



## Planning for nonprofits and philanthropy

# Bold Action in a Competitive Market: The JCC Consortium Camp

POWER YOUR MISSION 2: CONFERENCE ON SOCIAL ENTERPRISE

December 5, 2014

Participants will learn about

1. the drivers and challenges of nonprofit collaborations and mergers
2. the process and timeline for effecting a collaboration or merger
3. some specific tools for building cooperation and consensus



# Why Merge or Deeply Collaborate?

Nonprofit mergers are about putting the mission of the organization and a vision for its future first

**A mission is the business of an organization and its specific value proposition within a given field.**

The mission of a merged organization should be far-reaching, clearly positioning it for impact in a competitive marketplace.



**A vision describes the future position of an organization or initiative; what it hopes to achieve after a specific period of time.**

Defining a vision spurs an organization to develop plans, allocate resources, and evaluate success over time calibrated to well-defined benchmarks.

# Why is Mission so Important?



- Despite conventional wisdom, mergers themselves do not necessarily generate revenue or reduce expenses. In the short-term, they require new money for related expenses.
- Merger failure is more common than merger success.

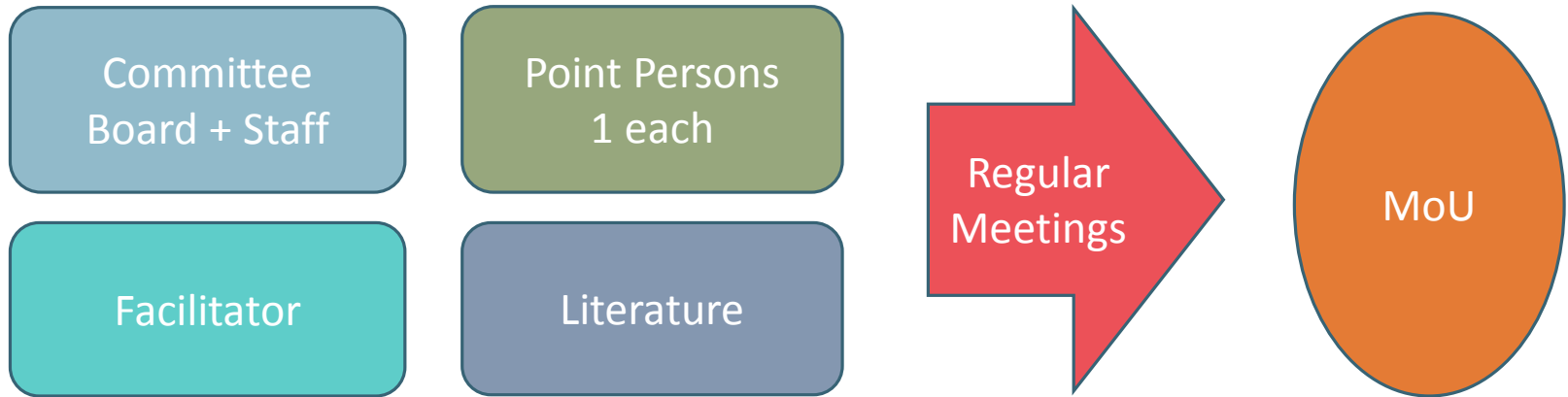
## UNSUCCESSFUL FOR THE WRONG REASONS

- Nerves
- Hurt feelings
- Inertia
- Ego
- Self-interest

## UNSUCCESSFUL FOR THE RIGHT REASONS

- A better partner's been found
- There is true incompatibility in mission and vision
- The financials make the merger simply unwise

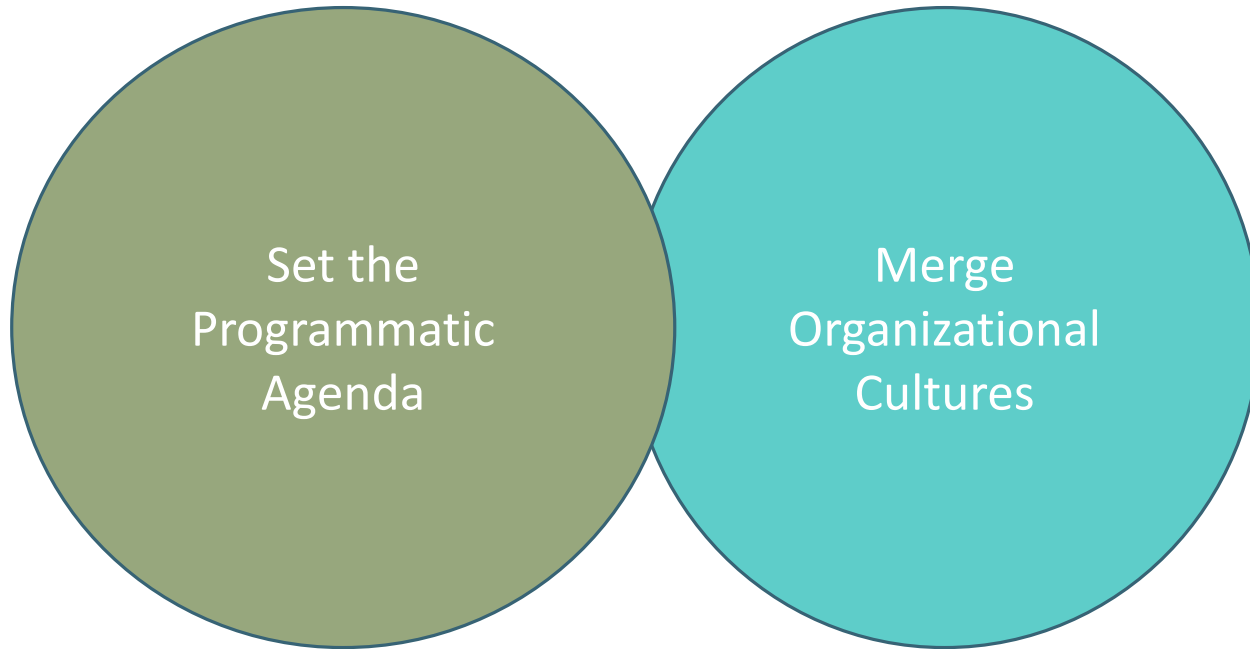
# First Steps



1. Form a **committee** with **board + staff reps** from both organizations.
2. Designate **point-persons** on staff and hire a **facilitator** to guide the process.
3. **Read a book** or two about nonprofit mergers.
4. Craft a **Memorandum of Understanding** describing the process and its intended outcome.\*
5. Set a regular **series of meetings** with delineated **milestones** for each one.
6. Work towards a **Term Sheet**.\*

## Memorandum of Understanding

- Project Overview
- Purpose
- Duration of MoU period
- Roles, Responsibilities and Oversight
- Public Statements and Contacts
- Financial Terms/Fundraising
- Confidentiality
- Modification and Termination
- Ownership of Materials
- Signatures of CEOs and board leaders



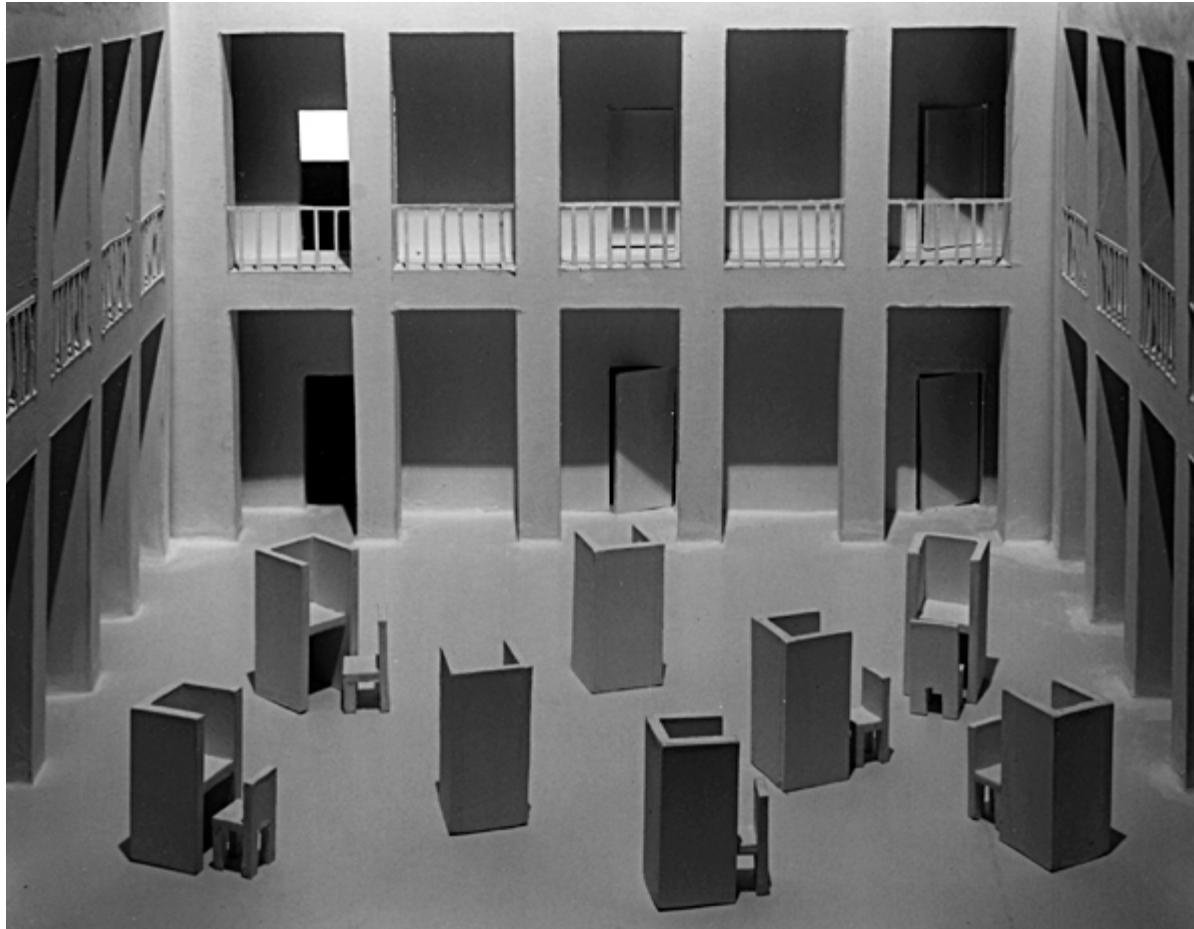
## Role of the Board





# Who's in charge?







**NewYork-Presbyterian/Columbia  
University Medical Center**



# Establishing a Timeline and Benchmarks



ACTIVITIES	Fall 14	Winter 15	Spring 15	Summer 15	Fall 15	Winter 16	Spring 16	Summer 16
Additional planning funds secured Site selection finalized	■	■						
Cash flow analysis and model completed Identity development begun Operating agreement negotiated Week Eight 2015 planned Technology selection process begun		■						
Legal structure finalized Camp director selected Special needs intake process determined Week Eight 2015 promoted Three boards approve operating agreement Registration, intake & communications system selected Identity finalized; marketing plan developed Tuition/scholarship structure finalized			■					
Marketing plan for 2016 implemented Week Eight/Nine 2015				■				
Detailed program planning for 2016 (neighborhood curricula) Financial and operating policies finalized Program partners for 2016 secured Registration, intake, & communications system operational Summer 2016 promoted Assistant directors & other key staff selected, hired					■			
Summer staff hired Promotion & registration for summer 2016						■		
Summer staff hired Capital projects for neighborhoods initiated							■	
Inaugural season								■

## Elements of a Term Sheet

- Title and Parties
- Objective and Strategy\*
- Mission of Combined Organization\*
- Name of Combined Organization / Nomenclature\*
- Governance / Advisory Council\*
- Professional Leadership\*
- Fiscal Year
- Headquarters\*
- Transfer of Assets
- Conditions to Closing (if any)
- Confidentiality
- Appendices

# Resources



## Plan A Advisors

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[New York Mergers, Acquisitions & Collaboration Fund](#)

[The Nonprofit Mergers Part I: The Leader's Guide to Considering, Negotiating, and Executing a Merger](#) by David La Piana