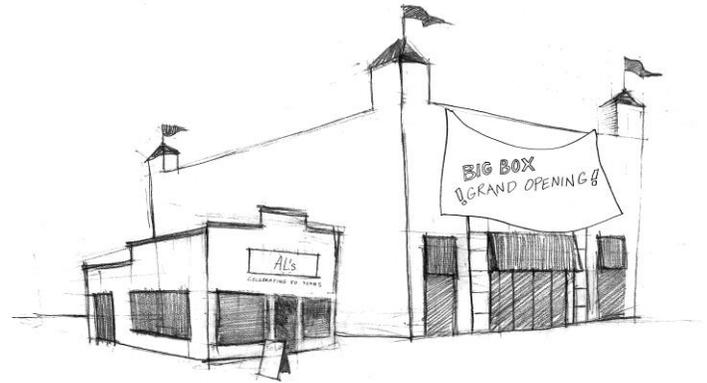


Internal Collaboration and Restructuring in Federated Nonprofits

The Myth of the Monolith

Increasingly, federated nonprofits (groups like YMCA of the USA and Planned Parenthood Federation of America, featuring a national office infrastructure with local service delivery through chapters or affiliates) are being characterized as networks, in recognition of their distributed structure, leadership, and impact. 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. In fact, cultivating collaboration within these national networks can be just as challenging as gaining cooperation among totally different organizations.

Federations are not as monolithic as they may appear from a distance. Although they typically share a name, brand, and core set of values, the network of affiliates may be dramatically diverse. Not only are individual affiliates likely to vary in size and capacity, but in less obvious ways. From the history of their founding to the executive's leadership style to the makeup of the community they serve — any number of factors make each distinct from the other and may lend nuances to their relationship to the national organization.



Whether seeking to scale proven programs or strategic initiatives across the network, or consolidating assets through restructuring, national efforts to foster closer collaboration within federated nonprofits present challenges and opportunities — both technical (aligning structures and systems) and relational (aligning organizational cultures).

Strategic Vision and Restructuring

One of a federation's major assets is its organizational infrastructure. Often, the national office has established robust systems and expertise in administration, finance, marketing and communications, membership development, and other key areas. However, depending on their level of independence, individual affiliates may or may not directly benefit. Effectively capitalizing on centralized systems and/or technologies is often part of federations' efforts to enhance consistency and collaboration within their networks.

A critical advantage of a federation is its national brand and reputation, so achieving consistency and coherency across the network is key to maintaining this advantage. That said, the high level of consumer trust these large organizations have traditionally enjoyed is no longer enough to guarantee the support of funders, donors, or members needed to keep them not merely surviving but thriving. In response to changing needs and expectations (such as an increasing focus on measurable results), many federations have embarked on efforts not only to strengthen the shared brand identity, but to revitalize and redefine it around a new vision of impact.

Frequently, such alignment within federated networks is pursued through a combination of re-visioning and restructuring. When successful, a strategic visioning effort sets the direction for the network, while some degree of consolidation provides the closer structural alignment needed to achieve that vision. Both, in turn, must be supported by a unified organizational culture.

Strengthening Strategy and Structure: Camp Fire and Y-USA

Camp Fire and YMCA of the USA (Y-USA) each engaged in organizational re-visioning to create both a shared logic and collective spirit as a context for structural and systems alignments to follow.

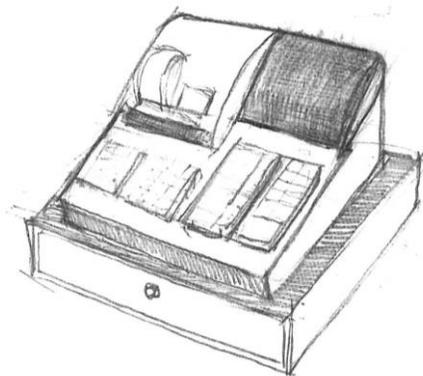
Since 2010, Camp Fire leadership has taken the organization through a significant rebranding process designed to reaffirm the fundamental values and attributes that define Camp Fire. Focusing on the need to reaffirm and demonstrate its value and impact, Camp Fire has [reshaped its mission](#) statement as a promise to its stakeholders and put new energy behind engaging with corporate and foundation funders to invest in that promise. It has also prioritized efforts to strengthen the Camp Fire network, in part by encouraging growth among those councils with the potential to serve more young people, and in part by assisting the responsible dissolution of a few councils that had grown increasingly disengaged from the network.

Y-USA's strategic transformation has been [well documented](#) and [widely shared](#) as an example of organizational change in a major nonprofit network. Its story emphasizes the role of data in informing strategic direction. Research showing that the public largely perceived Ys in terms of recreational programming catalyzed Y-USA's national campaign to articulate its focus on "strengthening communities" through youth development, healthy living, and social responsibility. Having provided this alignment in purpose, the national organization then looked to the strength of its network structure to carry it out, clarifying standards for its local Ys, lifting up examples of success, providing support for improvement, and closing or merging several of its least viable associations. These changes have since enhanced the Y's ability to scale programs and innovations nationwide.

These organizations' willingness to reexamine and revitalize their strategies and structures in light of changes in the environment is also highlighted in "[Game Changers Win by Embracing Bold Strategy](#)" (*SSIR Online*, 2013).

When Restructuring Efforts Go Bad...

It is no accident that these examples incorporate intensive messaging and branding alongside any attempts at consolidation of affiliates — communications and culture are just as important in successful strategic restructuring as are the mechanics of a merger or dissolution. Unfortunately, we have also seen some large network consolidations that have gone quite poorly, and while these are by no means simply failures in communication, it is striking that the rationale for these mergers or closures is often cast in "business" terms. In the nonprofit world, even among multi-



million (or -billion) dollar national networks, strategic restructuring is never *just* a business decision — emotions around ownership and belonging run high.

In addition, restructuring is often accompanied by numerous other changes — administrative, financial, and programmatic — the cumulative effect of which can throw a large system into shock. For Girl Scouts of the USA, the decision to reduce the number councils by as much as two-thirds was attended not only by the closure of several camp properties but also the adoption of a new program curriculum displacing its traditional badge-centered model. For some members, if one of these changes was disruptive, the combination has been too much to bear, souring the whole of the change effort.

...And How to Avoid the Pitfalls

By their very nature, federated networks occupy an intersection between centralization and deep local buy-in and investment. These organizations may benefit from strong national reputations and access to funders, policymakers, and other influencers, but they also rely on millions of members and/or volunteers to do the work in communities that achieves their social mission. This duality can create tension when efforts to consolidate are perceived as conflicting with local interests. In many ways, restructuring within national networks is just as challenging as trying to consolidate several different independent nonprofits. The same issues come to bear, three of which are trust, time, and communication.

- **Trust:** In most nonprofit collaborations, a high level of mutual trust is critical to success. Ideally, trust is already present before negotiating a formal partnership, but sometimes it is the actual process of envisioning and planning a new future that builds trust among the organizations. Unfortunately, the opposite is also true — seeking a consolidation can also erode trust if pursued clumsily or without clarity, integrity, and transparency.
- **Time:** Finding a way forward in a collaboration takes time, and because trust is such a key ingredient, it is not something that can be rushed. Even after an agreement is reached, there is a necessary transition period, which means staff and other stakeholders may need to live with some ambiguity as they find their place in the new organization or configuration.
- **Communication:** Clear communication both helps nurture trust and eases periods of uncertainty. For most nonprofit partnerships, this includes two-way information sharing to address staff and stakeholder concerns as well as openness and transparency between and among the nonprofit partners. For federations, the size and complexity of the network can make communications both more challenging and essential.



In a [recent interview with La Piana Consulting](#), Russ Hedge, CEO of Hostelling International USA reflected upon the organization's strategic restructuring effort, which brought together 27 independent entities to unify and strengthen the network. He describes the importance of trust, time, and transparent

communication as key elements of success, along with humble leadership that knows when to lead with strategic vision and when to “get out of the way” and empower local staff and volunteers to act.

Facilitating Change: YWCA USA

YWCA USA offers a different model of facilitative leadership supporting collaborative strategies in networks. Like many federated nonprofits, YWCAs proliferated in the late 1800s and early 1900s as associations were created to serve local communities. For YWCA, many of these organizations remained small, particularly in the Midwest and Mid-Atlantic. In recent years, YWCA USA has — in its member services role as a capacity builder — supported some of its smaller associations in exploring mergers or other forms of partnership with larger, more stable ones. Because all YWCAs are separately incorporated nonprofits, YWCA USA recognized that its role must be a facilitative, rather than a directive, one.

YWCA USA has done this by making educational resources and tools available to local associations. In 2015, YWCA USA launched The Collaboration and Strategic Restructuring Toolkit, an online resource developed with La Piana Consulting, to provide association leaders with information about collaborative options and guidance in thinking through advantages, challenges, and other key considerations for their organizations. It has also included strategic restructuring sessions at its national trainings and other convenings, including panels with YWCA executives who have led their organizations through a merger or other partnership. Over the past year, YWCA USA has begun to offer facilitated assessments to member associations, using La Piana’s [Strategic Restructuring Assessment Tool](#), to help them clarify their goals and readiness for pursuing a partnership.

Becky Hines, YWCA USA’s VP of Member Services, says that all of these opportunities “help keep strategic restructuring in associations’ view, while also helping to mitigate what they may perceive as the potential risk of such partnerships.” Early successes, such as the merger of two YWCAs to form [YWCA North Central Indiana](#) (and its subsequent acquisition of a nonprofit providing critical domestic violence services in an adjacent community), have validated YWCA USA’s choice to provide such support. Hines says that such intra-network partnerships have benefited small associations in preserving YWCA’s community presence where it would otherwise have been lost, while helping larger associations expand their reach and mission impact.

YWCA USA also recognizes that this is a long-term strategy requiring ongoing commitment. Hines notes that turnover at the CEO level can mean having to educate new leaders about collaborative strategies, and noted that boards can take time getting used to the idea of strategic restructuring as an opportunity rather than as an admission of failure. “You just have to keep holding up the successes and keep the conversation going. You never know when they’ll be ready,” she says.

This facilitative approach is dependent on strong relationships and a high level of trust. YWCA USA has five directors of member services, each supporting a network of associations. They know these organizations well, so when they see a need or opportunity for a collaborative strategy, it is easy for them bring this up with local leaders. Hines says, “We try to keep those close personal contacts and relationships going because strategic restructuring, like so many things, is built on relationships.”

Strategic restructuring in networks is not an end in itself but a strategy meant to advance deeper change — and it is inherently relational. But it also poses significant technical challenges, making it critical to address not only organizational culture change but also business model implications. In organizations such as national networks, complex strategic restructuring decisions are best advanced in conjunction with in-depth business planning to allow for such rigorous analysis.

Creating a Cohesive Culture: Girls Inc.

Girls Inc. recently embarked on a comprehensive strategic and business planning process to align its national network behind not only delivering an exemplary “Girls Inc. experience,” but achieving long-term sustainability and growth. Like Y-USA, it plans to identify several affiliates as models for others to emulate, provide support to help other affiliates achieve similar success, and explore some form of restructuring for affiliates that are unable to meet basic standards. As this is part of a strategy to grow its impact, Girls Inc. has also articulated criteria allowing for the establishment of new affiliates where appropriate.

However, all these structural solutions cannot be separated from the commitment the organization has made to intentional, structured culture change that prioritizes “collaboration for results.” This shift will entail an expansion of emphasis to encompass not only consistent, quality program delivery, but also network-wide learning and capacity building, growth to reach more girls, and an advocacy agenda that impacts not only the girls served directly by Girls Inc., but all girls. Business planning has helped the organization articulate what this will look like in practice, with messaging, trainings, and capacity building. This approach will be demanding of the affiliate network, but it also invests deeply in unifying the network and will position national as a *part of* the network, rather than occupying a role as servicing a network of which it is not an integral part.

Conclusion

Federated nonprofits are unique in their size and scope, which adds complexity to — and in some ways raises the stakes on — organizational change efforts like increasing internal collaboration or restructuring. At the same time, many of the same challenges other nonprofits face also apply, with mutual trust, effective communication, and patience being important conditions for success. This article explores not only how federations have sought to increase internal collaboration in aligning their networks behind a strategic vision, but how paying attention to organizational culture and successful change management is crucial to such efforts.

In the next installment of this series, *Financial Model Analysis of Federated Organizations*, we will turn our focus to the financial life of national networks to explore some of the business model challenges, trends, and opportunities facing national networks.

This article, *Internal Collaboration and Strategic Restructuring in Federated Nonprofits* is from the Federated Nonprofits series by La Piana Consulting.