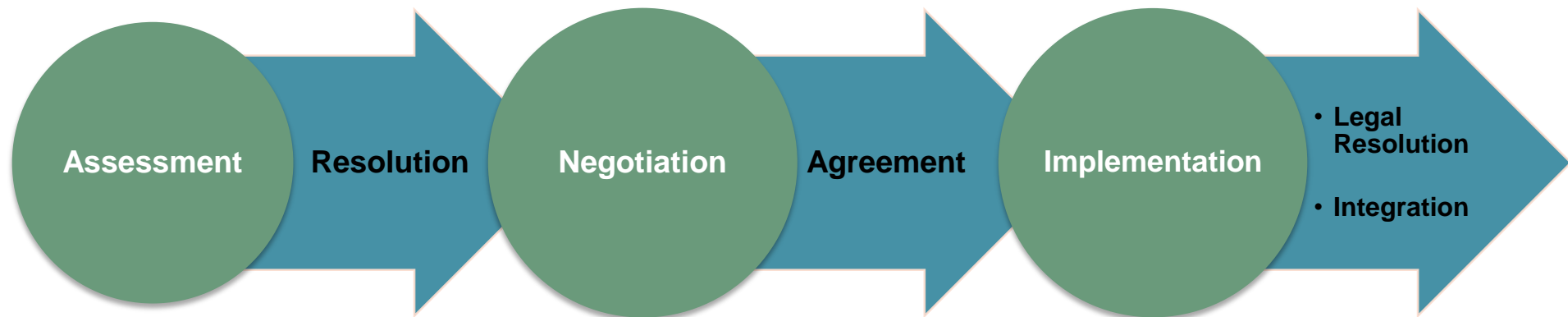
# What is Strategic Restructuring?

- Continuum of merger and alliance options available to nonprofits
- Use of mergers and alliances to more effectively achieve an organization's mission
  - Administrative efficiency
  - Strengthen / expand program scope
- Hallmark of change: Locus of control

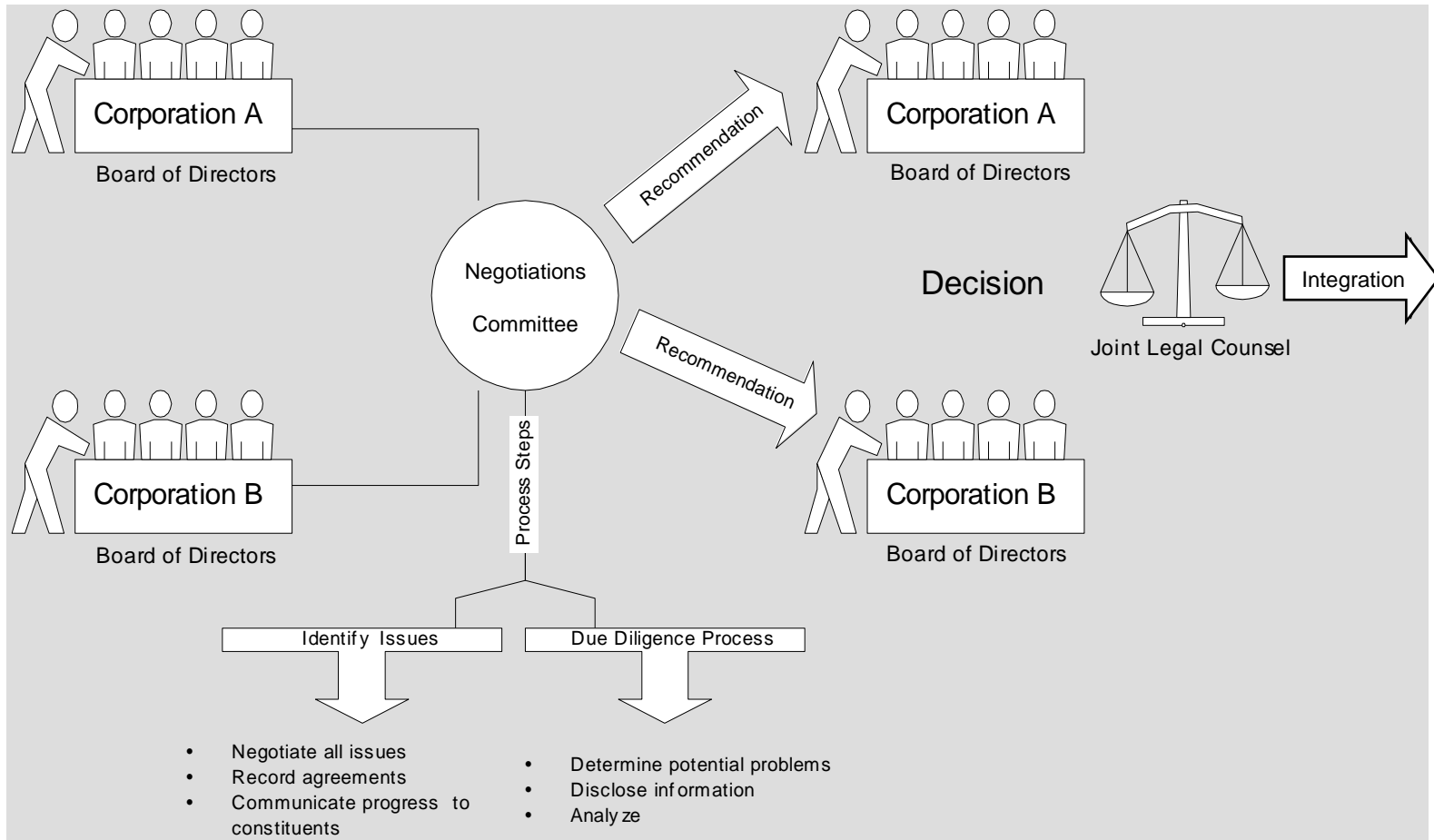
# The Partnership Matrix



# The Strategic Restructuring Process



# The Negotiations Process



# How Funders Can Help

- Provide support, education, and resources – without pressure for a specific outcome
- Provide opportunities for organizations to network or meet with potential partners



# How Funders Can Help

- Communicate openness to the variety of strategic restructuring options – merger is not the only one.
- Provide financial support – Assessment / Negotiations / Integration.
- Support the training of consultants to broaden the expertise the facilitation

# How to Support a Request for Help

- Organizations initially go to funders with whom they have relationships.
- Funders who support organizational effectiveness.
- Encourage an assessment when an organization is not ready for negotiations.
- Consider a two-phase proposal process that includes negotiations and integration.

# What Should Funders Expect

- Nonprofit's readiness/seriousness to take on each stage:
  - Assessment: Key Board and Staff member commitment
  - Negotiations: Passage of resolution committing the organization to good faith negotiations with a negotiations team
  - Integration: Written plan of merger/consolidation, budget for the organization, budget for integration costs
- Nonprofit skin in the game
- Communication on process / outcome

# Coordination Among Funders

- Funders can coordinate nonprofits within sub-sectors.
- Funders can partner to support education and exploration – combining funding
- Increasingly funders are utilizing Strategic Restructuring options among themselves.