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NONPROFIT CAPACITY AND NETWORKS

It seems to me that we know that networks are out there. But we don't know enough about them, how they work, and what they can/cannot do to make knowledge of their existence useful.

—Lucy Bernholz (2008, para. 13)

Key Topics: organizational capacity, capacity building, venture philanthropy, networking, collaboration, mergers

CAPACITY AND CAPACITY BUILDING

Stated simply, organizational capacity is the ability of an entity to perform at its highest potential. Horton and colleagues (2003) define capacity more specifically as an organization's "ability to successfully apply its skills and resources to accomplish its goals and satisfy its stakeholders' expectations" (p. 19). The skills and resources needed to do this include the main topics covered in this text, namely, staffing, structure and governance, financial resources, strategic leadership, performance measurement (process management), as well as networks and linkages with other organizations and groups.

This list reminds us that capacity encompasses almost everything a nonprofit organization (NPO) has or does (Worth, 2012).

Improving the skills and resources of an NPO leads to greater capacity at the programmatic and organizational level; this process is known as capacity building. Clearly, before one can build capacity, one must establish *why* capacity development is needed, *whose* capacity needs developing, *how* this capacity will be developed, *what* capacity currently exists, and how the capacity will be used *once developed* (Wachira, 2009). This process, known as the *capacity audit*, is similar to the process suggested by the McKinsey 7S Framework (Peters & Waterman, 1982) discussed in Chapter 3.

The purpose of such audits or organizational assessments is ultimately to enable mission fulfillment.

While nonprofit leaders are clearly interested in the capacity of their organizations, they are not the only stakeholders who deem such understanding important. A recent trend in philanthropy approaches philanthropic giving as an investment in the sustainability of an organization. This trend is known as *venture philanthropy*. Venture philanthropists may come in the form of individuals or foundations. Individual venture philanthropists, such as Bill Gates and Michael Dell, consider the overall capacity of the organization to achieve its mission the most critical decision factor in whether or not to invest in the mission of an organization. They not only conduct extensive due diligence to select the destination of investments, they also make investments that support capacity—not just programs. An example of an established foundation practicing this relatively new form of *philanthrocapitalism* is the Edna McConnell Clark Foundation. “In 1999, more than 30 years after its creation, the foundation began to focus its grants on increasing the capacity of a select group of organizations that proved they could deliver measurable improvements in the lives of low-income youths” (Kaplan & Grossman, 2010, p. 114).

This form of philanthropy emphasizes outcome, or *social return*, thus increasing the importance on nonprofit performance measurement such as the balanced score card and other tools adopted from the for-profit sector. Chapter 5 discusses performance measurement, which is an element of capacity evaluation. The full development of a capacity audit/assessment is beyond the scope of this text; however, several excellent resources are available for this important process (e.g., Kaplan & Grossman, 2010; McKinsey & Company, 2001). Additionally, Wachira (2009) offers a five-step process for conducting a capacity audit. Finally, the text by Horton et al. (2003) describes both the organizational capacity evaluation process and the reasons why managers should be concerned with organizational capacity development and its evaluation.

The latter two resources mentioned emphasize important points in the understanding of organizational capacity. First, an organization exists within an environment and is influenced by the conditions of its surroundings, including the political, economic, social, technological, and legal situation. The degree of embeddedness of the organization in its environment affects its capacity. Second, an organization with well-developed networks encounters stronger linkages between the micro (internal) and macro (external) environments, which positively influence capacity. This text covers the measurement of external environmental factors in several chapters (1, 3, 6, and 13); below we focus on the development of strong networks.

NETWORKS AND MERGERS

At several points in this text, we mention the proliferation of NPOs and the strain on both internal and external resources. The growth in the number of organizations begs two crucial questions: How, if at all, do these organizations work together to solve societal issues? Are there too many organizations—meaning, is there duplication of mission and poor use of societal resources? The first question can be answered by investigating the existence and effectiveness of NPO networks. The second question concerns the potential need for organizations to merge as they seek to resolve the pressures of increasing demand with decreasing resources.

Networks, whether formal or informal, have the potential to enhance the external impact of an organization. The term *network* is used here to encapsulate a broad spectrum of relationships between and among nonprofits. Such relationships may be (1) short-term collaborations on specific programs or actions to overcome severe environmental disaster or deeper and/or (2) long-term alliances through which resources are shared. Worth (2012) enumerates the different types of collaboration, their drivers, and the general advantages of each. Here we are concerned with how nonprofit networks can enhance organizational capacity.

Crutchfield and McLeod Grant (2008) investigate how networks that operate with “open source” strategies share blueprints for success that allow replication and enhancement of capacity for individual organizations and the nonprofit sector as a whole. This type of philosophy is found in Ashoka (www.ashoka.org), a nonprofit who gives funding to organizations with the potential to scale their ideas and the willingness to share methodologies so others may implement the same concepts in different locales (Bornstein & Davis, 2010). Such collaboration is possible when nonprofits focus on societal change and mission impact rather than protection of viewpoints or “turf.” Research with nonprofits has revealed that high-impact institutions “work with and through other organizations—and they have much more impact than if they acted alone” (Crutchfield & McLeod Grant, 2008, p. 108).

How does an organization shift from self-focus to systemwide emphasis, or *network orientation*? As with personal change, it’s a matter of attitude. The organization must shift from an attitude of competition to collaboration, its strategy should move beyond growth of the self (organization) to growth of the other (field or subsector), and its organizational structure is more likely to be decentralized than centralized. Similarly, a network-oriented NPO will engage in some, possibly all, of the following behaviors:

1. Grow funding base for all in the sector through collaborative efforts.
2. Share knowledge with other leaders and organizations.
3. Build, promote, and disperse leadership—knowing when to lead and when to follow.
4. Develop a long-term orientation (versus a programmatic one).
5. Act collectively—in activities and lobbying efforts.
6. Share credit and power. (Crutchfield & McLeod Grant, 2008)

Networks are an increasingly popular way of leveraging money and experience for foundations as well. Due in part to the new approaches practiced by philanthrocapitalists and venture philanthropists, networks of foundations are coming together to improve impact and social return on investments. For example, Peggy Rockefeller Dulany’s Global Philanthropists Circle gathers approximately 50 super-rich families from 20 countries to exchange ideas and experiences, with an emphasis on finding solutions to international poverty and inequality. These interactions generally involve the use of connections and influence as well as money (“The Birth of Philanthrocapitalism,” 2006).

Whether through sharing of knowledge and power in a network, in response to internal constraints, or because of external realities, some organizations may find their sustainability questionable. In such situations, mergers may serve the purpose of continuing momentum toward societal change.

A merger is “a combining of two or more organizations that includes a change in legal control” (Worth, 2012, p. 214). While the phenomenon is easy to describe, it is hard to implement—as discovered by Brenda Hall in the Western Area Youth case from this chapter. Though the motivations for mergers are many, the process of deciding to merge, and with whom, should be as systematic as any other strategic endeavor the organization initiates. In going about the merger, NPO leaders should make a list of *what they hope to accomplish* with the merger (i.e., its impact) and develop a matrix to compare various alternatives (i.e., potential organizations with whom to merge and/or status quo) for each desired outcome. To identify possible partners, consider organizational culture as well as financial, service, and management capabilities.

What makes a merger successful? Worth (2012) suggests the primary factor for effective mergers is when the motivation is more about mission than financial welfare. Other conditions needed for success include leadership support

(i.e., the board and CEO); a deliberate process; trust among all stakeholders; and relatedness in mission, client base, organizational structure, and geography.

Looking back on this chapter, we see a convergence of tools and approaches to build organizational aptitude and nonprofit sector performance. From conducting an organizational capacity audit, to connecting capabilities across organizations through networking and mergers, to assessing alternative ways of supporting NPO initiatives through venture philanthropy, the focus is on improving social return through mission accomplishment. Moving forward in the text is the discussion of talents and assets to achieve this focus and improve likelihood of mission attainment.

On a final note, networks can be domestic or international. The YMCA of Southwestern Ontario (based in London, Ontario, Canada) belongs to a loose federation of 53 YMCAs across Canada (45 YMCAs and 8 YMCAs/YWCAs). This loose federation is working on issues such as less expensive insurance by approaching suppliers as a federation instead of as individual organizations. Another organization, Compassion Canada, is one of 11 country organizations that belong to an international network called Compassion International, which is headquartered in Colorado Springs, Colorado. The leaders of each country meet regularly to share best practices in order to help each other build capacity. This Compassion network “serves more than 1.2 million impoverished children through the caring support of strong partner networks with central offices in the following countries: Australia, Canada, Deutschland, France, Ireland, Italy, Netherlands, New Zealand, South Korea, Spain, Switzerland, [and the] United Kingdom” (Compassion International, 2000, 2002–2011).

CASES

Western Area Youth Services (Canada): is a children’s mental health center and nonprofit

organization. Recently, the board of directors spent a great deal of time discussing the implications of a significant potential liability for staff salaries. A merger was identified as a possible solution, and the executive director of the center, Brenda Hall, was instructed by the board to begin the process of seeking a possible merger partner for the agency. She wonders how she might initiate the process on behalf of the board and what she should look for in a potential partner. She also wonders how a merger might benefit the agency at this point in time.

Rollins College Philanthropy and Nonprofit Leadership Center (United States): an organization charged with serving as a resource for development of nonprofit capacity in the greater Orlando, Florida, area, finds distinctive ways to offer networking opportunities for local NPO leaders. Originally responding to the immediate needs from a natural disaster, Margaret Linnane, the center’s executive director, discovered the power of bringing leaders together to discuss organizations’ current operations and needs. From this initial short-term answer to a crisis, Linnane developed several methods for improving networking. She now wonders how to measure the effectiveness of the different activities in terms of both the center’s objectives and the needs of the participating NPOs.

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WESTERN AREA YOUTH SERVICES

Brenda Hall, executive director of Western Area Youth Services (WAYS), sat in her office pondering the case of “déjà vu” she was experiencing. At its September 2000 meeting, the board of directors spent a great deal of time discussing the implications of a significant potential liability for staff salaries. A merger was identified as a possible solution, and Hall was instructed by the board to begin the process of seeking a possible merger partner for the agency. It didn’t seem that long ago that Hall had been through the merger that had created WAYS, a children’s mental health centre located in London, Ontario. Hall wondered how she might initiate the process on behalf of her board and what she should be looking for in a potential partner. She also

wondered how a merger might benefit the agency at this point in time.

THE CMHO AND THE STATE OF CHILDREN’S MENTAL HEALTH

The Children’s Mental Health Organization (CMHO) was established in 1972 as a member organization to promote the mental health and well-being of children and youth and their families in Ontario. Its member organizations served children and youth from birth to age 18. The organization’s primary goals were to promote service excellence and innovation in its member organizations through accreditation and to advocate

Mary Heisz prepared this case to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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for policies, programs and funds to improve the state of children's mental health. According to CMHO, about 500,000 children in Ontario, about 18 per cent of Ontario's children, had psychiatric disorders in 1999. Its 90 member organizations served over 120,000 children with extremely high levels of emotional disorder. Another 7,000 children were on waiting lists for services, with an average wait time of six months. The average annual cost of service in a children's mental health centre was Cdn\$2,500 per child. In the 1995–2000 time period, government funding to children's mental health centres was cut by eight per cent while the number of children served increased by 75 per cent. At the same time, children's mental health issues became more extreme; for example, the rate of youth suicide increased 400 per cent from the 1970s. CMHO believed that the treatment programs of its member organizations worked. Data collected by the organization between April 1991 and June 1995 showed that treatment in children's mental health centres was associated with a reduction in aggression, violence, opposition to authority and hyperactivity; a reduction in severe anxiety, worry, depression and low self-esteem; and a reduction in poor social relations, both at home and at school. According to CMHO, Ontario's future depended on its government making children's mental health a priority, through both its policies and its funding decisions.

FORMATION OF WAYS

WAYS was formed in July 1996 as a result of the amalgamation of three agencies—Belton House, Hardy Geddes House and Mission Services of London's Teen Girl's Home. WAYS was incorporated under the Canada Corporations Act as a not-for-profit organization and was a registered charity under the Canadian Income Tax Act. It was also a member of CMHO. Brenda Hall was the executive director of Belton House at the time of the amalgamation, and she recalled that

the process of merging the three agencies was a difficult and, at times, acrimonious process for board members and staff alike. In July 1995, the chairperson of each agency's board of directors received a letter from their primary funder, the Ontario Ministry of Community and Social Services (MCSS), notifying them that as a result of recent community planning, it was MCSS's intent to be "working with one administrative structure for the services" provided by their agencies before the end of the next fiscal year, March 31, 1996. Hall recalled the frustration felt by her board members at the ambiguity of the direction and MCSS's unwillingness to provide any further direction other than its intent to reduce the budgets of each of the three agencies by 10 to 15 per cent for the next fiscal year. Shortly after receiving the letter, the three agencies, each represented by the executive director, the board chairperson and one other board member, began meeting on a weekly basis to plan. The chairperson of the meeting was rotated weekly from among the executive directors of the three agencies. It quickly became clear that each board had a different interpretation of the funder's direction. One agency believed that MCSS was looking for a more collaborative effort but separate agencies. Another agency believed that MCSS was looking for a new administrative agency overseeing the existing three agencies. The third agency believed that MCSS was looking for a complete merger of the existing agencies. What became even clearer, however, was the significant amount of difference in the three organization's cultures and philosophies.

Belton House, Hardy Geddes House and Mission Services of London's Teen Girl's Home program were all established in the early 1970s, with their main purpose to provide residential services to adolescents in the community. Each agency was managed by an executive director who reported to a volunteer board of directors. Belton House provided services to young women aged 12 through 18. Its programs were strictly voluntary, and the agency was highly regarded in the community for its

innovativeness and willingness to work with other community service providers. Hardy Geddes House provided services to young men aged 12 through 18. Its programs were also strictly voluntary but were often seen in the community as rather selective. Mission Services of London was a large social service agency in London with a Christian focus that pervaded its mission statement, philosophies and operations. Teen Girl's Home was only one of Mission Service's many, varied programs. Teen Girl's Home provided services to young women as well but focused primarily on a younger age group than did Belton House. Its programs were similar to Belton House but were carried out with a Christian influence. Other programs run by Mission Services included shelters for homeless men and women, addiction support programs and a second-hand clothing store.

The months of July and August 1995 were marked with little progress and significant tension for the committee. Heated debates took place in the group over the necessity of and funding for a facilitator. One group announced its wish to "take over" the other two agencies. The individual boards refused to fund any expenditures relating to the efforts of the committee. Finally, a facilitator was agreed upon, and Dr. William Avison, a well-known and highly respected expert in children's services, was hired with Cdn\$10,000 in funding provided by MCSS. Dr. Avison's strategy was to focus the group on the selection of an administrative structure, and he suggested five possibilities, including: maintaining the status quo; absorption by a fourth, outside agency; merging two of the agencies into the third; amalgamating the three agencies to form a new agency; and forming a consortium for administrative purposes only, while maintaining separate programs and boards. The committee members quickly eliminated the first two possibilities as unacceptable to their funder and to the group, respectively. Left with three options, each agency selected a different one as most acceptable. Once again,

heated debate, negotiations and side deals took place as Dr. Avison attempted to move the group towards a common choice. Eventually, two of the agencies teamed up and supported the consortium model. The third agency, which was in favor of the amalgamation model, was thereby "out-voted" and in October 1995, the agencies reluctantly presented a signed letter of agreement to MCSS indicating their willingness to move towards a consortium arrangement for administrative services. Two months later MCSS formally responded to the agencies and indicated that the consortium model was not acceptable and that the three agencies were to be fully amalgamated by the summer of 1996. If the boards did not choose to amalgamate, the services provided by the agencies would be tendered out to other community agencies. The boards were given two weeks to consider MCSS's directive, and on December 31, 1995, each board responded in the affirmative and agreed to proceed with an amalgamation.

Once again a committee was struck, the amalgamation steering committee. Two board representatives from each agency were selected, as well as two independent community representatives. MCSS assigned one of its program supervisors to the committee as well as provided funding for a facilitator. This time, executive directors were not included on the committee, as the first tasks handled by the committee involved the selection of an executive director for the amalgamated agency and the consideration of potential severance liabilities for the unsuccessful candidates. After much heated deliberation and community input, Hall, the executive director of Belton House, was chosen to manage the new agency. A new agency name was selected following an employee contest. New corporate bylaws were agreed to, stipulating that the new board would consist of two members from each of the existing agencies and six members chosen from the community. By June 1996, the Public Trustee of Ontario had issued its consent to the amalgamation, and on July 16, 1996, the first board meeting of Western Area Youth Services

took place. Hall began the onerous task of integrating three very distinct cultures, employee groups and board members into one agency.

WAYS

In keeping with its mission statement, WAYS provided residential programs and community services to adolescents and their families in London and the surrounding communities. Though the mental health services provided by WAYS were governed by The Child and Family Services Act (CFSA), they were not considered mandated services and, as a result, were subject to more volatile government (i.e., MCSS) funding. As well, historically, funding for adolescents was viewed by MCSS as less crucial than funding for young children. The primary residential program at WAYS comprised 26 beds in three London locations for male and female adolescents between the ages of 14 and 18. The goal of this program was to provide safe, supported and structured 24-hour residence living. Counselling in this program focused on life skills, social skills and job training. Only a limited amount of psychiatric counselling was provided to youths due to funding constraints. WAYS also had two four-bed transition homes for youths between the ages of 16 and 24. The transition program's goal was to provide a semi-structured living experience for youth and to assist them in developing skills necessary to live successfully and independently in the community. The program focused on the teaching of social skills, coping skills, life skills and employment-related skills. Finally, the most recent addition to WAYS residential programs was the provision of an eight-bed, fee-for-service program for males aged 12 to 16 under the care of the Children's Aid Society (CAS). These beds were specifically contracted with and paid for by CAS as a result of recent expansions in the number of children requiring care from CAS. This program's goals were similar to those of the WAYS primary residential program. WAYS community programs focused on prevention by working with youth and their families before, during and after residence. Through its community programs, WAYS assisted youth in

accessing other community programs, transitioning to new living environments and improving life skills. Services included therapeutic groups, individual counselling, an after-care program and a follow-up program.

Hall recognized that although adolescents voluntarily entered WAYS programs, they were a very difficult and demanding group to work with. Although WAYS did not receive any funding under the Young Offenders Act, 50 per cent of the residents at WAYS were convicted young offenders and were part of the WAYS programs as a result of a legal "order to reside" or a requirement of their probation. Typical WAYS residents had many of the following characteristics: emotional and relationship problems in the home, community and school; oppositional or defiant; aggressive and destructive; problems with depression; witness of violence in their home; alcohol or drug abuse; psychotropic medication user; under-achiever at school; diagnosed learning problems.

WAYS was governed by a community-based volunteer board consisting of 12 directors, some of whom were founding members from the predecessor agencies. Like many volunteer agencies, WAYS often had difficulty filling the available board positions with qualified, dedicated individuals. The day-to-day affairs of the organization were managed by Hall and approximately 85 staff members, 30 of whom were full-time employees. Hall was well respected in the community and by her staff. She was active in several community planning committees and was viewed as an excellent manager. The majority of the staff were college-educated child and youth-care workers (CYCW). Staff-to-client ratios were dictated by government legislation, leaving WAYS with very little flexibility in its spending on wages. The staff group was not unionized and was compensated at a level comparative to other non-union social service organizations in the area. Hall believed that the staff group had very little interest in becoming unionized at this point. Staff safety and burnout were key issues due to the intense needs of the adolescents served. The management group was relatively small and consisted of two program managers and an administrative officer, all of whom had worked at the agency for several years. Due to the small size of the agency,

there was little opportunity for promotion or staff development within the agency. In addition to the board, WAYS had a well-established fundraising committee, which competed with other social service agencies in the community for donors and their dollars. WAYS recently established a charitable foundation to concentrate on fundraising activities; however, the foundation was not very active. Select financial and client statistics for WAYS are presented in Exhibit 1.

MERGER THOUGHTS AT WAYS

Hall's thoughts returned to the recent board meeting and the discussion of the potential salary liability. The Pay Equity Act was made law in Ontario on January 1, 1988, to narrow the wage gap that existed between the relative wages earned by women and men. In Ontario, female

workers received, on average, 26 per cent less in wages than male workers did. This law intended to address this inequity and to ensure equal pay for work of equal or comparable value. The law required, among other things, comparing the value of jobs traditionally done by women to the value of different jobs traditionally done by men. It then required that compensation (i.e., wages and benefits) be at least the same for jobs performed mainly by women that were equal or comparable in value to jobs performed mainly by men, even if the jobs were quite different.

This legislation had a tremendous impact on the salaries of primarily female organizations such as Belton House, one of the amalgamating agencies in WAYS. Belton House's board was forced to approve a pay equity plan that resulted in its employees being paid at rates comparable to those paid by a sizable, unionized London-area hospital. On amalgamation, WAYS not only

Financial Highlights	2001	2000
Revenues	\$2,751,717	\$2,705,602
Wages and benefits	1,959,783	1,886,378
Other expenditures	722,244	699,901
Surplus	69,690	119,323
Total Assets	764,730	1,368,049
Sources of Revenues		
MCSS	\$1,819,383	\$1,805,221
CAS	670,609	574,364
Donations/fundraising	40,760	52,734
Other	220,965	173,283
Client Statistics		
Total no. of children served—all programs	351	385
No. of children in intensive residential programs	67	81
No. of children in family preservation programs (Community Programs)	247	233
No. of children in day treatment programs (Transitional Housing Program)	37	38
No. of children on waiting list for Intensive Residential	39	32

inherited the Belton House pay equity plan but, in order to ensure equitable salaries across the organization, was forced to extend the plan to the entire agency. Although government funding was originally provided to agencies such as WAYS to cover the increased salary expenditures, by 1995, this funding was discontinued, putting agencies such as WAYS in a conundrum. Though WAYS was legally required to enact pay equity, it was not provided with the funding to cover the added expense. As a result, the WAYS board estimated that the organization's unfunded liability for pay equity-related salaries would grow over the next 10 years to almost Cdn\$1 million—an amount that would surely bankrupt the agency. WAYS' problem was not an exclusive one. Several government-funded social service agencies were in very similar positions and were struggling with how to fund the liability. Different strategies developed. Some agencies chose to ignore pay equity entirely on the premise that the government was essentially ignoring it by refusing to fund it. Other agencies were funding their pay equity liability through their operating budgets, resulting in decreased service provided to the community.

At WAYS, an ad hoc planning committee was struck by the board to address its long-term strategic plan, including the financial issues the agency faced due to pay equity. The committee identified a merger or amalgamation as appealing for two reasons. First, the committee believed that by becoming a larger agency through merger, WAYS would have a stronger political position for advocacy and future negotiations with MCSS. Second, the committee hoped that by merging with a larger agency with higher existing pay scales, the WAYS pay equity plan could be abandoned. However, the committee recognized that this would not be easy to do and would require the agreement of the potential merger partner's union. In considering a merger, the committee believed that there were two possibilities—traditional and non-traditional. A traditional merger was one with an agency that provided similar services to those of WAYS and had similar funding sources. A non-traditional merger

was one with an agency that operated in an entirely different business and, as a result, had different funding sources. The committee turned to Hall to more fully develop the pros and cons of a merger and to identify potential partners, both traditional and non-traditional.

Potential Partners

Hall first turned to the task of potential merger partners. Having spent her career working in children's mental health in the London area, Hall was well aware of the other agencies in the area and their executive directors and the culture in which they operated their agency. She made a summary list for the board of what she believed would be viable partners. Included in Hall's list were Madame Vanier Children's Services, The Children's Aid Society of London and Middlesex, The Memorial Boys and Girls Club of London, Anago Resources and Community Homes.

Madame Vanier Children's Services

Madame Vanier Children's Services (Vanier's) received its charter as a children's mental health centre in 1965 and was the first centre to be licensed in 1968 under the Children's Mental Health Act. The centre was a leader in children's services in Ontario and was accredited by CMHO. Similar to WAYS, the majority of Vanier's funding came from MCSS. Vanier's, operating under the guidance of its mission statement, promoted the emotional and social health of children and their families; provided effective help for complex emotional and behavioral problems; and built on child, family and community strengths. Vanier's offered a full range of programs to children from birth to 16 years of age and their families living in the London area (and the surrounding area for residential services). In September 1999, Vanier's reorganized its system of care in response to an MCSS direction. As a result of this reorganization, more of the agency's resources were focused around fewer, higher-needs children. While all children were seen immediately by the agency, those children

not considered high risk were diverted to other community agencies.

The agency's services included community-based assessments, counselling and treatment for children and families, early intervention programs for children of pre-school to kindergarten age, short- and long-term residential programs and day programs, both at Vanier's and in community schools. Treatment programs included family therapy, parent counselling, individual art and play therapy, group programs and individual counselling. Vanier's had 17 residential treatment beds and seven day treatment classrooms. In many cases, clients of Vanier's were serviced in their later years by WAYS. Vanier's had a long history of community collaboration and was involved in several joint programs with WAYS, including staff training and client intake and crisis services. Similar to WAYS, Vanier's operated a six-bed, fee-for-service program under contract with CAS.

Vanier's was governed by a 12-member community board and an executive director, Dr. Barrie Evans, and had approximately 90 multidisciplinary staff, composed of child and youth workers, social workers, psychologists, psychiatrists and other professional and support staff. Dr. Evans was particularly well known in the province for his work in advocating for children's mental health and was active in the community as well as with the provincial association, the CMHO. The majority of the staff members were part of the Ontario Public Service Employee Union (OPSEU). Many of Vanier's relief staff were also relief staff at WAYS. Selected financial and client statistics are summarized in Exhibit 2. Hall was very familiar with Vanier's, having worked at Vanier's herself in her early career, and she knew that the idea of amalgamation was quite appealing to Dr. Evans. However, Hall felt certain that Vanier's board would view a combination of the two agencies as a takeover rather

Exhibit 2 Madame Vanier Children's Services Select Financial and Client Statistics

Financial Highlights	2001	2000
Revenues	\$4,655,000	\$3,959,000
Wages and benefits	3,872,000	3,346,000
Other expenditures	774,000	576,000
Surplus	9,000	37,000
Total Assets	1,781,000	1,626,000
Sources of Revenues		
MCSS	\$3,577,000	\$3,387,000
CAS	591,000	429,000
Donations/fundraising	39,000	15,000
Other	448,000	128,000
Client Statistics		
Total no. of children served—all programs	541	1,273
No. of children in residential programs	98	78
No. of children in family preservation programs	102	84
No. of children in day treatment programs	121	97

than a merger, and wondered whether this would be acceptable to her board. Hall was also unsure of what her position would be in a combined Vanier/WAYS agency.

The Children's Aid Society of London and Middlesex

The Children's Aid Society of London and Middlesex was formed in 1893 and was a member of the Ontario Association of Children's Aid Societies (OACAS). CAS, under the direction of its executive director, John Liston, had a wide variety of programs, including the investigation of allegations of child abuse or neglect; provision of temporary and long-term care through foster homes, group homes and institutions; residential programs; individual and family counselling; family supervision; and adoption. Approximately 95 per cent of the programs offered by CAS were considered mandated programs under the CFSA. For example, child protective services were mandated by the Act and were required by law to be provided at all times; however, certain counselling programs were not mandated under the act. Similar to WAYS, CAS received the majority of its funding from MCSS. Mandated services were perceived to have more secure funding (see Exhibit 3). Significant financial pressure due to increased caseloads had recently caused CAS to review its balance of mandated and non-mandated services. CAS estimated that there was a 42 per cent increase in admissions over the 1995–2000 period. It was also estimated that 58 per cent of CAS admissions were children under the age of 13 and that these children had greater needs than ever before. Eighty-two per cent of Crown wards (i.e., children the courts have removed from parental custody) had an external diagnosis of special needs; 92 per cent of the children in care were victims of maltreatment such as sexual, physical or emotional abuse or neglect. As a result of increasing caseloads and decreasing resources, CAS was forced to look to outside agencies for additional services. In the year 2000, CAS estimated a 76 per cent increase in the number of children in outside, contracted

foster or group homes. WAYS already operated one such contracted group home for adolescent males and was in negotiations with CAS to contract a second group home, this one for adolescent females. CAS was also in the process of contracting out a group home for younger children requiring highly structured care as well as a 12- to 16-bed receiving home for emergency placements. In total, CAS estimated that it contracted 140 beds with outside providers. While Hall understood the pressures that had led CAS to look for contracted group home beds, she also recalled that the same community planning that recommended the merger of smaller agencies such as Belton House had also recommended that CAS discontinue its direct provision of group home services. Hall was also certain that it was less expensive for CAS to purchase rather than provide group home beds from agencies such as WAYS, given the unionized wage rates of CAS. She also knew that CAS offices across Ontario were being pressured to reduce the number of children in group homes and increase the number of children in foster care. They were also being pressured to focus more fully on their basic mandated services, such as child protection and investigation. Hall knew that the board would expect her to consider CAS as a potential merger partner and that there were benefits to WAYS merging with a powerful community agency like the CAS. She also understood that there would be some significant benefits to CAS of an amalgamation and the opportunity to more fully combine child treatment services like WAYS' with CAS's own child welfare services. However, Hall was concerned about the long-term implications of combining WAYS non-mandated services with CAS services and CAS's future ability to provide both types of services.

The Memorial Boys and Girls Club of London

The Memorial Boys and Girls Club of London was part of a national organization, Boys and Girls Clubs of Canada, which was founded more than 100 years ago. The national organization had

Exhibit 3 The Children’s Aid Society of London and Middlesex Select Financial and Client Statistics

Financial Highlights	2001	2000
Revenues	\$35,446,032	\$28,492,077
Wages and benefits	13,494,503	11,200,533
Other expenditures	21,884,545	16,943,645
Surplus/deficit	66,984	347,899
Total Assets	9,471,900	10,401,275
Sources of Revenues		
MCSS	\$33,642,813	\$27,332,691
Other	1,800,219	1,159,386
Client Statistics		
Total no. of children served—all programs	4,080	3,026

over 100 clubs located in over 150 communities across Canada and served more than 130,000 children and youth. The Clubs boasted safe and caring environments and stimulating programs based on their board’s four “cornerstones of healthy development”: personal growth and empowerment; learning; community service; and health and safety. Programs such as group homes and emergency shelters, family and parent support and youth-at-risk support were part of the community service tenet of the national organization. Substance abuse programs, suicide prevention and street-proofing were part of the health and safety tenet. Clubs across Canada varied greatly in the types of services provided, and Hall believed that the London-based club did not provide any group home programs and focused on services for children and youth from lower-income families. Boys and Girls Clubs received some funding from governmental agencies such as Health Canada; however, they relied heavily on donations from the United Way, individuals and corporations for survival. The staff at the Boys and Girls Club was not unionized.

Although the board’s planning committee had identified the Boys and Girls Club of London as a very attractive potential merger partner, Hall had some concerns about an amalgamation with this agency. In response to her request for information,

the executive director, Donald Donner, referred Hall to the national organization’s website and was unwilling to provide any specific financial or program information for the London-based club. Donner also hinted at his concerns about the stigma attached to children’s mental health programs and the effect on his agency’s existing programs. He was concerned that his current clientele and funders would discontinue their support of the agency if they believed that the programs were directed to youth with mental health issues. Finally, he indicated that though he would not support an amalgamation with WAYS, he would support the takeover of WAYS and some other children’s mental health centres in the community by his agency.

Anago Resources and Community Homes

Hall thought that Anago Resources and Community Homes might also be viable merger partners. Anago Resources provided “closed custody” group homes for youth under the age of 16 while Community Homes provided “open custody” group homes for youth of the same age. Closed custody beds were used by youth who had been charged with a criminal offence and needed to be detained but who had not yet been through the court system. Closed custody beds were also

used by youths under 16 who had been convicted of a criminal offence and ordered by the court to a closed custody facility. In contrast, open custody beds were used by youth under 16 who had been convicted of a criminal offence and ordered by the courts to an open custody facility. Unlike jail and closed custody facilities, residents in open custody facilities could receive temporary passes to leave the residence. Anago Resources and Community Homes services were provided under contract with MCSS and were funded under the Young Offenders Act. Anago Resources also provided residential services to developmentally challenged youth. Similar to WAYS, Community Homes had recently contracted with CAS to provide an eight-bed receiving home to be used for emergency placements by CAS and 12 foster care beds. Hall was certain that both Anago Resources and Community Homes would not be willing to amalgamate with WAYS but would be willing to take over the services provided by WAYS.

Hall's Task

Hall turned to the task of assessing the pros and cons of an amalgamation. She frequently followed the financial news and understood that for-profit

companies often merged in order to reduce administration spending and gain market share through reduced competition and to reduce administrative spending, but Hall wasn't sure whether these concepts applied in the non-profit sector as well. Certainly the previous amalgamation that she had been through had reduced competition, but Hall wasn't convinced that reduced competition was necessarily a good result for the community. The previous amalgamation had also reduced administrative spending somewhat, but Hall recognized that administrative expenses in small social service agencies were already quite limited and that significant savings were unlikely.

CONCLUSION

She was certain that other benefits would result from amalgamating and she wanted to compile them before meeting with the board. Furthermore, Hall looked at the list of potential partners and wondered which organization would be best suited for a merger with WAYS. She needed to study each option in detail, considering the potential advantages and disadvantages of each possibility.

ROLLINS COLLEGE PHILANTHROPY AND NONPROFIT LEADERSHIP CENTER: THE IMPORTANCE OF NETWORKING

INTRODUCTION

Margaret Linnane was distraught and dumbfounded. In addition, she was fuming. She had just arrived home from the funders' meeting where she had been asked questions that came close to challenging the very purpose of her non-profit organization. She had been unprepared for

the very tough questions the funders had asked and she knew she would need to be much better prepared for the next specially scheduled meeting in one month. She needed answers to the funders' questions and she wondered how to achieve these answers in four short weeks.

Linnane and the Rollins College Philanthropy and Nonprofit Leadership Center (PNLC,

Mary Conway Dato-on and Margaret Linnane wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

or the Center) staff put other efforts on hold while they worked intensely to prepare for the upcoming meeting. They gathered all the documents on the PNLC's mission, vision and strategic plan. Brainstorming started. What information did they need to compile to convince the funders that the PNLC's services, such as networking among established chief executive officers (CEOs) and foundation directors and introducing newcomers to the nonprofit community, contributed to the professionalization of nonprofit leaders and organizations while addressing critical community issues and fulfilling the PNLC's mission—even if such services had not yet generated any revenue? What outcome measures were appropriate for assessing the success of non-income-generating activities such as networking? To start the search for answers to such questions (and others), Linnane decided to review the PNLC's performance from the last two years and to build a strategy for 2011–12. Time was of the essence because without the support of funders, Linnane and the PNLC would be hard-pressed to continue offering the now well-accepted networking activities.

BACKGROUND: PNLC

The Philanthropy and Nonprofit Leadership Center (PNLC) was established in 1999 as a program of Rollins College Crummer Graduate School of Business (Rollins). Founded in 1885, on the beautiful lakeside campus in Winter Park, Florida, Rollins had earned a national reputation for academic excellence at both the graduate and undergraduate levels. The PNLC's certificate programs for nonprofit managers, staff and volunteers and its courses in board development and

nonprofit governance had been offered throughout the years on Rollins's picturesque campus. In the 2009–10 academic year, the Center had offered 117 workshops and events to 3,129 attendees. Linnane proudly announced an increase in both the number of programs (up seven per cent) and attendees (up 5.5 per cent) in the 2010–11 program year (see Exhibit 1). As of May 31, 2011 (i.e. at the close of fiscal year), the PNLC had 334 nonprofit members (up 11 per cent from 2010). All programs were designed to support the mission, vision and values of PNLC and Rollins:

Mission: To strengthen the impact, effectiveness and leadership of nonprofit and philanthropic organizations through education and management assistance.

Vision: We envision a vibrant nonprofit sector that is valued by the community for its innovation, leadership and integral role in determining quality of life.

The PNLC team developed the following goals and values to focus their work and enhance mission accomplishment.

Goals

1. Engage the community in philanthropy
2. Improve the nonprofit sector by strengthening board governance
3. Enhance the business practices of nonprofit organizations
4. Expand the influence of the nonprofit sector
5. Secure the long-term sustainability of the Philanthropy Center

In addition to the guiding principles of Rollins College—excellence, innovation and

Exhibit 1 The Philanthropy and Nonprofit Leadership Center Accomplishments, June 1, 2009, to May 31, 2010, and June 1, 2010, to May 31, 2011

Membership

- May 31, 2010: 300 new and renewing members
- May 31, 2011: 334 new and renewing members

Workshops and Training

- 2010: Conducted 117 workshops with 3,129 attendees
- 2011: Conducted 125 workshops with 3,296 attendees—11 new programs added

Certificates Awarded

Certificate	2010	2011
Proposal Writing	36	34
Nonprofit Management	8	13
Volunteer Management	47	34
Philanthropic Fundraising and Development	10	10
Leadership Practice	23	26

Community Presentations: Staff provided more than 10 unique presentations annually for both the nonprofit and for-profit communities, including the following:

- Hosted 20 DonorEdge presentations
- United Way of Brevard Nonprofit Summit
- National Board Source Leadership Forum
- University of Central Florida (UCF) Nonprofit Conference
- Florida Philanthropic Network Summit
- Walt Disney World and Darden Restaurants Donors Forum Presentation

Contract Work: Staff provided 21 events in 2010 and 18 in 2011, including the following:

- United Way of Brevard, Melbourne (fundraising)
- Florida Student Association (mission statement)
- Leadership Orlando (board governance)
- Reinhold Foundation, Orange Park (board governance fundraising/volunteer management)
- Sea World Orlando (board governance)
- Florida Fund for Minority Teachers (board governance)
- Meridian Behavioral Healthcare (board governance)
- St. Luke's Methodist Children's Home (program evaluation)
- Rosen Hotels & Resorts (volunteer management/board governance)

Research: January through June 2011: The 2011 Nonprofit Compensation & Benefits Survey and publication of the Report

Marketing: July 2010: Completion of a new marketing plan for the Center

Executive Transition Management Focus:

- Two educational/networking events for new development directors
- Three educational/networking events for new executive directors/CEOs
- Seven educational/networking events for seasoned CEOs
- Placed 14 Rollins Early Advantage MBA students on nonprofit boards of directors

Source: Margaret Linnane, executive director PNLC, received June 10, 2011.

community—the PNLC subscribed to the following values, which were also reflected in its programs and services:

Values

1. **Generosity:** We value the spirit of giving that is the heart of philanthropy and nonprofit work.
2. **Integrity:** We value strong ethics and commit ourselves to maintaining principled and professional standards for performance, resource utilization and accountability in our work.
3. **Service:** We endeavor to ascertain and respond to our stakeholders' needs with utmost respect and personal attention.
4. **Inclusiveness:** We welcome individuals from diverse walks of life with varying competencies and experiences who strive to educate themselves and their organizations.
5. **Learning:** We strive to remain informed about current issues, trends, and best practices in the nonprofit sector and to model and encourage discovery, creativity, and reflection.
6. **Engagement:** We work collaboratively to fulfill our role in developing our community's strengths and improving the well-being of all citizens.¹

THE CENTER'S LEADERSHIP AND ROLE IN THE COMMUNITY

Linnane had been the executive director of a nonprofit organization for 18 years before accepting, in 2004, the job as executive director of the PNLC, to work with all of the nonprofits in Central Florida (see Exhibit 2 for an annotated biography of Linnane). She remembered well what it had been like to be thrust into an executive director position with little knowledge of the sector, a complex mission to learn and fulfill, bright-eyed staff members looking to her for direction, enthusiastic volunteers showing up every day, the need to fundraise—and no one to teach her how to do it all.

When Linnane first arrived at the Center, she wanted it to be the “resource of all resources” for the surrounding nonprofit community. She wanted excellent training and consultation to be available to all of the current executive directors. She hoped also to provide mentoring and coaching. Linnane stated aloud to all who would listen that her goal was “to make the nonprofit sector in her region the strongest in the country!”

Although Rollins did not fund the Center as such, it provided training space, office space and

¹Philanthropy & Nonprofit Leadership Center, “About Us,” PNLC website www.rollins.edu/pnlc accessed June 6, 2011.

Exhibit 2 Annotated Bio for Margaret S. Linnane

Margaret Linnane is executive director of the Rollins College Philanthropy and Nonprofit Leadership Center. She has full administrative responsibility for the college's multi-purpose resource center dedicated to providing a broad range of executive education programs, workshops, seminars and services for volunteer and staff leadership of nonprofit organizations. Prior to joining the Philanthropy Center in 2004, Margaret served as executive director of the Second Harvest Food Bank of Central Florida in Orlando for 18 years. In her capacity as executive director of the food bank, Margaret had responsibility for resource development, fiscal management, board relations, strategic planning, program management, human resource administration and community relations. She serves on the Board of Trustees at Bishop Moore High School in Orlando, Florida, and the advisory boards for the University of Central Florida College of Health & Public Administration Nonprofit Management Program, and Public Allies. Margaret has an MBA from the Crummer Graduate School of Business at Rollins College. She lives in Orlando and is married with three children.

Source: PNLC records, accessed June 10, 2011.

all of the equipment and support needed to operate it, such as the utilities, phones and computers. However, Linnane was responsible for funding the operation, including the \$800,000 operating budget that encompassed the salaries and benefits for eight full-time-equivalent employees, program instruction and materials and conference expenses. In addition to the operational support from the college, the Center

was fortunate to have received support from several local private foundations and corporate-giving programs. In addition, the Center generated revenue from program fees, membership fees and consulting contracts (see Exhibit 3 for income and expenses for the 2010–11 program year). Both the internal and external revenue streams were critical to the ongoing accomplishment of the PNLC's mission. As such, Linnane

Exhibit 3 The Philanthropy and Nonprofit Leadership Center's Income and Expenses, 2011

Income for 11 Months ending April 30, 2011		
	Dollar Value	Percent of Total
Program Fees	152,372	19.7
Membership	79,350	10.3
Contracts	111,708	14.5
Grants	380,833	49.4
Other	47,304	6.1
TOTAL	771,567	100.0

Expenses for 11 Months ending April 30, 2011		
	Dollar Value	Percent of Total
Program Costs	127,989	20.6
Travel & Conferences	16,931	2.7
Office Expenses	31,612	5.1
Salaries & Benefits	444,281	71.6
TOTAL	620,813	100.0

Source: Margaret Linnane, executive director PNLC, received June 10, 2011.

needed to meet constituent needs for programs while also appeasing external funders

Constituents

Most of the Center’s constituents came from a seven-county area of Central Florida, which extended across more than 8,200 square miles and included approximately 12,000 nonprofits. These included large and small organizations, and, true to the snapshot of the nonprofit sector at the national level, PNLC records showed approximately 2,100 (17.5 per cent) had income greater than US\$100,000. Of course, PNLC’s constituents included hospitals, private colleges and foundations, but, for the most part, they were small nonprofits providing services to niche groups. For example, PNLC membership in 2011 consisted of 334 organizations. In reviewing the member list, Linnane recalled having assisted in the past year, in one way or another, organizations across many sub-sectors of the nonprofit spectrum, including education, health services, culture and arts, and social services.

This review reminded Linnane that the staff and volunteers of the nonprofits the Center served varied considerably in their experience, expertise and training. This review of existing and potential clients occurred regularly among the PNLC staff and helped formulate the membership services offered. Exhibit 4 shows membership benefits and fees.

Linnane stated that changes to membership benefits were brewing in the 2011–12 plans:

We are about to add affinity groups as a new member benefit, specifically Marketing, Technology, Human Resources, and The Seasoned CEO. The New Executive Director (ED) Roundtable and New Development Director (DD) Roundtable will continue to be open to non-members because they are strong marketing tools for us.

Services

Because of the variety in the missions and work experiences of the constituents (not to mention the incredible staff turnover experienced by many organizations during the 2007–09 financial crisis), Linnane set out to provide training that could meet everyone’s needs (see Exhibit 5). For example, the Center offered 17 workshops on fundraising. “We offer A–Z in fundraising,” she explained, “anything you want from setting up a development office through grant writing and major gift fundraising to planned giving—you can get it at the Center.” The Center also provided extensive training in board governance, volunteer management, financial management and planning. In all, the Center offered an average of nearly 120 workshops per year. With few exceptions, the workshops were well received by an average of 26 attendees per workshop, who rated the sessions at an average rating of 4.78 out of 5 (see Exhibit 5).

Exhibit 4 Philanthropy and Nonprofit Leadership Center Membership Benefits and Fees**Why Become a Member?**

PNLC members, both individual and organizational, participate in our high quality educational, training and networking programs at a significant savings. Membership fees help the Philanthropy Center to provide programs and services that strengthen and support the entire nonprofit community.

Who May Become a Member?

PNLC membership is open to individuals, nonprofit organizations, and departments of local, state or federal government. An organizational or government department membership includes benefits for all staff, volunteers and board members.

Membership Benefits: Upon enrollment in PNLC, all benefits will be available to all employees, volunteers, and board members:

- Free 30-day job postings on the Center Job Posting Board
- 10% discount on all products and services offered through Opportunity Knocks, an online job center and the nation's leading job site for nonprofit jobs
- Discounts on all Center workshops, events, and seminars
- Scholarship eligibility of up to 50% off workshop fees for all 501(c)(3) members
- Scholarship eligibility (50%) to the Crummer Management Program ("Mini-MBA")
- 20% discount off of total registration fees when registering 3 or more people for a single Philanthropy Center workshop at one time
- 20% discount off of total registration fees when 1 person registers for 3 or more Center workshops at one time
- Special discounts offered on Crummer Graduate School of Business Management & Executive Education Center select programs
- Discounted one-year subscription to the *Nonprofit Quarterly* (\$39 as opposed to \$49)
- Use of our conference room for small meetings (seats 12–14)
- Use of the Philanthropy Center's resource library (includes Foundation Directory Online)
- A link to your organization's website from the Philanthropy Center's website
- Invitations to exclusive events
- Discounted price on the Central Florida Nonprofit Compensation & Benefits Survey Report

Membership Categories and Fees: All listed dues are for one-year PNLC membership. Your membership will expire 1 year from the day you join or renew.

Individual Memberships \$175	
Nonprofit Organizational Memberships	
Annual Budget	Annual Membership Fee
Less than \$100,000	\$125
\$100,000 to \$500,000	\$200
\$500,001 to \$1,000,000	\$225

Annual Budget	Annual Membership Fee
\$1,000,001 to \$2,000,000	\$325
\$2,000,001 to \$3,000,000	\$425
\$3,000,001 to \$4,000,000	\$525
\$4,000,001 to \$5,000,000	\$625
\$5,000,001 to \$10,000,000	\$750
Over \$10,000,000	\$850

Large funding agencies and membership organizations that wish to join on behalf of their affiliated organizations may contact the executive director to discuss a group membership.

Government Department or Agency Memberships

Annual Budget	Annual Membership Fee
Less than \$1,000,000	\$200
\$1,000,000 and Over	\$400

Source: Philanthropy and Nonprofit Leadership Center, “Membership Information,” www.rollins.edu/pnlc/membership/index.html, accessed June 6, 2011.

Exhibit 5 Workshop and Event Attendance

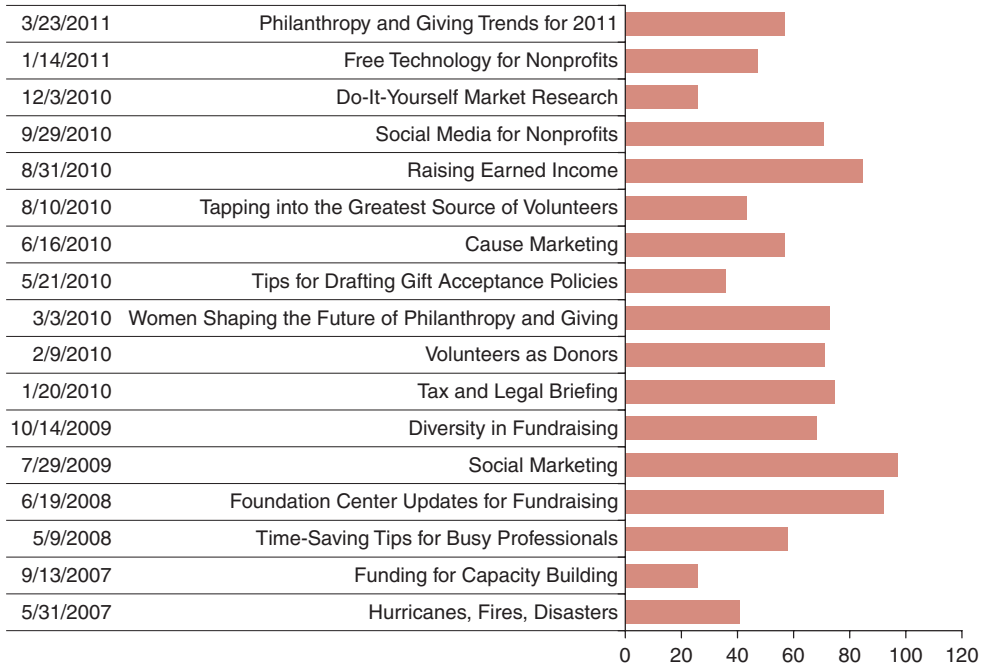
Date	Topic	Attendees
5/31/2007	Hurricanes, Fires, Disasters	41
9/13/2007	Funding for Capacity Building	26
5/9/2008	Time-Saving Tips for Busy Professionals	58
6/19/2008	Foundation Center Updates for Fundraising	92
7/29/2009	Social Marketing	97
10/14/2009	Diversity in Fundraising	68
1/20/2010	Tax and Legal Briefing	75
2/9/2010	Volunteers as Donors	71
3/3/2010	Women Shaping the Future of Philanthropy & Giving	73
5/21/2010	Tips for Drafting Gift Acceptance Policies	36
6/16/2010	Cause Marketing	57
8/10/2010	Tapping into the Greatest Source of Volunteers	43
8/31/2010	Raising Earned Income	85

(Continued)

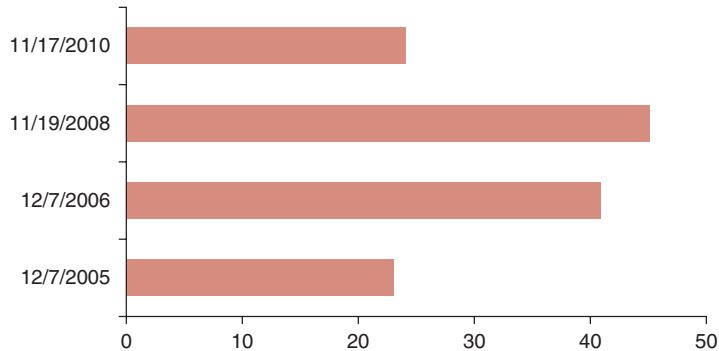
Exhibit 5 (Continued)

Date	Topic	Attendees
9/29/2010	Social Media for Nonprofits	71
12/3/2010	Do-It-Yourself Market Research	26
1/14/2011	Free Technology for Nonprofits	47
3/23/2011	Philanthropy & Giving Trends for 2011	57

Leaders Series Events Attendees



Art of Networking Attendees



Source: Philanthropy and Nonprofit Leadership Center records, June 2011.

When Linnane reviewed the activities related to the “management assistance” part of the mission, she noted the Center offered consultation (some of which generated income), mentoring for new executives and coaching for those who requested it. Linnane mused:

Mentoring and coaching, it’s really what I love to do. But I’m not the oracle; other nonprofit leaders could and should be mentoring their peers. This is the thought that led me to develop more networking opportunities for my constituents at various stages of their career and organizational life cycle. Actually, I recall the specific situation that started the ball rolling. As it turned out these thoughts were moved into action by a regional disaster.

THE NEED FOR NETWORKING: HURRICANE CHARLEY

In 2004, a major hurricane blew through the central part of Florida, leaving behind serious damage. Thousands of homes and businesses had been destroyed, and services of all types were suspended. Being aware of a crisis in the community, the Center requested information from the nonprofits, asking its members, “What do you have that you could offer others?” and “What do you need?” Unlikely partnerships and business relationships were formed. Those with building damage found new locations from which to provide their services. Those that lost transportation identified partners to provide it. Some organizations shared staff for a period so that their employees were not out of work due to the effects of the hurricane.

Some of the partnerships that had developed during the crisis continued long after the organizations had recovered from the disaster. The nonprofits that provided other organizations with operational space during the crisis were pleased to retain these tenants. Those that continued to share services were saving money and were happy about their new arrangement. These types of collaborations truly changed the mindset of many organizations and nonprofit leaders. At the same time, the Center staff learned more and more about the value of connectivity. As people met each other

and learned about the missions, resources and needs of each other’s organizations, services were expanded and led to greater creativity. Linnane contemplated how to continue this high level of collaboration during non-crisis times.

NETWORKING: THE FOCUS OF THINGS TO COME

One day, an experienced executive director asked Linnane to help him to make connections with some of his peers in the nonprofit community. He told her, “I don’t know very many people who also run nonprofits. Some of us would certainly have a lot in common and could learn from each other. I don’t have any easy way to meet them.” Linnane considered what he said and saw an opportunity for the Center to play another role as the hub of networking, a place where best practices were not only taught but also shared among peers. In addition to offering an important service to nonprofit leaders, Linnane also believed attendance in classes would increase once leaders were on campus and, in general, became more familiar with the Center’s offerings and quality of service.

The Center began promoting networking slowly. First, at each workshop, attendance lists were distributed so that attendees could follow up with each other post-event. During the workshops, instructors encouraged the attendees to introduce themselves to one another and to discuss their respective organizations during breaks.

Linnane and her staff then developed some events almost solely for the purpose of networking. Linnane explained, “Yes, a meal was offered, and yes, there was a brief presentation to further encourage attendance, but the primary goal was for local members of the sector to get to know one another.” These sessions became known as “Leaders Series” events and were held every other month. Much to Linnane’s delight, the room was filled each time, with an average attendance of approximately 50 people (see Exhibit 5). Although these series were well attended, the Center staff noticed that attendees would typically enter the

room, identify a seat and pluck themselves down as if the meal was what they were there for! After some brainstorming about the reason for so little interaction among attendees, Center staff concluded that people did not really understand how to meet others in a professional setting.

On the basis of this revelation, the Center offered a workshop titled, “The Art of Networking.” Beginning with the 2005 class, each time the workshop was offered, it was sold out. According to observations during the sessions and feedback after the sessions, people were not comfortable in settings dedicated to networking, and they wanted to learn how to network effectively. Workshop attendees were reminded that training was an opportunity to network and that not only the presenter but also their peers had knowledge and creative suggestions to offer. Constituents learned to be comfortable and strategic in networking settings.

As a result of the increased networking among the nonprofit community, collaborations were built. For example, a program for children with disabilities collaborated with a performing arts organization to offer children with disabilities the opportunity to act in staged performances. Another organization needing help picking up supplies for its programs worked with the local food bank because its trucks were not being used to their full capacity. The Adult Literacy League started offering English for speakers of other languages (ESOL) classes to parents whose kids were active in the Boys & Girls Club. All of these collaborators credited the Center with bringing them together. Linnane noted:

This is just a small set of examples. I could go on for hours, maybe even days, telling how programs and services developed or improved because nonprofit leaders were in the same place at the same time talking to each other and sharing missions, visions, and challenges.

Building on the success of the Leaders Series and the Art of Networking workshop, the Center began to offer “speed networking” sessions. Linnane recalled the initial speed networking events:

We offered this twice—in 2008 and 2009, focused on arts organizations and others who wanted to attend. The participants wanted to meet one another with the hope being that they would find ways to work together. A timer is set. Organizations start talking one to one. They have two minutes. At the end of two minutes, everyone moves and spends two minutes with another organization. This continues until the end of the event. You can be sure that business cards and organizational literature are exchanged.

All of these initial actions were well received. Linnane was encouraged and began to brainstorm how the concept of networking could be taken to the next level.

From the staff’s brainstorming another innovation in the networking area was developed: PeerLabs. The first PeerLab was in December 2010. For the event, PNLC staff arranged the room with 8 to 10 circular tables. At each table, a leader from a local nonprofit conducted a discussion on an area in which his or her organization excelled. Topics included, among others, Creative Fundraising, Using Social Media, Generating Earned Income and Finding Volunteers. The entire session lasted half a day. Attendees selected one table to sit at with others who shared an interest in the same topic. Introductions were made and the sharing began. Linnane beamed:

The reaction was overwhelmingly positive. People loved the time with their peers to talk about best practices and they asked us to offer it again. The second PeerLab was in May 2011, with 50 people in attendance. We decided to offer a PeerLab twice a year as long as attendance continued to be high and we continued to receive requests for more opportunities like it.

Affinity Groups

After having observed the success of these general audience networking events, Linnane began thinking about how to apply the concept in a more targeted fashion. With this idea in mind, the Center began to establish affinity groups. Linnane explained the concept: “We’ll introduce peers, one to another, and let them take

those relationships where they will.” The Center began by offering a “New Executive Director Roundtable” in January 2007 for those new to their positions. From there, they developed the “New Development Director Roundtable” in June 2009 and eventually the “Seasoned CEO Roundtable” in January 2010. Annually, the Center offered “For Board Chairs Only,” an opportunity for board chairs to discuss the challenges they faced in leading boards. At the same time, Center staff began taking leadership roles in already established affinity organizations, such as the Association of Fundraising Professionals and Grant Professionals Network. In this way, the PNLC staff improved their own network and observed the management strategies of successful affinity groups.

Linnane was aware that many of the introductions that had been made through PNLC networking activities had turned into partnerships and eventual deep collaborations, resulting in friends mentoring and coaching each other. While such developments made her feel proud of the efforts she and the PNLC staff were making, she realized that some of these deep, cooperative relationships were forming into their own groups away from the Center. Sometimes she was invited to informal breakfast meetings or for drinks after work with executives who had established good, sustaining relationships with others. She realized, however, that she was seeing fewer of these executives formally; that is, they were not engaging much with the Center. Linnane wondered whether this situation could “possibly have happened because the nonprofit leaders had developed their own ‘affinity’ groups and no longer needed the Center?” She was unsure how to bring the leaders back into the fold.

EXPLAINING THE VALUE OF NETWORKING TO FUNDERS

At the annual PNLC meeting in May 2011, Linnane shared with the Center’s funders the network organizing the Center was involved in.

She expected them to be enthusiastic; after all, “how could anyone not be excited about connecting people to form a more cohesive sector?” She was not prepared for some of the responses. Her funders had asked, “How do you know that offering networking opportunities provides value?” “How many connections have you facilitated that have impacted the community?” “How many of these partnerships you’re describing are lasting longer than three months or six months?” “What is the impact of networking on their clients?” “What is it really costing you (and your operation) to do all of this facilitation?” “Would your time be better spent on activities that generate revenue for the Center?”

Linnane had been caught off guard. She couldn’t answer any of the questions. She knew instinctively that connecting people on the scale that the Center was doing was resulting in a stronger nonprofit sector overall, which supported the Center’s mission and vision. Nevertheless, she had to listen to their questions and determine how to prove that network facilitation strengthened nonprofits and the community and was worth the staff time.

Linnane knew that the Center’s reputation was building, that classes were filling and that advice was being sought. Center staff was consistently hearing comments such as “I don’t know what I’d do without the Center” and “I couldn’t do my job without you.” They were starting to hear nonprofit staff members state proudly that they had earned a certificate in nonprofit management or proposal writing through the Center. Much anecdotal evidence supported that the Center’s efforts were positively influencing local organizations and their staff. The Center was becoming the “go to” organization for advice, training, information and connections. Linnane needed to convince the funders that networking was important to the Center’s mission and to the nonprofit community. Funding support was critical to the PNLC’s success. She had four weeks to prepare for the next meeting. She needed answers—fast.

