



INTERFAITH SENIOR PROGRAMS, INC.

Merger Case Study

Interfaith Senior Programs, Inc. was officially founded in June 2007, following nine months of planning to merge the Boards, programs, and management of Interfaith Caregiving Network, Inc. and the Retired and Senior Volunteer Program of Waukesha County, Inc.

PARTNERSHIP AND PROGRESS

Both agencies were aware of community and donor perceptions that the separate programs duplicated some services. Supporters of both agencies—including United Way, Waukesha County government, and large businesses—had been encouraging nonprofit groups to find ways to increase efficiency and had pledged financial support to assist.

The process began with Board Directors of both agencies engaging in informal merger talks. The conversation quickly involved the full Boards and professional leadership of both agencies and an ad hoc group (four Board Directors from each organization, a director who had served on both Boards, and the Executive Directors). This group hired a facilitator to keep the process moving forward and to minimize digressions by the ad hoc committee. Funding was provided by the Nonprofit Management Fund of Waukesha County, with additional support from the Waukesha County Community Development Block Grant office and the agencies themselves.

Over four months, the facilitator led the ad hoc group through a process to determine goals for a merger, what each Board considered as “must-haves”, alternate forms of strategic partnership, terminology (e.g., what “merger” meant to Board Directors of differing organizational backgrounds), legal implications, potential impact on funding, timing, and how to involve full Boards and staff members.

Throughout the process, communication was maintained with staff of both groups to address their concerns about the future of their jobs, as well as the continuation of programs. All ad hoc committee members signed confidentiality agreements, and therefore, specific details could not be disclosed to staff, so it fell to the Executive Director to relay the general tenor of the process and provide honest and timely notice of changes. Since the staff felt confident that they were receiving good information, they were able to focus on their work, maintain a positive image, and ensure that programs and services continued without interruption.

The process examined legal, financial, contractual, program, and logistical issues that would be affected by a merger. Documents of each merger partner were thoroughly reviewed, including insurance policies, government contracts, articles of incorporation, bylaws, personnel policies, outcome measurements, and marketing materials. Organizational cultures also were assessed. Each meeting ended with action steps and dates for completion; each subsequent meeting began with reports on organizational changes and information relevant to the action steps.

Challenges included: focusing staff and volunteer time on the project, while maintaining a high level of program delivery at both organizations; developing a logical, workable merger agreement that complied with the federal regulations of the Corporation for National and Community Service, the major funder for Retired and Senior Volunteer Program of Waukesha County, Inc.; and, designing a model for this type of partnership.

As the process took shape, meetings were held every two weeks at a local church. A letter was sent to all clients, volunteers, donors, and partners of both organizations to introduce the process and assure the community that programs and services would continue without interruption. Board Directors and the staff maintained personal contact with major funders to provide timely information and prevent problems.

This undertaking represented a significant demand on the Executive Director's time, and therefore, the amount of management support available to staff decreased. To alleviate some stress, a second consultant was hired to provide individual staff coaching and facilitate group retreats. This enabled the staff to prepare for the change in culture, discuss individual roles, and learn to work more independently as the Executive Director's role changed to meet the management needs of a larger organization. As soon as the Board determined that the Interfaith Executive would be engaged as the Executive Director of the merged organization, she began meeting individually with all staff, specifically focusing on staff of the Retired and Senior Volunteer Program, who would be experiencing a leadership turnover and the move to a new location.

Two actions established a timeline for formalizing the transition: the Executive Director of Retired and Senior Volunteer Program resigned in December 2006, and one of their Board Directors resigned and assumed the Interim Executive Director position through the end of April 2007.

On May 17, 2007, Interfaith's executive was hired by the Board of Retired and Senior Volunteer Program of Waukesha County, Inc., as the Executive Director. This was the first official action of the partnership, and resulted in the Executive Director managing both corporations for approximately one month. An official announcement was made at Interfaith Caregiving Network's, annual benefit dinner in May 2007, introducing the new Board of Interfaith Senior Programs, Inc. (consisting of all Board Directors from both agencies).

In June 2007, the partnership became official. This official statement was followed by acceptance of a resolution by the Interfaith Board to delegate all governance responsibility to the Board of Retired and Senior Volunteer Program of Waukesha County, Inc. Immediately thereafter, the full Board of Interfaith Senior Programs, Inc., accepted the resignations of all but three Directors, who continue to oversee remaining multi-year contracts that will either age out in 2008 or be absorbed by Interfaith Senior Programs. In short, the Board of Directors of Retired and Senior Volunteer Program of Waukesha County, Inc., assumed the programs and assets of Interfaith Caregiving Network, Inc., and then changed the name of the agency to Interfaith Senior Programs, Inc.