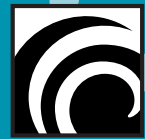
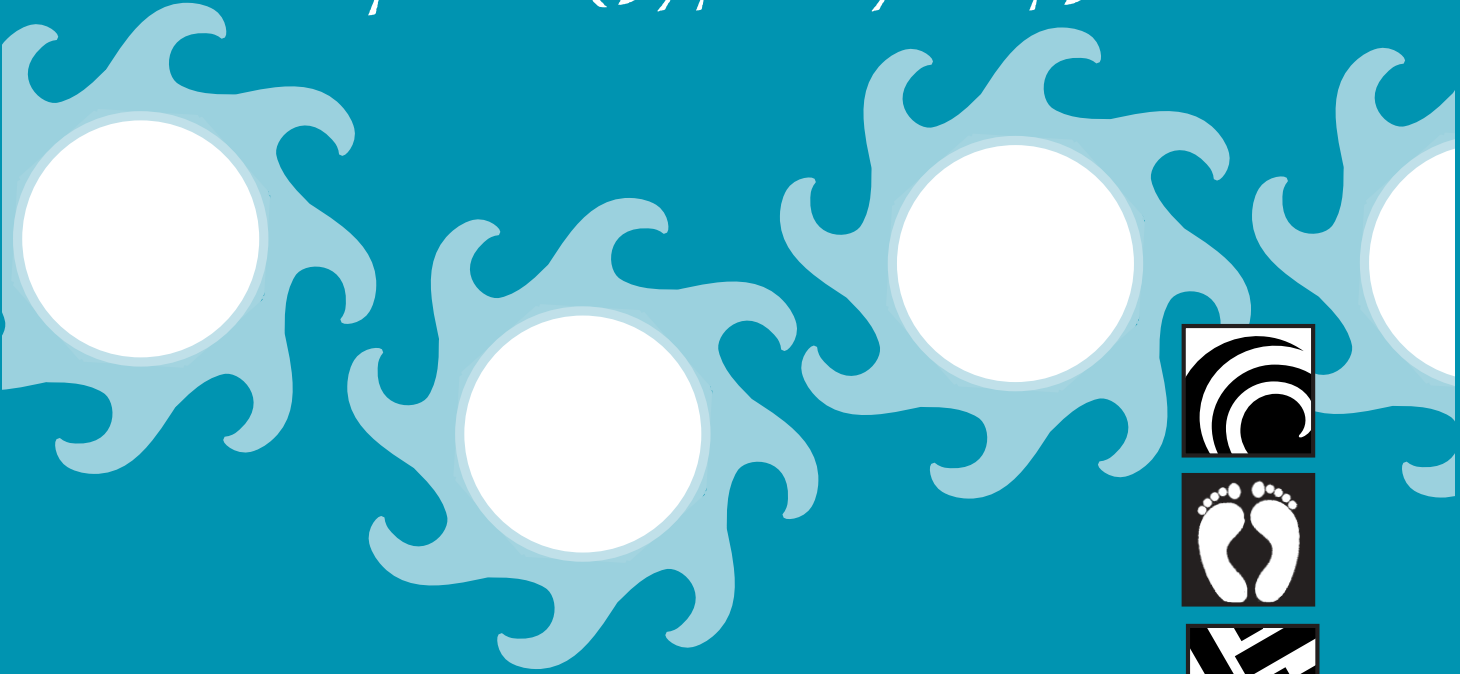


WORKING TOGETHER:

*A TOOLKIT FOR COOPERATIVE EFFORTS,
NETWORKS AND COALITIONS*



INSTITUTE
FOR CONSERVATION
LEADERSHIP



Chapter 5: Time for a Change — Transform, Merge or Close it Down

KEY POINTS OF THIS CHAPTER

- * Cooperative efforts shift and change their purpose, membership and structure to meet new opportunities and changing situations. Plan on it!
- * If your group is undergoing changes, think ahead and be intentional about guiding this process effectively, be it a friendly or a tough change.
- * Mergers are a special case — more than cooperation. They warrant a unique, very carefully structured process.
- * When closing down a cooperative effort, be clear about what you are doing. Reflect and evaluate, and tell your story to others. That's the best way to learn and to celebrate.

In the middle of the action, it's hard to imagine what will happen when your work is done. Why would you even think about preparing for it? Most of us don't. But there can be real consequences as well as real value in being thoughtful and strategic about making changes in your cooperative effort's purpose and structure.

It is the nature of cooperative efforts to shift and change, sometimes to a different form, sometimes to a new strategic direction. In this chapter we give you some pointers on what to look for and how to carry out three common ways that cooperative efforts change and morph, through transforming, merging, or closing down.



TRANSFORM YOUR COOPERATIVE EFFORT

Anticipate Change

As the cooperative effort grows, you can count on repeatedly revisiting the issues of membership and trust, decision-making, and goal-setting. There are five main reasons cooperative efforts transform their basic purpose and/or way of operating:

- * New people take on the core leadership roles.
- * The membership changes: New types of constituency groups are added, or participating groups leave.
- * You win! Or lose... The issue requires different strategy and action because the external environment changes.
- * Resources grow or shrink considerably.
- * Member groups change their work or agendas, causing them to have different expectations of the cooperative work.

Big transformations happen when the reasons to cooperate have changed — which can happen frequently. For example, a coordinated project is completed, and the groups go back to being a loose network. A network takes on a campaign and runs both for a while. And then several of the campaign members form an ongoing coalition. It's a swirling dance of partners as groups work cooperatively in different ways to meet the altered circumstances.

When you need to change it helps to be intentional and proactive. Recognize what is needed now, and do the work of shifting. Recognize that you are now back at the beginning of a new venture. Maybe it's not entirely new, but some fundamental things have shifted and that will send ripples (or tidal waves) of change throughout the organizational system. This Toolkit has several resources to help you out.

➡ **Check out the Phases of Group Development (page 12).** The fifth stage is Transforming and that's where you are now. Review the leadership skills and think about who can play those roles. Read over the common behaviors and pay attention to personal and organizational needs as you all let go of what

you have done and the fun and frustrations of working together.

➡ **Read over Start on Sound Footing (page 17).**

This is the time to think again about membership — who really needs to be in and who might want to be out. If membership and purposes change, the governance and decision-making processes also will need to realign. Vision, goals, strategies and activities can be redirected. Think about whether it could be beneficial to put different people and organizations in leadership roles. It might be helpful to adapt and use some of the exercises in Start on Sound Footing to help the group make the transition thoughtfully and well.

Which model really will work best? Refer to the structural models (page 46) to test and clarify your thinking. Which makes the best sense? How simple can you make it, now that your group has a history of working together?

Cooperative Work offers an overview of how to get the most out of the transition in the section ➡ **Constant Motion, Constant Learning (page 84).** Start by reflecting on what you have done together. There is much that you can discover through a structured reflection on the benefits of having done this work together, the failures and successes and lessons. Take time to do this review, to integrate what you have learned and take it forward as leaders and as social change practitioners.

Two additions to the above suggestions: Celebrate!!! The activists, partner organizations and community of supporters deserve a good thanks and some fun to honor the work accomplished and to recognize the value of each other's efforts.

Put together a communication strategy on the changes. Don't leave it to the rumor mill to tell your story of what's going to happen next. Your supporters and constituencies need to hear it straight from you to ensure that the right message is conveyed so you can maintain their trust and respect.





MERGERS — A SPECIAL CASE

This Toolkit is not about mergers, but sometimes cooperative ventures lead groups to consider a merger. Mergers are a special case and require a significantly different level of work on the part of the participating groups. Groups in a merger are not just working together, but literally become one organization. This short overview merely introduces a very complex topic.

In the last few years, an increasing number of mergers have occurred among small to mid-size environmental and conservation organizations. For example, in one region a merger occurred between two alternative energy groups, in another between three rivers groups, and in a third case between seven land trusts. Perhaps it's a reaction to the years of financial austerity or a greater willingness to work cooperatively. In some cases groups may be encouraged by funders or national organizations like the Land Trust Alliance, which promotes mergers as one way of ensuring that land trusts have enough resources for long-term stability.

Benefits of Mergers

As Jason notes in his quote at top right, mergers have a number of benefits worth considering. Done well, mergers can provide:

- * Better market positioning.
- * More program resources.
- * Greater reach in fundraising.
- * Economies of scale so services are provided more efficiently.

We've seen a number of small organizations use mergers to grow past that precarious stage when they have only one to three staff — the period when so much depends upon the person of the executive director. After they merge, the larger combined organization may be able to afford more staff and more developed systems, which makes it less

"FROM A PROGRAM OFFICER'S POINT OF VIEW, we want to leverage our funds with every grant. When we get proposals for the same work from multiple groups, we start to ask logical questions of economy of scale. For small local grassroots groups with a defined service area, this discussion of mergers probably does not apply. But for larger statewide or regional organizations, it certainly does."

JASON HALBERT, OAK HILL FUND

dependent on any one person and therefore more stable. But the transition is always a huge investment of time and money. It is a risk.

Down Sides of Mergers

Bad mergers hurt — witness RJR Nabisco or other corporations who tried to merge their way into financial health. Joining another organization can seem an enticing way to cover one's own weaknesses. Experienced participants of mergers warn against underestimating the work and difficulties involved while overestimating the benefits. None of the leaders we interviewed had seen mergers reduce costs or bring in new foundation support. Even a smooth merger requires a great deal of work. A difficult one is almost impossible to navigate if you're also experiencing internal challenges, and it can sap energy that needs to be spent elsewhere.

If You Are Considering a Merger

Use a structured process. A merger is as complex an organizational procedure as you'll ever go through. Most of the leaders we talked with had relied on facilitators and consultants. This process is laid out well in a few publications, chief among them David LaPiana's *Nonprofit Merger Handbook*, which outlines a merger process and provides a wealth of handouts.



"DO SOME DEEP AND LENGTHY INTERNAL INTROSPECTION. Not alone, but with your senior leaders. Write it down and look at it regularly."

BRUCE JOHNSON, MINNESOTA WATERS

Do the advance work. You want to enter a merger only when you're clear about everyone's motivations — and especially your own. The executive directors particularly recommended LaPiana's sec-

tion "How to know your own motivation and keep your mission forefront."

Involve the whole board regularly. The board has the legal and moral responsibility to ensure the merger is right for the organization. Although the staff will have a central role in the process, the board must take the lead. It's helpful to have a smaller committee to oversee the process or work out details, but the full board should be involved in all the key deliberations and decisions. It's not enough for a smaller group to develop a merger proposal and bring it back for discussion and approval.





CLOSE IT DOWN — PLAN AND CARRY IT OUT WELL

Nonprofit groups seldom close down. Perhaps that is because the issues remain even when the crisis passes. Or it may be because people are passionate about their cause and see little reason to formally close down the shell that hosted good and important work. But collaborative efforts are a bit different — they often have a specific timeliness and eventually complete the work they had assembled to address. Unfortunately sometimes they have an untimely demise due to internal infighting or loss of resources. Some of the scenarios we see include:

Sinking ship. Member groups leave, one at a time, and finally a single member, usually the one with the most responsibility, is left holding the baggage.

Abandonment. The key lead group pulls out and no one else wants to or is able to take on the core responsibilities.

Implosion. Internal weaknesses in management cause the structure and relationships to collapse, and the members struggle to save face, save the work, and save relations with the funders.

Swan song. The need is great but the resources just aren't there, and with frustration and great sadness, the leaders part ways.

Fade-away. Slowly, incrementally, the members spend less time and energy on the collective interest, and finally the core group has a party at a sushi bar with the last of the funds.

Friends and foes forever. The leaders duke it out and the effort splinters in a blast of public recrimination gleefully covered by reporters.

Phoenix. You thought it was over, but it just keeps coming back. Yet another issue emerges from the ashes and draws you all back together.

Sound familiar? If your group is facing any of these or other variations, here are a couple of thoughts and some resources to help make it easier.

Prevention Is the Best Cure

In the beginning, start thinking about the end. Be clear about why you are all together and for what goals. This is essential to recognizing when the work is complete. Envision and discuss the reasons for closing down, declaring victory, defeat, or obsolescence. This is actually fun.

Many leaders recommend having explicit processes for how groups leave the cooperative effort. This helps alert everyone to changes and to how agreements are or are not kept. Some groups use a pre-cooperation agreement or annual contract about each group's responsibilities, including the consequences of failing to complete them.

When Closure Approaches

If things are ending badly or there are financial problems, generally it's best to close it down. Figure out the options and set a timeline. Sometimes it's fine to just lay it all down peaceably; the shell of the agreements can remain behind in case they are needed again in the future. For a more detailed guide to anticipating and planning this process see *Managing in Hard Times*, a joint publication by the Institute for Conservation Leadership and the Environmental Support Center, available on ICL's website www.icl.org.

Closure is Different Depending on the Structural Model

Informal cooperative efforts (networks, coordinated projects, or multi-stakeholder processes) generally can close relatively easily. The main steps to a sweet demise can be summarized as: reflect, learn



from your efforts, let go, let appropriate others know, and move on.

Formal cooperative efforts (associations, alliances, or ongoing coalitions) have more work to do. If the group has its own 501(c) 3 or other legal status, that makes it even more complicated. Some key considerations include:

Decision-making. The board must be informed and involved; ultimately they decide what must be done.

Financial accountability. Tracking the money, good budget projections, and dealing honestly with funding sources are crucial to successful closure.

Obligations to accomplish work. Know what the group is committed to finishing, and figure out how to do it or how to be relieved of the need to do it.

Legal considerations. Find out how to lay off staff correctly, dispose of all assets, formally dissolve the legal status, and reach closure with the IRS.

Scott Denman's article, *Closing an Environmental Nonprofit Well: The Case History of the Safe Energy Communication Council*, is an excellent and complete case study with important guidelines for everyone. Read an electronic version at: www.icl.org/resources/articles.

Final Steps to End the Cooperative Effort

Alert and tell others. Think about what communications strategy is appropriate, how and what you tell the world, and who needs to know, when. Sooner is usually better for supporters.

Be good to your partners. Express thanks and help people deal with the closing process. This simple courtesy can make a huge difference in how these leaders participate in future ventures. Partners may include your allies, direct participants in the cooperative effort, and foundations or major donors who supported the work.

Reflect and evaluate. Schedule a reflective conversation that can assist individual leaders and the whole group in learning from this experience. What were our successes and progress? How could we have done things better (20/20 hindsight)? What new capacity have we built? If another group were going to do a similar thing, what's our best advice? What's next?

Share the story. Lessons learned by the Alaska Coalition, for example, have influenced many of the most successful coalitions in the lower 48 states. Many audiences may be interested in hearing about the cooperative effort's successes and challenges, structures, and group process through written articles, blogs, or conference presentations.

Celebrate and say good-bye!

