

The Moment to Explore Strategic Partnerships

Executive Transition

CASE STUDY

The Power of Possibility: Coming Together to Expand Services to Families in Need

“I was ready to retire, and I had to think about the best path forward for the organization. Partnering with Carson Valley School was a great way to expand our reach and services during this time of transition.”

— Peter Cogan, executive director, Children’s Aid Society

The Moment

In November, 2006, Peter Cogan, who had been the executive director of Children’s Aid Society for 31 years, took a vacation that became a revelation: He was ready to seriously think about retirement and the future of the agency without him.

When he returned to work, he reached out to John Taaffe, executive director of the Carson Valley School. Both the Children’s Aid Society and the Carson Valley School had missions to improve services for children, their families, and their communities; together they had more than 200 years of history behind them. They also were both financially sound with strong infrastructures and solid reputations.

The Power of Possibility

As their conversations deepened, the two organizations learned that there was a tremendous opportunity for them to come together in support of pre-determined organizational goals.

Carson Valley School’s strategic plan called for it to develop more community-based services, which was the heart-and-soul of what Children’s Aid Society provided. And Children’s Aid Society lacked a behavioral health infrastructure — the nexus of Carson Valley School. Instead of continuing to exist independently and competing for similar resources, they each saw a way to expand through the other organization. The time was ripe for a merger.



When an executive transition is on the horizon, executives and boards often find it easier to openly consider the possibilities of a strategic alliance or restructuring. It’s a powerful opportunity to imagine what might be possible without the same level of sensitivity about what a strategic alliance or restructuring might mean for future organizational leadership. Boards that are facing an executive transition are wise to have a conversation prior to launching a search about what a strategic alliance or restructuring could offer their organization.

The Result

The two organizations merged, and — as a result of new efficiencies and shared funding opportunities — were able to expand their reach and services. The new organization, Carson Valley Children’s Aid, serves a larger geographic area to meet service gaps in several surrounding counties and added six new program areas to offer children a more seamless continuum of services, saving parents and families valuable time. And it has increased the number of people served each year from approximately 5,000 to more than 8,000. Thanks to the willingness of the two organizations’ leaders to consider new possibilities, the merged organization is achieving more than the two separate organizations would have been able to achieve on their own.

CASE STUDY

The Power of Possibility: Seizing the Moment to Grow, Scale, and Transform Services

“For us, our executive transition was the right time to ask ourselves some big questions. Based on our experience, my advice to other board members is that they should consider all of the possibilities instead of thinking that if they’re the ones who close an organization, they’re failing or not doing their fiduciary job. Ask yourself, ‘Are you staying true to the mission, or to a corporate structure?’”

— Pamela Murray, board chair, EMPATH

The Moment

In autumn 2005, The Women’s Union (TWU) was facing a major organizational transition. In addition to losing its executive director, it had a big windfall of cash that it needed to reinvest in its programs. Across the city, another venerable Boston nonprofit serving disadvantaged women, Crittenton Inc., was facing a similar yet different challenge. Its executive was also leaving, but it was facing a situation of being asset rich and cash poor. Both organizations needed a new leader who was up for a challenge.

The Power of Possibility

Through serendipity and chance, the two organizations discovered that they both had approached the same candidate about becoming their next leader. They quickly realized that this presented a huge opportunity. Under one organization and one leader, they could transform the way their organizations were working and move from creating safe havens for the women they served to helping these women move themselves and their families into economic independence.

The executive search created the space for a conversation about a merger, and the conversation about a merger created the opportunity to thoughtfully organize a more strategic set of programs and services around the shared goal of economic mobility and independence. Under a new organizational name, EMPATH, new programs were designed, such as the award-winning Mobility Mentoring program, while several other programs were dissolved or transferred to other organizations.

The Result

The merger gave EMPATH valuable economies of scale: one headquarters building, one back office. But even more important, it enabled a new approach to addressing poverty for women and children in Boston. As the new CEO, Elizabeth Babcock, explained, “We changed from delivering services to the poor to innovating new pathways out of poverty.” This shift opened up new opportunities for expansion and impact and has led to strong post-merger growth, neither of which would have been possible without the creativity and openness of their board leaders.

Exploring The Power of Possibility: Does a Strategic Alliance or Restructuring Make Sense for Your Organization?

As the Carson Valley Children's Aid and EMPATH stories illustrate, new possibilities open up when boards broaden the question from "Who is available to fill this position?" to "What are we trying to achieve and what is the best way to achieve it?" And, just as we saw with Carson Valley Children's Aid, those conversations can even benefit from the perspectives and insights of the departing executive, who has a unique vantage point into the organization's key strengths and challenges. Given that many leaders are more open to having these conversations during an executive transition, it's no surprise that a recent study found that in 80 percent of the mergers it studied, an executive director transition played an important role in starting the conversation.¹

If your organization is planning for or going through an executive transition, here are some things to keep in mind:

Board Opportunity #1: Get down to the basics.

An executive transition is an opportunity for an organization to ask itself fundamental questions about its purpose and position within the community:

- What is our core purpose? What problem are we trying to solve or what new reality are we trying to create?
- If we were to be founded today, would it be to meet an unmet need?
- If we were to close our doors today, from whom would we hear and what would they say?

Your answers to these questions will likely reaffirm the importance of your work, but they may also flag an opportunity or need to think differently about your future. Thinking creatively about how to build on your organization's history and progress through a strategic alliance or restructuring may provide a powerful opportunity for your organization to grow and change.

Board Opportunity #2: Identify your organization's core strengths and challenges.

As you think about the future of your organization and its leadership, you have an opportunity to both build on current strengths and disrupt current challenges. Before you hire a new leader into your current operating reality, consider the following:

- How would we describe our unique value? What are we doing that no one else is doing as well as we are?
- What are our core challenges? Do we have the resources and skills that we need to expand — or even continue — the impact that we seek to have in the world?
- What other organizations are working in a space similar to ours? How do our results and reputation compare? Are there organizations that have gone or will be going through major changes that might be open to partnership in a new way? Are there new players that are making our work more (or less) relevant?
- Is it reasonable to think that a new executive could build on these strengths and overcome these challenges?

Conducting an honest assessment of your organization's core strengths and challenges may help you uncover important insights about what skills and attributes your next executive should have, but they also may signal a need to reconsider doing an executive search. If your assessment reveals core strengths that could easily be transferred to another organization or challenges that are unlikely to be overcome by a new leader, you may want to launch a focused effort around strategic alliance or restructuring instead of an executive search.

¹ Synopsis: Success Factors in Nonprofit Mergers, 2012. MAP for Nonprofits.

Board Opportunity #3: Consider the possibilities.

Building on the assessment of core strengths and challenges, an executive transition provides an opportunity for your organization to consider what more you might be able to accomplish in strategic partnership with another organization. While this can take any number of structural forms, executive transitions lend themselves to a merger or parent-subsiary structure, given the executive-level vacancy.

Consider the following questions:

- Could a strategic alliance or restructuring with another organization provide us with additional resources, programs, and expertise that would serve our core purpose?
- Do we have programs and program leadership that could complement another organization's offerings?
- Is there an organization with aligned values and purpose that has strong executive leadership?

Learn More About The Power of Possibility

The Power of Possibility is an effort to invite boards and executives to consider how strategic alliances and restructuring could enable their organizations to expand their impact. To learn more about the campaign, and to access more resources and guidance for organizations that are exploring the possibility of strategic alliances and restructuring, visit

www.thepowerofpossibility.org.

KEY TAKEAWAYS

- An executive transition can present new opportunities to openly consider strategic alliances and restructuring, possibly even with the benefit of the current executive's input.
- When faced with an executive transition, boards should take time prior to launching an executive search to consider whether a strategic partnership might make sense for the organization..
- Asking deep questions about the organization's core purpose and goals helps clarify whether the organization is still meeting a unique need.
- An honest assessment of the organization's strengths and challenges should inform discussions about an executive search, and may lead a board to decide that it doesn't make sense to move forward with one.