

NACBH

National Association for Children's Behavioral Health

November 28, 2023

Mergers & Alliances as Mission Catalysts

Who We Are

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

Today's Presenter

We help the social sector navigate change.

La Piana Consulting is a national management consulting firm serving foundations and nonprofits.

We deliver robust research, innovation, and analysis to help our clients see things in new ways and stay ahead of the trends shaping our world.

As acknowledged thought-leaders in the sector, we accelerate results for our clients.



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Meet Your Neighbors

At your table, share your organization's name and something that excites you or drives your passion.

Agenda

- The Collaborative Map: The Universe of Strategic Relationships
- The Strategic Restructuring Process
- Lessons Learned



The Multiplier Effect

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

Alliance Trends

- Mergers and collaborations as a competitive strategy, rather than solution to crisis
- Increased interest and activity across the sectors
 - Since onset of COVID-19, interest in strategic partnerships has risen to 23% across the sector – youth serving; food / hunger; arts & culture
- Funder interest in multi-organization partnerships or mergers
 - (e.g. not 2, but 5 organizations integrating)
- Increased interest among national organizations
- Increased interest in administrative consolidation

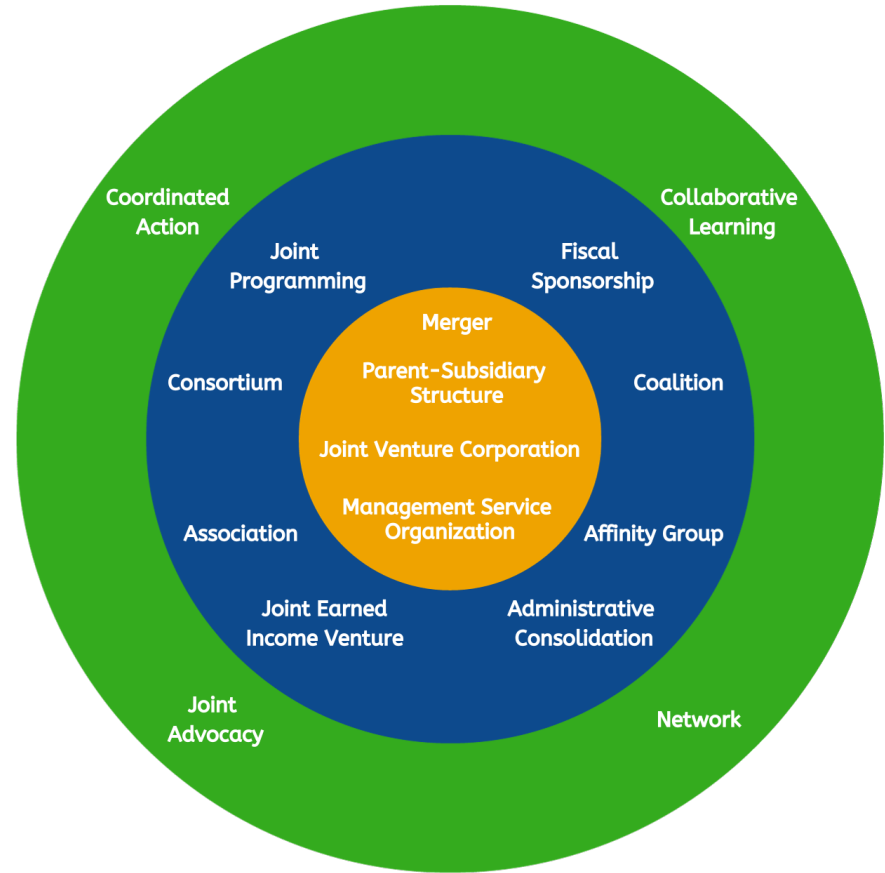
You might select this strategy if you:

- Are seeking creative ways to strengthen or expand your impact
- Want to build your capacity in areas that would benefit your mission or operations
- Desire to broaden the perspectives, backgrounds, and experience of staff and board members
- Seek ways to enhance sustainability, particularly as your organization moves beyond its COVID experience
- Have one or more programs that can survive but the organization might not
- Have in mind a potential partner that is either stronger or complementary (you are both stronger together)

Structural Collaboration Options

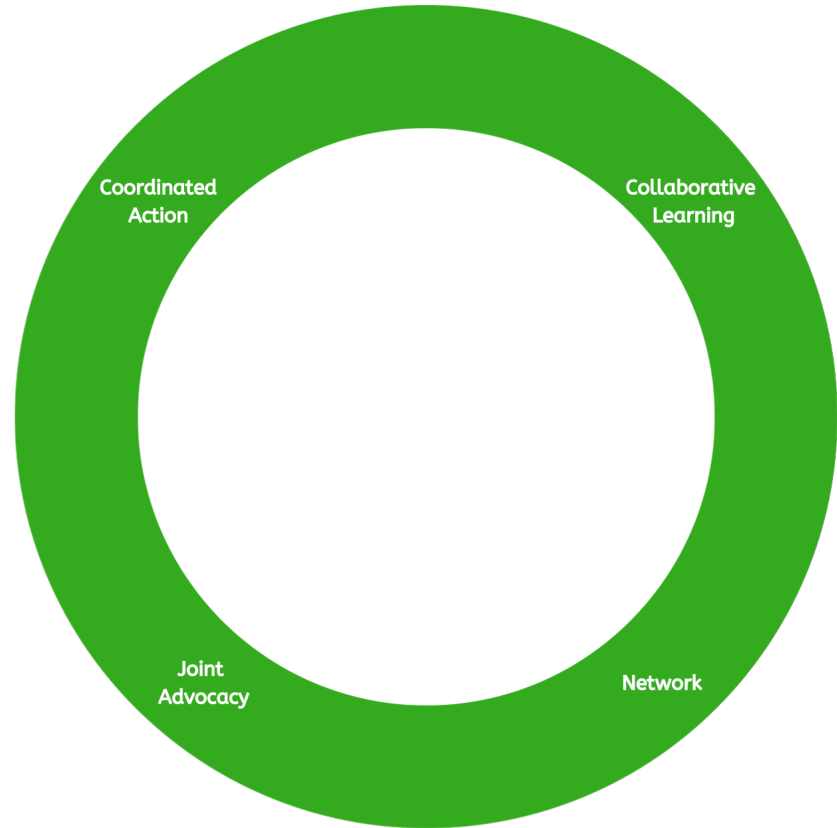
Collaborative Map

- Collaboration
- Alliance
- Strategic Restructuring



Collaboration

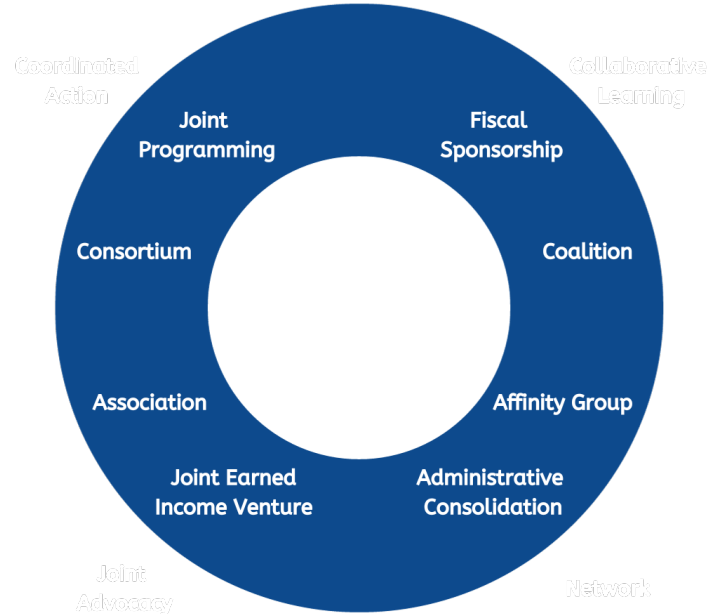
- **Coordinated Action**
- **Joint Advocacy**
- **Collaborative Learning**
- **Network**



Example: NYC Parks & Open Space Partnership

Alliance

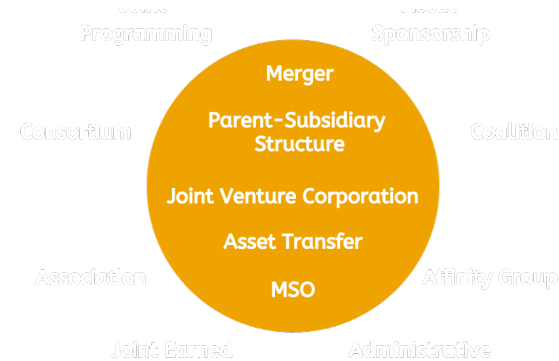
- Administrative Consolidation
- Fiscal Sponsorship
- Joint Programming
- Joint Earned Income Venture
- Affinity Group
- Coalition, Consortium, and Association



Example: JaxCare Connect

Strategic Restructuring

- Joint Venture Corporations (including MSOs)
- Parent-Subsidiary Structure
- Merger or Acquisition

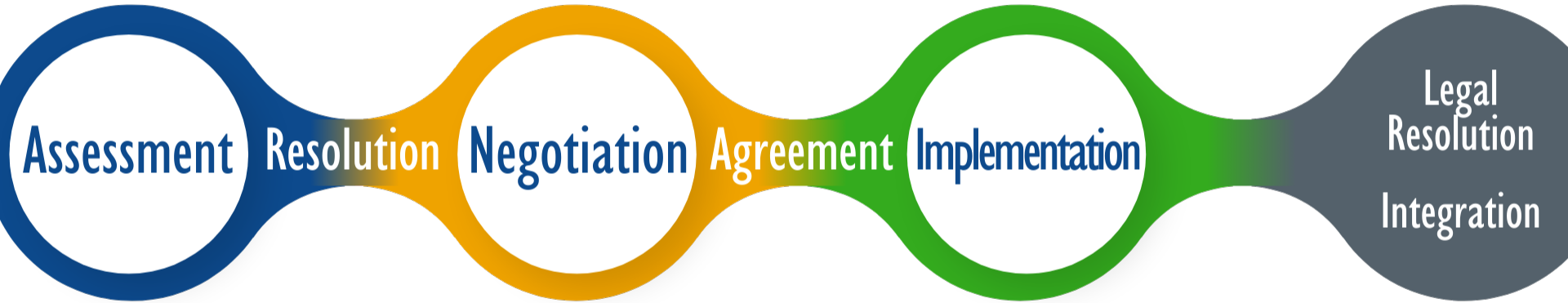


Example: Momentum for Health – Parisi House



The Mergers & Alliances Process

Process Overview



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

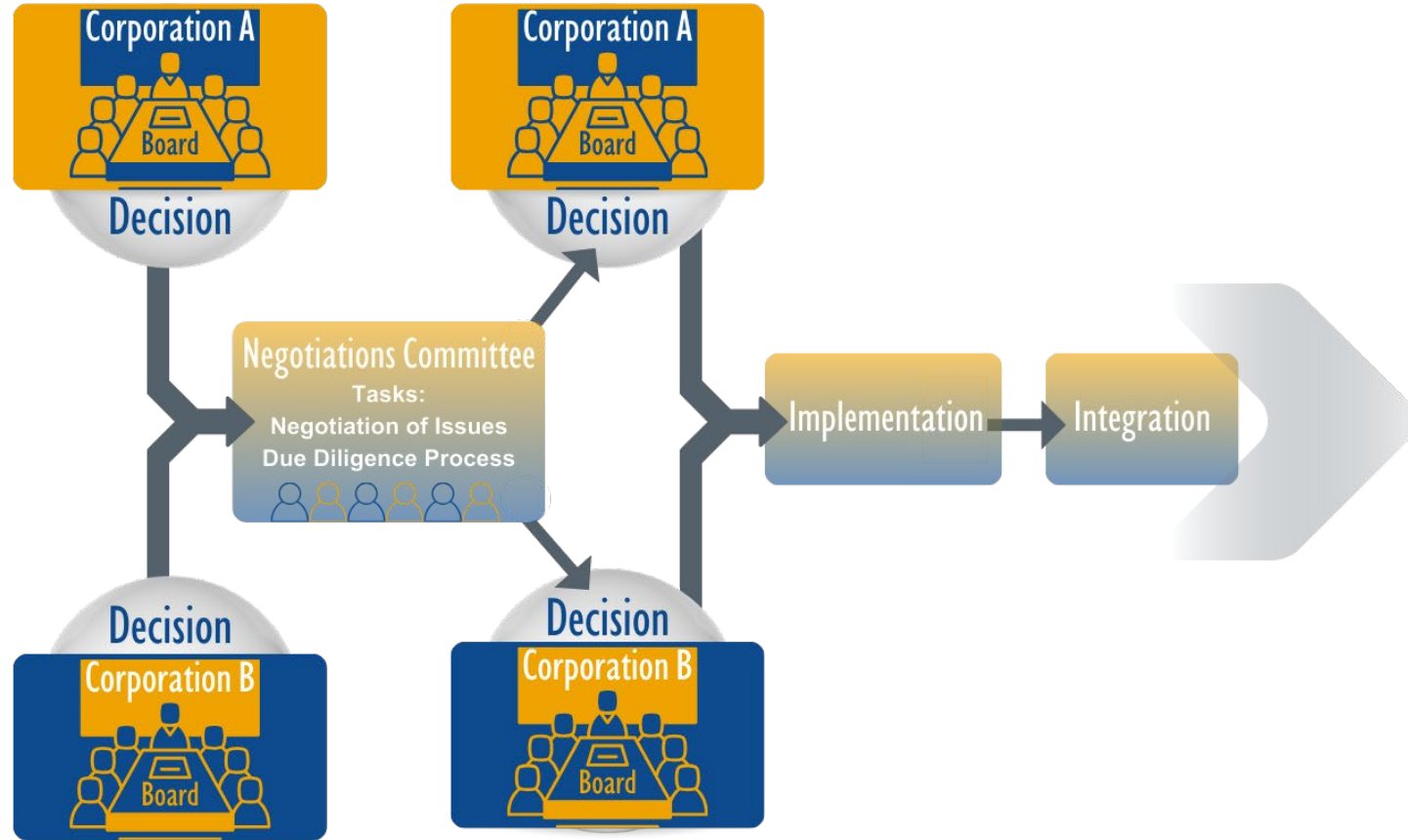


ASSESSING POTENTIAL PARTNERS

Level of trust

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

Negotiation



Implementation Process

Legal Resolution



File with state and/or
formally approve

Approve

Begin operating as
partners

Planning



Develop operational and
program plans

Strategic plans

Business plan

Change management &
Culture

Integration



Systems

Administrative

Programmatic

People & Culture



Mergers **do not fail** because organizational leaders can't integrate their financial systems or IT...



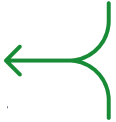
Mergers **can fail** because people tend to hold onto their individual cultures and identity rather than create a new organization.

Resources Needed



Negotiations:

- Third-party consultant to facilitate exploration
- Support for financial due diligence
- Attorneys for legal due diligence



Integration:

- Attorneys to draft legal agreements, submissions to regulators, board resolutions, new by-laws

Implementation Planning & Execution:



- Support for cultural integration
- IT support to integrate systems / data
- HR / Legal support to integrate staff
- Consulting support for strategic planning
- Marketing / Communications / Branding support

Managing a Strategic Restructuring



Timeline:

- 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 to fully operationalize the integration
- True cultural integration may take additional time

Real-world Lessons



Table Discussion

Have you developed or been part of any formal or informal strategic relationships with another organization?

How did the relationship come about?

How was it successful?

What types of challenges surfaced?

Critical Success Factors

- Focus on the mission – flexibility and complementarity
- A risk-taking / growth orientation
- Absence of an immediate crisis
- A lack of divisiveness
 - Internal champion
 - Positive board – executive relationship
 - Board support / encouragement
- Clarity regarding desired outcomes
- Positive experiences with collaboration and with potential partners

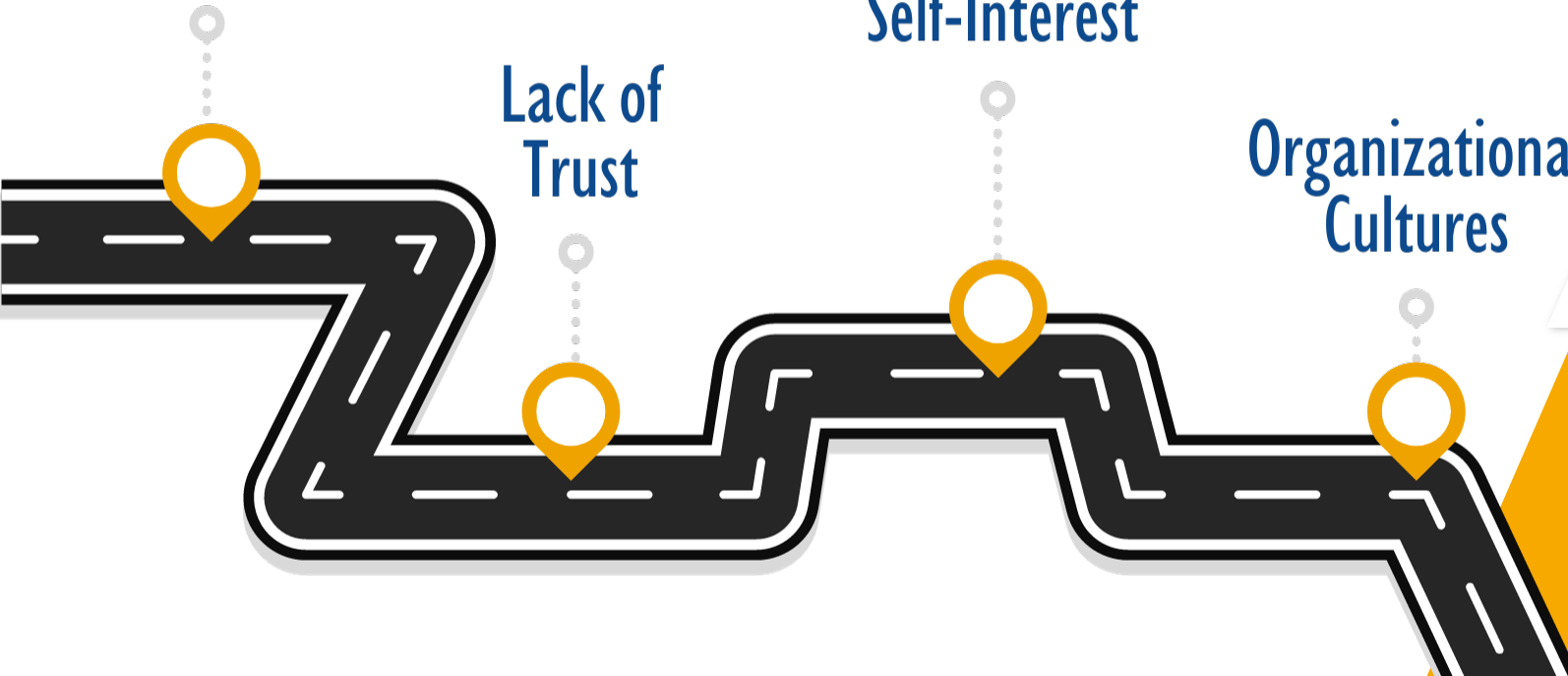
Understanding Roadblocks

Autonomy
Concerns

Lack of
Trust

Self-Interest

Organizational
Cultures



Build Change Management into Culture

- Change is hard
- Change creates both excitement and anxiety
- Talk openly about the needed changes

Partnership is a tool that can work for you!

- There is more than one partnership option to meet your needs
- Partnerships take time and capacity
- A strong process will provide confidence and structure
- We are in a people business so don't discount the people affected by a restructuring
- Clarity of purpose is important!

Questions?

Thank you!

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