

The Moment to Explore Strategic Partnerships Closing Down an Organization or Program

CASE STUDY

The Power of Possibility: Ensuring Valuable Research & Lessons Endure after Dissolution

“Providing continued access to [our] resources allows the Public/Private Ventures’s legacy to endure. We are forever grateful to the Foundation Center for making this possible.”

— Nadya K. Shmavonian, president, Public/Private Ventures

The Moment

In 2012, based primarily upon financial considerations, the board and staff leadership of Public/Private Ventures (P/PV) made the difficult decision to dissolve the organization after almost 35 years as a program, research, and evaluation intermediary working with disadvantaged youth in the United States.

The Power of Possibility

P/PV’s leaders focused on finding a way for the organization’s knowledge and resources to continue to serve the community. It had hundreds of research reports, case studies, and evaluations about how best to improve programs and outcomes for children, youth, and families — and there was no reason why these resources couldn’t continue to inform the community. P/PV’s leaders just needed to find a home for the resources. After thoughtful consideration and outreach, they found that home in the Foundation Center’s IssueLab.

The Result

While it’s never an easy decision to close down a program or organization, P/PV’s leaders take pride in the fact that their organization’s work lives on through IssueLab. The research and valuable resources that they created continue to serve their purpose, and practitioners will be able to benefit from this knowledge for years to come.



Closing down an organization or program is not an easy decision for nonprofit leaders to make. It typically requires tough decisions about services, personnel, and — most importantly — the communities and people served. If your organization is facing such a decision, thoughtful consideration of strategic alliances and restructuring options may enable your organization’s legacy to live on and ensure that you are able to serve your core purpose and mission, even as you close down.

CASE STUDY

The Power of Possibility: Finding a Partner to Ensure Continuation of Services to the Community

“We are very pleased that Groundwork is now officially a part of Good Shepherd Services. Already we’ve seen that the union is allowing more comprehensive services for children and families in communities where they are most needed.”

— Matthew Klein, board chair, Groundwork

The Moment

Groundwork, which provided tutoring and academic services in Brooklyn, was struggling financially. But after 10 years of successful programming for youth and families in high-poverty areas of the community, its leaders knew that simply closing down was not the answer. After thoughtful consideration, its board decided that the best way for the organization to continue to serve the children and youth who depended on Groundwork was to pursue a merger opportunity with another youth-serving organization.

The Power of Possibility

Groundwork’s leaders reached out to Good Shepherd Services, an organization focused on helping children and families in New York City succeed at school, at home, and in their communities. Good Shepherd was open to the idea of a merger, viewing it as a way to ensure ongoing service to the neighborhoods of Bedford-Stuyvesant and East New York, neither of which was currently in Good Shepherd’s geographic service area. Good Shepherd also saw the opportunity to continue — and even build on — Groundwork’s strong socio-emotional, academic, and health-related programming outcomes. The strategic partnership began with Groundwork coming under Good Shepherd’s management; a formal merger was completed 21 months later.

The Result

Even before the formal merger was completed, it was clear that the strategic partnership was a winner. Building on Groundwork’s strong reputation in Bedford-Stuyvesant and East New York, Good Shepherd was able to expand services for youth and families in those neighborhoods and secure the funding needed. While Groundwork previously served 292 students in after-school programs, Good Shepherd secured new contracts and private grants to serve more than 1,000 children — plus another 850 in summer camps — and has launched several new programs that serve court-involved young people. And, Good Shepherd is now poised to open a newly constructed, much-needed community center in East New York to provide a hub of robust activity and a safe space for young people and their families.

Groundwork’s board was not only able to avoid the discontinuation of services for children and families in Bedford-Stuyvesant and East New York, it was able to strengthen them. It’s been a huge win for the community, and a reminder that a nonprofit’s core purpose and mission are bigger and more important than its corporate structure. Groundwork’s legacy of service lives on through Good Shepherd’s good work, and it wouldn’t have been possible without the courage and commitment of its board.

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

The boards of both Public/Private Ventures and Groundwork faced tough decisions about their organizations' futures. After determining that moving forward independently didn't make sense, they were able to find powerful ways for the organizations' legacies to live on through a strategic alliance and restructuring.

While both of these organizations faced financial realities that left few other options, the decision to thoughtfully close down a program or entire organization is not always a financial mandate, or even financially driven. Nonprofit leaders may find themselves contemplating closing the doors or eliminating programs for a variety of reasons: They may decide that the organization's core purpose has been achieved (or is no longer relevant), they may have lost a founder or leader who was the linchpin to their programs, or they may see another organization that's providing a similar (or maybe even stronger) community benefit.

Whatever is driving the conversation about possible closure, boards are wise to consider how a strategic alliance or restructuring can enable the organization's past work to provide continued benefit to the community and people they served. It's also important to know that a decision to close down an organization is not tantamount to failure — for the organization or its leadership. Indeed, in some cases, it can be the best way for an organization's core purpose to be served.

As your board discusses the possibility of closing down your organization or one of its programs, here are some things to keep in mind:

Board Opportunity #1: Define what's most important.

Start by asking yourselves some fundamental questions about your organization's core purpose and current environment. If you're discussing the possibility of closing down a program versus the organization, focus your discussion on the scope and role of that program within the context of your broader organizational purpose.

- What is our core purpose? What problem are we trying to solve or what new reality are we trying to create?
- Is this core purpose still relevant in our current environment?
- What's our unique value? Are there things that we are doing that no one else is doing, or doing as well?
- If we were to close down, what needs or gaps would be created, and which colleague organizations would be best positioned to fill those gaps?

Your answers to these questions will likely reaffirm the importance of your work, but may also flag an opportunity or need to think differently about your future direction and core purpose. 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's purpose to live on, whether in partnership or through another organization.

Board Opportunity #2: Assess your options.

For some organizations, a conversation about the possibility of closing down the organization or a specific program comes at a time when all other options have been exhausted. For others, it's a more strategic conversation about the best way for the organization to move forward, given its larger context. Depending on which of those two realities best describes your organization, your conversation about options will vary dramatically.

Do we have the option of continuing to exist as an organization (or program)?

If yes...

- ...would continuing as an independent organization be the best way to serve our core purpose?
- ...are the considerations that prompted this conversation about possible closure likely to change?
- ...are there other options that would enable us to serve our core purpose more strategically?
- ...do we have options for strategic partnership today that we may not have in the future?

If no...

- ...are we ready to begin formal planning for our closure, which may include transferring our assets (programs, capital, personnel) to another nonprofit?
- ...if not, what's holding us back? Will delaying formal planning for closure expand or limit our options for legacy planning?

Board Opportunity #3: Think creatively about your legacy by leading a collaboration strategy.

As the experiences of Public/Private Ventures and Groundwork demonstrated, the end of an organization does not have to mean the end of its legacy. When organizations have significant reputational and programmatic assets, as was the case with both of these organizations, boards and leadership have a powerful opportunity to seek out potential partners for a merger or program transfer. By doing so, they are not only able to preserve the organizational legacy and assets that have been built up over time, but do so in a way that serves the community and core purpose.

If your organization is ready to think about how your legacy can continue through the work of another organization, here are some questions to consider:

- With whom would it be most logical for us to partner?
 - Are there organizations for which our organization's knowledge and experience could add significant value?
 - When we close, on which organizations are those we serve most likely to rely?
- What criteria are most important to us as we vet a potential merger or program transfer partner? Are there things that would disqualify an organization from consideration?
- What would be most important for a potential merger or program transfer partner to know about us? Are there things that would be essential in terms of expectations to set or commitments to be made?

Once you've identified the type of strategic partner you're seeking, you're ready to initiate a conversation. Existing relationships and trust can be enormously helpful as organizations set the stage for a first conversation about a potential strategic alliance or restructuring, so it's wise to consider how board members can be helpful. That said, board members should avoid initiating a conversation with a potential partner without being empowered to do so by the full board (in cases of mergers or acquisitions) or by the executive (in other programmatic partnerships).

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

- Closing down an organization or program is not an easy decision for nonprofit leaders to make.
- By exploring options for strategic partnerships — most likely a merger or a program/asset transfer — you may be able to ensure that your organization's good work continues and that its legacy of service (and possibly even some elements of its name or brand) is not lost.