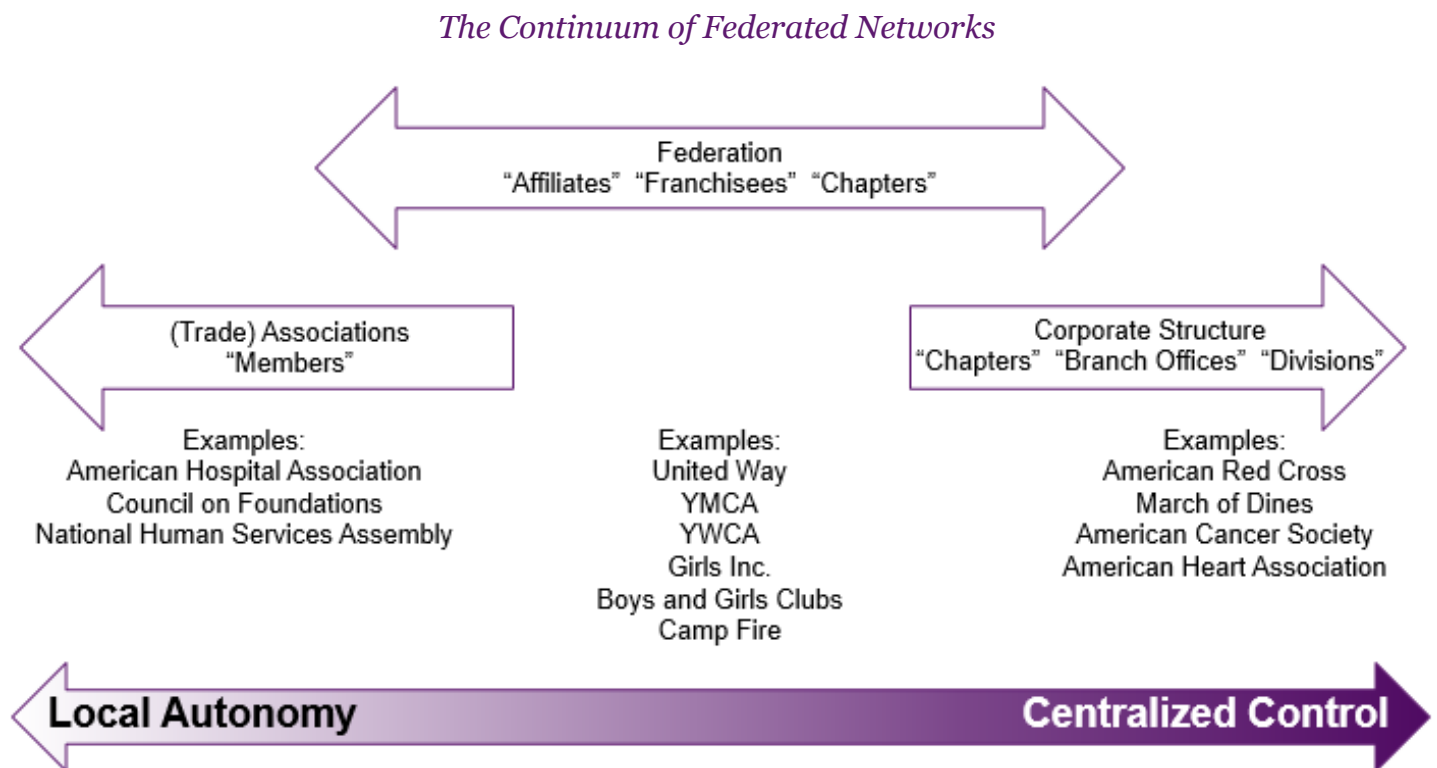


Federated Nonprofit Structures: Fixed or in Flux?

The Federated Model, its Characteristics, and a Continuum

There are several different ways national nonprofits can structure their relationships with geographically dispersed organizations that pursue a common mission. There are also many different words for such local, state, or regional organizations: branches, affiliates, member organizations, etc. (We will use the term “affiliate” throughout this article for general purposes.) Federations are not the only structure used, and national-affiliate relationships can range from almost total centralized control to almost total local autonomy. We think of such relationships as falling along a continuum as shown below:



This notion of a continuum has also been put forward by others including Linda Mollenhauer,¹ and we credit Dennis R. Young for having distinguished the three types of organizations reflected above: trade associations, corporations, and federations.² Trade associations (to the left) are the most loosely organized, made up of completely autonomous member organizations brought together by common interests. Corporations (to the right) are the most closely integrated, reflecting a high level of centralized ownership or control, or even a common corporate entity. Federations enjoy a great deal of flexibility between the two and may incorporate characteristics of both.

¹ "A Framework for Success for Nonprofit Federations," Mollenhauer Consulting, May 2007 (Revised 2009)

² "Local Autonomy in a Franchise Age: Structural Change in National Voluntary Associations," *Nonprofit and Voluntary Sector Quarterly*, June 1989, vol. 18 no. 2, pp. 101-117.

Within the category of federations, there are variations — a result of a push and pull of forces that serve to move a given federation along the line between centralization and local autonomy. Some federations sit to the right on the continuum, with great centralized control (the term “franchise” is often used to describe federations of this type). Others sit to the left, with significant local autonomy. It is also not uncommon for organizations to slide one way or the other along the continuum throughout their lifetimes, as described in the example below.

Similar Situations, Different Responses: Camp Fire and Girls, Inc.

[Camp Fire](#) works with young people to “find their spark,” lift their voice, and discover who they are. [Girls Inc.](#) helps all girls be “strong, smart, and bold.” Both federations have a legacy reaching back more than 100 years, and like many youth development organizations, both have been grappling with how to maintain (or regain) momentum in a changing market environment posing new challenges to their business models. Facing this similar challenge, Camp Fire and Girls Inc. have each pursued different strategies.

At Camp Fire, efforts to ensure the organization’s relevance for the 21st Century included an extensive visioning, market research, and brand positioning process. One thing learned was that the traditional club model had become increasingly difficult for affiliates to maintain because of growing competition and the high demand on volunteer time, leading to inconsistency in the programming being delivered. In order to retain valued affiliates, Camp Fire chose to work with — rather than against — this dynamic, and redesigned its standards to make them less about *what* was being delivered and more about *how* affiliates were delivering it.

Working with the Thrive Foundation for Youth, Camp Fire developed a framework it calls [Thrive{ology}](#) that identifies four research-based components of youth development that guide Camp Fire leaders in working with youth, no matter what the activity or program. It has also focused on a small number of core programs to scale across the network, with methods to support affiliate fidelity to the nationally developed curriculum as well as openness to local adaptation, so the diversity of local affiliates can still be honored and retained.

Girls Inc. has followed a converse trajectory. A few years ago, an accurate description of the federation might have been: “If you’ve seen one Girls Inc., you’ve seen one Girls Inc.” For a time, this had been a source of pride, enabling much the same flexibility that Camp Fire now seeks to capitalize on. However, Girls Inc. has since determined that in order to grow its network and strengthen its impact, it needs to better coordinate its work and pursue a more uniform set of standards.

Through strategy development and business planning, Girls Inc. has worked to align its programs, operations, and culture, laying the groundwork for organizational growth and long-term sustainability. While it has recognized variations in frequency and intensity of program delivery, Girls Inc. now seeks to prioritize the most comprehensive, “all-in” approach across its affiliate network to achieve greatest impact. By creating a consistent set of outcomes and a clear program framework, Girls Inc. has provided a solid foundation that enables great flexibility in local responsiveness while ensuring mission integrity.

If the continuum above were shown as an animated graphic, Camp Fire could be seen moving left, toward greater autonomy, while Girls Inc. would be moving right, toward greater centralized control.

This dynamic interplay between centralized and distributed control lies at the heart of many of the challenges — and opportunities — federations face. It also underscores the importance of the national role in these networked structures.

Typical functions of a national organization in a federated model include:

- **Brand stewardship** – retain control and ensure proper use of the name and logo, and promote them as symbols of the organization’s purpose and unity
- **Chartering and standards** – grant charters to affiliates, set standards of operation and performance, and help affiliates to meet those standards
- **Strategic guidance** – engage in strategic planning for its own organizational entity and for the federation as a whole, and/or assist affiliates with same
- **Information exchange** – facilitate the exchange of information among members
- **Spokesmanship and advocacy** – articulate the collective concerns of the network and promote these interests in national forums
- **Expertise and resources** – provide technical, managerial, and programmatic consulting, information, and/or publications to affiliates (often including a variety of personnel-related services, including national training programs, placement and referral systems, data and evaluation, etc.)



These roles — and the value proposition that they represent to the network — are key to a successful federation. The national organization must provide guidance and resources that are perceived as essential to the affiliates, and yet provide the quality assurance necessary for affiliates to effectively advance the mission. This balance is critical, and the tension is real, between nurturing the individual strengths of affiliates and enforcing common standards. Examples of this dynamic are featured in this series (see [Federations and the Five Convergence Trends](#) and *Internal Collaboration and Restructuring in Federated Nonprofits*).

Strengths and Challenges of the Federated Model

Federated nonprofits have significant advantages in size and scale. Typically, this is related to their relative longevity, many having been established in the early 1900s and now in their centennial eras. These federations have had time to develop sophisticated organizational infrastructure, a loyal base of supporters, and strong brand recognition and reputation.

But these assets, while conferring stability and stature, can also be liabilities. Federations are at risk when size and longevity turns to stultification, being slow to change, and declining relevance in a rapidly shifting environment. Likewise, reputation and recognition are only strengths when the brand — as expressed *and* experienced — is consistent; erosion of the brand can occur when affiliates diverge

too far from the standard, do too much of their own thing, or act in unexpected ways, etc. (To be fair, brand reputation can also suffer at the hands of nationals, as in the case of investigations into misuse of relief funds by the American Red Cross following the Haiti earthquake in 2010.)

One of the stickiest challenges facing federations is in the area of fund development. Nationals with sophisticated operations need equally robust fundraising capacity to support them, while affiliates are typically on their own. The smallest of these rely on their executive directors, board members, and other engaged volunteers to raise funds to sustain their operations. Even those with development staff may feel they are toiling in the shadow of their national counterpart. Disputes about fundraising are most acute when national is seen as competing for funds with affiliates (though affiliates may also compete with one another), which can lead to turf issues and diminish trust. This is exacerbated when there is a real or perceived imbalance between affiliate fees or dues owed to national and the quality of services provided; as mentioned earlier, the value proposition of national's role is pivotal to a network's success.



Though more formally aligned than other kinds of networks in which participation may be transient, federated organizations still depend on mutual agreements for their effective functioning. When such alignment is not present, affiliates may remove themselves from the network, or may be removed by intervention from national. However, the outcome need not be (and rarely is) so dramatic. Numerous federations have successfully engaged their affiliates in balancing consistency with flexibility in making the most of an, at once, centralized and distributed national network structure.

Conclusion

In this brief article, we have sought to illustrate the unexpected adaptability of federated structures, in their ability to shift along the continuum between greater centralization and greater local autonomy. We have also set the stage for further exploration of federated structures by highlighting the role of the national organization in supporting an affiliate network, and by identifying some of the strengths and challenges characteristic of federated structures.

The next installment of this series, *Federations and the Five Convergence Trends*, will delve further into the theme of adaptability, looking at how federated nonprofits are experiencing and responding to emerging and evolving trends impacting the social sector.

This article, *Federated Nonprofit Structures: Fixed or in Flux?* is from the [Federated Nonprofits Series](#) by [La Piana Consulting](#).