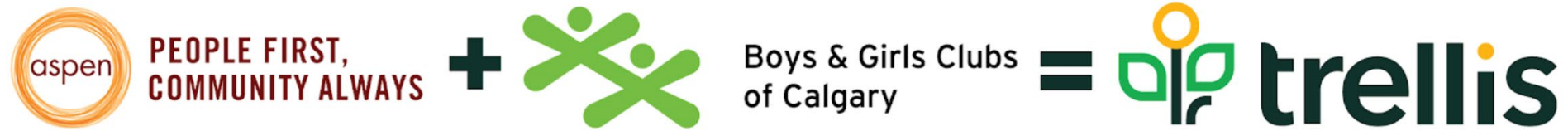


# MERGING For Good

## A Case-Based Framework for Supporting Effective Nonprofit Amalgamations

Prepared for Trellis Society for Community Impact  
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Trellis was born when Boys & Girls Clubs of Calgary and Aspen Family & Community Network Society joined forces. Trellis works to end youth and family homelessness and create spaces for belonging and exploration in the community. This new organization provides education and employment connections and ensures a safe home environment for youth and children, whether that be through foster care, group care or in their own home.



The Institute for Community Prosperity connects students with social impact learning through applied, community-partnered research, creative knowledge mobilization, and systems-focused education. The Institute is interested in big questions about how we invest in social purpose or the common good in the 21<sup>st</sup> century and the shifting roles that charities and nonprofits play, including responding to calls to collaborate and consolidate. James Stauch is the Director of the Institute, and Cordelia Snowdon is a recent MRU graduate (BA, Policy Studies, Diploma, Social Work), and former Catamount Fellow.

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This is a framework for nonprofit organizations that may be considering embarking on a merger, or a similar form of amalgamation or consolidation. It is also for funders - government, foundations, corporate or individual donors - and other sector 'capacity builders' interested in supporting or advising on mergers and amalgamations. It is also the final report of a two-part chronicling of the creation of Trellis, a newly amalgamated Calgary-based human service organization, and is gleaned both from stakeholder in-the-moment feedback and from those who have had an opportunity to reflect on mergers in the rear-view mirror, many years out. Please note that, although this framework often uses the language of human service organizations - "clients", "clientele", "agency needs", etc., much of these tools and insights are equally applicable to other types of nonprofit organizations.

Nonprofit mergers are rare, and for good reason: They are expensive, they dramatically upset the smooth delivery of organizations' missions (though this can be a good thing), they tend to thrive only under a particular set of ideal circumstances, and they cannot be forced, either by funders, or by economic necessity. However, as the effects and after-effects of the COVID 19 pandemic are profoundly affecting the financial health and governance of nonprofit organizations in Canada, the internal and external pressures to explore mergers and other forms of deep collaboration is nevertheless growing.<sup>2</sup> It is therefore essential to have a clear-eyed understanding of both the exciting potential and the many pitfalls and hazards of social impact amalgamations.

This framework captures and builds on learning and insights from the merger of two well-known nonprofit human services organizations in Calgary: Aspen Family & Community Network Society (Aspen) and Boys & Girls Clubs of Calgary (BGCC) into a new organization, the Trellis Society for Community Impact, or simply "Trellis". The Institute for Community Prosperity was asked to document this journey process, looking at questions of strategic fit and process, as well as the governance, financial, human resources, communications and cultural aspects of the merger. The Institute embraced this challenge, precisely because of its clear relevance and urgency for the social impact sector,

and the commitment of the amalgamating organizations to share the learnings of this journey far and wide. As such, the analysis falls somewhere between a real-time case study and a developmental evaluation. This approach, capturing stakeholder input as the process unfolds, is fairly unique. Most analyses of nonprofit mergers take place many years after the merger is complete.<sup>3</sup>

The learnings and questions raised in this framework draw on two rounds of conversations, months apart, with a selection of key stakeholders - management, staff, board members, consultants, funders and others with previous merger experience - as well as from the literature on nonprofit mergers and other forms of deep collaboration. A detailed chronicling of the early stages of this merger is provided in a report released in August, 2020: *One Big Experiment: Chronicling a Nonprofit Merger in Action*. This second document includes the key insights from this first report, but also captures what has been learned since, as the arduous journey of implementation unfolded.

The framework focuses on three main phases - CONSIDERING whether to merge, PLANNING the components and sequencing of the merger, and INTEGRATING the programs and operations. The framework surfaces questions to consider in each phase, and with respect to specific areas of organizational governance, management and operations: Values and culture, board governance, legal and regulatory considerations, human resources, financial considerations, branding and external communications, funder and donor stewardship, internal communications, front-line programming, back-office operations, space, and social impact. Additional sections are included on finding closure, advice for taking your first steps, evaluating amalgamations and on insights for funders specifically.

*Please note that this framework document is not meant to be authoritative or to take the place of legal advice.*

# Nonprofit Amalgamations: Promise or Peril?

Non-profit mergers, relative to the commercial sector, are quite rare.<sup>4</sup> They are also, in some circles, controversial or even taboo. Some tend to associate amalgamation with failure<sup>5</sup> - a last-ditch way to deal with financial precarity, or for organizations otherwise adrift to find a form of resurrection. Some have also suggested that it might be a "self-fulfilling myth" that mergers happen because an organization is failing.<sup>6</sup>

On the contrary, successful amalgamations are much more frequently associated with innovative, forward-thinking organizations with strong learning cultures and adaptive leadership capacities. Successful amalgamations are also not ends in themselves - they are a means to a higher-purpose end, which may be, for example, better client service, better geographic reach, greater capacity to evaluate impact, or more visibility and accessibility in the community.

Amalgamations are certainly daunting and expensive to undertake, and are sometimes undertaken for the wrong reasons. Like commercial mergers and acquisitions, nonprofit amalgamations inevitably result in 'efficiencies' or 'redundancies' - unnecessarily duplicated management or staff positions, resulting in layoffs. For this reason, many nonprofit organizations, guided by a strong sense of social responsibility and decent, just, working conditions, tend to discount the value of mergers.

On the other hand, mergers are an important part of the mix of solutions to some of the ills that plague the sector: The abundance of organizations doing similar work, often struggling to collaborate, unwittingly paints a confusing picture of disjointed supports for those in our communities requiring the services, support and advocacy these organizations provide. It also confuses donors and funders, who may struggle to understand why organizations simply don't work together more, even as their own policies incentivize competition.

Indeed, the experience of nonprofits who have attempted or completed amalgamation is mixed: They are successful only part of the time, and are fraught with logistical, financial, legal and cultural difficulties. Yet, they can potentially be quite positive in their impact on the community, if done for the right reasons, managed in the right way, and under the right conditions.<sup>7</sup> Later in this document, a decision tree is included to help you navigate whether an amalgamation makes sense for your organization.

# THE PANDEMIC AND THE PRESSURE TO AMALGAMATE

The following is mainly excerpted from *Unmasking the Future*, a scan of current issues and trends prepared for the Calgary Foundation by the co-author of this report.<sup>8</sup>

This is a scary time for civil society, where, on the one hand, it is called on to embrace all manner of new opportunities and challenges that lie at society's feet. According to Imagine Canada, 42% of Canadian charities have had to create new programs in response to COVID-19.<sup>9</sup> Demand for many charities' services has spiked, with the uptick in unemployment, financial or housing precarity, mental health concerns, partner violence, opioid use, and other dynamics. Insurance and certain other administration costs have also risen. At the same time, revenues have plummeted, volunteering is down, staff have been laid off by the tens of thousands, and potentially thousands of organizations across Canada are expected to fold over the coming months. Imagine Canada's estimated impact on charities alone (not including other nonprofits) is \$15.6 billion in lost revenue and 194,000 lost jobs.<sup>10</sup> The Calgary Chamber of Voluntary Organizations (CCVO) estimates that up to 20% of Alberta's charities could disappear as a result of the financial and human resources hardship of the pandemic.<sup>11</sup> Charities have seen the most precipitous drop in earned revenue, which has a particularly profound effect on the arts and culture sector.<sup>12</sup>

Donations are also down: Two in five Canadians have cut back on their giving over the past year (although many did boost their holiday giving as compared with 2019, with most preferring to focus on giving locally), and thousands of fundraising drives and events have been cancelled.<sup>13</sup> All this comes on top of a decades-long, chronic and growing 'social deficit'<sup>14</sup>, a gradual decline in government revenue and donations, as well as - in Alberta - a struggling economy and a provincial government ideologically committed to austerity.

It is no surprise, in this light, that amalgamations are an alluring part of the mix of solutions. Volunteer Alberta recently undertook a *Challenge Dialogue* process, a deep, months-long consultation with nonprofits (or, in the language of the challenge, 'social profit' organizations). It revealed that the pandemic provides an opportunity to profoundly transform the sector: "This included the notion that now is the time that social profit organizations conduct a review of their relevancy and entertain different ways to serve the sector, which may include: expansions, mergers, collaborations, closures."<sup>15</sup> The Premier's Council on Charities and Civil Society has raised this<sup>16</sup>, as have sector capacity-builders and funders. The Muttart Foundation, a long-time sector champion, has announced their interest in helping finance nonprofit mergers, and devoted a chapter to mergers in a new *Restructuring and Insolvency Guidebook*.<sup>17</sup> But we have heard all this before: Twenty years ago, it was predicted that "considering mergers and alliances will be the new strategic planning for the twenty-first century"<sup>18</sup>. Recessions have been found to lead more commonly to nonprofit restructuring, bankruptcy, or dissolution than they have to mergers.<sup>19</sup> In fact, some scholars of the nonprofit sector maintain it is a "myth" that recessions lead to a greater number of mergers.<sup>20</sup> While some funders and nonprofit pundits may believe that COVID-19 will spark more mergers in the sector, paradoxically, some noted that the Trellis merger would *not* have been a plausible option if the organizations had started the process once the pandemic was already underway. The scarcity and unpredictability of funding post-COVID, coupled with the increased programming demand of human service organizations, is one obvious barrier. In spite of these factors, it is possible that the example of two respected organizations joining together, combined with external economic factors, may present a tipping point. And the timing of the merger ended up being serendipitous, because COVID-19 would likely have otherwise forced both agencies into conversations about layoffs, closing programs, and other rationalizing. Without the merger, their outlook may well have been bleaker.

# MERGER, AMALGAMATION OR ACQUISITION?

A *merger* is when two or more businesses (whether commercial or nonprofit) with a similar mandate and suite of operations combine to create an entirely new entity. An *amalgamation* can look almost indistinguishable from a merger, but it also refers to when a larger entity acquires a smaller entity, absorbing its operations into the larger pre-existing business. This type of amalgamation is also referred to as an *acquisition*. Trellis is the product of an amalgamation that, for all practical purposes, can also be called a merger. But because BGCC was substantially larger than Aspen (roughly twice the size in terms in operating budget and staff size), with a greater number of operational policies and procedures in place which for practical purposes have continued or adapted within the merged organization, there are aspects of this merger that might tempt one to label this an acquisition. However, the absorption was not unidirectional: There were many aspects of Aspen's policies and procedures that were adopted for the new organization.

Also, among the classifications of mergers, the Trellis example is most closely characterized as a *horizontal merger*, or *horizontal integration*, which is a joining of two similar business models within a similar market or service landscape in order to scale-up.

# The Climbing Trellis

The journey for any dyad or triad of nonprofit organizations undertaking a merger - the motives, catalysts, openings, barriers and unforeseen minefields - will be unique to each circumstance. The diagram later in this section outlines the journey that BGCC and Aspen embarked upon to grow into Trellis. Although "Trellis" symbolizes a lattice of supports for community clientele, the metaphor is also fitting for the two organizations themselves. Here, pictured as vines, sending out runners, finding each other, then tentatively entwining tendrils, frequently awkwardly tangling, before grafting onto one another in a stronger, more visible, more assertive, mature vine.

The Trellis amalgamation ultimately brings together two well-known, well-respected, Calgary-based human service organizations serving vulnerable children, youth and their families, into a \$30 million/year operation. It is one of the largest nonprofit mergers in Alberta history, and one of the largest human service mergers in Canada in the 21st Century.<sup>21</sup> The new organization draws from the programmatic strengths of both organizations, creating a fuller spectrum of community supports, from education, employment and spaces of belonging, to foster care, group care and independent housing solutions. The combined entity also creates a more comprehensive, city-wide geographic reach. The 'legacy' organizations - Aspen and BGCC - had many approaches in common, from trauma-informed care, to integrating natural supports, to a core focus on building the economic and social resilience of clients. But they also had many differences, from organizational structure and culture, to back-office systems, to management and integration of data. Moreover, they had rarely previously collaborated.

## THE EVOLVING STORY OF TRELLIS

The Interim companion report to this document, *One Big Experiment*, chronicled the early stages of this unfolding merger story. This first report was largely based on a series of stakeholder conversations, conducted in the Spring of 2020, among whom there was strong consensus on key themes, drivers, pain points and opportunities. This second and final report herein incorporates a second series of conversations, conducted in the Fall of 2020, well into the integration phase. The stories and reflections of stakeholders in this second round were much more varied, revealing divergent perceptions on many aspects of the merger. These differences are explored in each of the thematic sections covered later in this document.

The Trellis merger unfolded over six phases<sup>22</sup>, four of which were contiguous with the COVID-19 pandemic:



### FALL, 2019 - SCOPING/ CONSIDERATION PHASE:

The CEOs of the two organizations, Shirley Purves of Aspen and Jeff Dyer of BGCC, began to explore the idea. The Boards of both organizations subsequently expressed support, striking a special committee composed of members of both organizations' Boards. Senior management were also engaged. Early due diligence steps were undertaken with support from external consultants, including separate financial, legal, and integration analyses.



### WINTER, 2019 - PLANNING PHASE:

The decision to pursue a full merger (in lieu of other kinds of deep alliance, or partial amalgamation, such as through shared programming, shared service platforms, joint ventures, or strategic alliances) initiated this phase. Funders and key donors were then consulted, and some agreed to provide financial support to help finance the merger. Additional consultants were engaged to assist with organizational design, culture and values alignment work. Senior Management and consultants were bound by a non-disclosure agreement during this time.



### SPRING, 2020 - PUBLIC PHASE:

On April 14, all staff and stakeholders were briefed about the merger, and the following day Aspen and BGCC publicly announced their coming together to create a new, unified organization. Mayor Naheed Nenshi joined a chorus of local funders and community leaders in praise of this bold step. The announcement signalled that the new organization would serve as "One Big Door"; a holistic continuum of services for children, youth and families in Calgary and area. This was the most exciting and terrifying phase, with the two organization's staff meeting each other for the first time, and community reaction ranging from laudatory to ornery. Legal integration also commenced in this phase, and a formal signing ceremony took place June 15.



### SUMMER, 2020 - OPERATIONAL INTEGRATION COMMENCES:

An important emphasis in this phase was on integrating front-line programs, ensuring clients experience as little disruption as possible. The first report chronicling this merger was released: *One Big Experiment: Chronicling a Nonprofit Merger in Action*.



### FALL, 2020 - OPERATIONAL INTEGRATION CONTINUES:

The Trellis name and brand was introduced to the public in late-September. This phase saw important steps taken to integrate client management and financial systems, alongside accompanying technical and systems hurdles. This was a very complex phase, as there were essentially three organizations and three identities still in operation - the phasing out of the two legacy organizations' communications, systems and brands, alongside the ramping up of Trellis. The integrated Trellis website was launched in mid-December.

### 2021 AND BEYOND - OPERATIONAL INTEGRATION COMPLETE:

As of this writing, this phase is only just underway. This phase includes completion of the final back-office components (data and software integration, and payroll, for example), additional communications integration, and physical space integration. It is worth noting that culture integration, as in nearly all mergers, will continue well into 2021 and likely beyond.

# ALL SUCCESSFUL MERGERS RESULT IN NEW ORGANIZATIONS

In the case of two organizations merging, there will be a months-long period, early in the implementation phase, in which there are actually three organizations in operation: The two legacy organizations and their new offspring. After the initial thrill of announcing a merger, as the slog of integrating programs, policies, protocols, back-office, and systems operations commences, it is important to remember that the goal of a merger is neither an appending of one organization's processes and policies onto the other's. Nor is it an interlocking of both for the sake of some empty notion of equity: "Policy A is BGCC's, Policy B is Aspen's", and so on down the list. Such an approach will be an awkward and ultimately unsustainable amalgam, where staff, management and even board members may be too tempted to settle into what's comfortable and familiar. Trellis is a new organization. It is quite purposefully not "Aspen-BGCC". As such, it is an opportunity to re-imagine and create anew. A new organization is being built, and everyone's energies must be focused on that, not on keeping accounts for which legacy organization's policies or practices get to survive. There is a section later in this document that deals with how important it is to celebrate and grieve the legacy organizations that you let go of. But let go you must.

## The Climb to Trellis



### INTEGRATING

#### 2021 AND BEYOND

- Operational integration complete (e.g. payroll, communications, space)

#### FALL, 2020

- Operational integration continues (e.g. financial systems, software)
- New name and brand unveiled
- 3 organizations, 3 identities

#### SUMMER, 2020

- Operational integration commences (e.g. front-line programs)
- Report released: One Big Experiment: Chronicling a Nonprofit Merger in Action

### PLANNING

#### SPRING, 2020

- Staff and stakeholders briefed
- Public announcement
- Legal integration commences
- Transition Management Office set up to run May to October

#### WINTER, 2019

- Scenario planning and assessment
- Feasibility affirmed
- Funders briefed/consulted

### CONSIDERING

#### FALL, 2019

- Scoping /consideration phase
- Initial overtures
- Board and senior management committees
- Consultants engaged



# The Framework



## CONSIDERING the amalgamation

For those who might be exploring or embarking on an amalgamation or merger, there are three important phases to anticipate - **CONSIDERING**, **PLANNING** and **INTEGRATING**:

This is the scoping phase, where the seed of the idea appears and germinates. It may emerge from the Board, or, as in the case of Trellis, from the organization's leaders. It is vital that the senior management and the boards of directors are engaged in this phase. This is the phase in which you undertake analyses of the legal, financial, operational, programming, cultural and reputational considerations. It is an opportunity to quietly share the idea with trusted funders, donors or other critical stakeholders for their feedback. This is the phase where the likelihood and scale of financial support for the amalgamation and beyond is determined. Is the rationale and support to merge strong enough? Is an amalgamation in all parties' best interests? What are the implications for the community and for clientele?



## PLANNING the amalgamation

This phase commences once a 'go / no-go' decision has been made, as well as a decision on the form and degree of amalgamation. In Trellis' case it was a full merger into a brand new organization, but there are also a range of partial amalgamation options or shared programming or platforming options available.<sup>23</sup> A more explicit and intentional effort to canvas and meet with funders and key donors should happen in this phase, and as an early step financial support expressly for the amalgamation should be secured. Organization design, strategic planning, communications planning (internal and external), culture and values alignment work, and detailed sequencing of legal, governance, managerial, operational and programming elements should be mapped out. The circle of parties 'in the know' must expand at this phase, potentially to include all staff and additional stakeholders. The end of the planning phase, ideally, should be when the amalgamation is made public. It is vital to note, however, that no matter how robust and thorough your planning efforts are, many things will not unfold as planned. Regulatory hold-ups, governance spats, upset staff, software glitches, envious rival organizations and dissenting donors are among the many bumps that can appear, not to mention a pandemic, which made the Trellis merger in some ways easier and in many ways exponentially more difficult.



## INTEGRATING the legacy organizations into the new organization

















There are at least seven or eight main forms of integration. Typically the first in sequence is legal and governance integration - establishing new bylaws and regulatory amendments and approvals, merging the board of directors, or forming an entirely new board. Synchronous to this is the integration of management. Operational, finance and programming integration would follow, including funding contracts, which in turn cascades into data and client integration. Somewhere in this sequence, usually very early on, would also be communications integration - name, brand, marketing, social media and so on. Depending on the type of nonprofit business, there may be other forms of integration, such as office or programming space.

Arguably, there is also a fourth phase - **IMPLEMENTING** the new organization, which is essentially the ongoing operations of the new entity once the others have entirely wound down and cease to be 'competing' - both internally and externally - for attention with the new entity. However, the scope of our analysis was timed to focus on the considering, planning and integrating phases. A follow-up study, a year or more out, would need to be conducted to comment with any assurance on ongoing implementation. That said, implementation learnings from others have been integrated into this framework.

Use the chart on the following page to think about the many aspects and implications of the amalgamation. Each of these considerations are explored in detail in the sections that follow.



# AMALGAMATION CONSIDERATIONS AND PHASES

Consideration	Phase		
	 Considering	 Planning	 Integrating
 Values and Culture			
 Governance			
 Legal/Regulatory			
 Human Resources			
 Financial			
 Branding and External Communications			
 Funder and Donor Stewardship			
 Internal Communications			
 Programming/ Front-Line			
 Back-Office Operations			
 Space			
 Social Impact: Client Feedback, Data, R&D and Public Policy			
 Finding Closure: Celebrating and Grieving the Legacy			

## EVALUATION

Evaluation is important to consider in each of the three phases - consideration, planning, and implementation. Rather than a "phase" unto itself, tagged on at the end, it is vital to incorporate evaluation into every phase of the merger. Evaluation should also be budgeted for, but it does not have to be pricey. A section on evaluating amalgamations is included later in this document.

## SHOULD YOU ENGAGE CONSULTANTS?

Outside the context of very small, grassroots, volunteer-run nonprofits, almost all amalgamations will require external consultants. Consultants can fill gaps in knowledge, illuminate details of the planning and logistics required, ask probing or provoking questions, help validate internal intel or 'hunches', and can create 'safe' neutral ground for the two (or more) parties to come together, understand each other, and deepen their connection.<sup>24</sup> This perceived 'neutral' status has been critical to the success of many nonprofit mergers, in part because this impartiality helped achieve staff 'buy in'.<sup>25</sup>

You will have blind spots, and consultants can make these visible.<sup>26</sup> You will almost certainly require legal and accounting expertise, as you consider that new bylaws and applications to the provincial and/or federal government will be needed. For example, consider the sequencing of an application to amend *charitable objects* to the Canada Revenue Agency - or apply for *new charitable status* - with the application to certify new articles of incorporation with whichever Provincial or Federal body you are registered, with the AGMs of the merging organizations (and notices to memberships thereof), with the fiscal year and AGM of the new organization. You will also very likely require, or at least benefit greatly from, independent facilitation or guidance for board integration, strategic planning and culture work. As well, there are likely to be many technical pieces - software integration, for example, that require external support.

However, consultants can also quickly drain limited amalgamation resources in ineffectual or ill-matched processes. They can be engaged for the wrong reasons - reasons that can seem necessary at the time, like providing a security blanket for the board, or because they are a favoured consultant of one organization but deemed ineffectual by the other. Some consultants may have ample commercial experience, and may for this reason be deemed credible to members of the board. But they may lack nonprofit sector knowledge or experience, or may not be able to transfer those skills to a nonprofit context.

Both merging organizations should be in strong agreement that a consultant is required for a given task. They should both have an opportunity to interview and sign-off on candidate consultancy, and they should be confident that the consultant understands - or can quickly come up to speed on - their specific context. Engaging known, trusted consultants can help reassure each organization that their interests are protected, but beware the slick, sycophantic veneer, and be sure to look under the hood. If they ask you smart, probing questions that may raise discomfort, that's usually a very good sign. Note also that acquiring consultants for each stage of a merger can be financially challenging. Absent significant dedicated resources for the merger itself, nonprofits must rely on discounted or pro bono services where possible.<sup>27</sup> The Trellis merger benefitted from discounted consulting services, saving many tens of thousands of dollars.

# CONSIDERING an Amalgamation

As previously stated, amalgamations are not for everyone, and should only be considered for the right reasons. Following are a series of ten 'starting conditions' or initial 'building blocks', each accompanied by questions to help you determine whether an amalgamation is right for your organization. Work through each question in sequence. If you continue through the end, then you have the basic building blocks in place to embark on an amalgamation journey.

## COERCION

Would you be pursuing an amalgamation because of some external driver - i.e. pressure from government, funders, or donors?

If YES, stop. If NO, continue.

Amalgamations only work if the merging organizations own the idea, not just its execution. It is they who must desire it, and deem it to be in their own interest. In the case of the Trellis merger, there was no external driver: While funders and donors have expressed strong support and enthusiasm, this merger grew out of discussions between the two CEOs, spiralling out from there into wider circles of conversation, planning and due diligence. The key concerns that led to the Trellis merger were removing barriers to client access and, secondarily, finding financial efficiencies in an increasingly challenging funding environment. There is broad agreement among stakeholders consulted that other forms of collaboration would not have addressed either of those imperatives adequately.

## FINANCIAL PRESSURE

Would you be pursuing an amalgamation purely, or largely, out of financial necessity?

If YES, stop. If NO, continue.

Amalgamations are rarely successful if the main motivating factor is financial. While BGCC was carrying a modest accumulated debt, which was undoubtedly a factor in pursuing amalgamation, it did not appear to be a principal driving force. This was affirmed in conversation after conversation.

## COMMUNITY

Would you be pursuing an amalgamation with the interests of the broader community, and - where applicable - in the interests of the clients you directly serve?

If YES, continue, if NO stop.

The literature examining past mergers is crystal clear: The main driver ought to be improved outcomes for the community served by the amalgamating organizations.

## APPETITE FOR DISRUPTION

Is your organization in the phase of its existence where it is ripe for disruption and change?

If YES, continue, if NO stop.

All organizations, depending on their age, their leadership, and their external context, go through many phases. One metaphor that is commonly referred to in the social innovation and institutional resiliency lexicon is the "adaptive cycle", a mobius loop that comes from the study of forest ecosystems.<sup>28</sup> If an organization has been in a "conservation" phase for a significant amount of time, where its programming and even branding has remained more or less static, like a mature stand of spruce in the Rockies, it may be ripe for significant disruption: A forest fire sweeps away the old, but creates the conditions for new growth. If your organization has many of the ingredients in-house - courage, wisdom, and most importantly, adaptive leadership<sup>29</sup> - to release the old and begin a process of regeneration and reorganization, then an amalgamation could be a successful option to consider. The CEO of legacy BGCC, from day one in that role, had a vision for renewal and regeneration, and was keen to explore a merger with another youth-serving or family-serving community organization. Likewise, the CEO of legacy Aspen, now retired, had built a reputation in the community for her visionary, inclusive and learning-driven approach to nonprofit leadership. Such adaptive leadership was essential to the Trellis amalgamation.

# SYMMETRY OF PURPOSE

Is there at least one organization that you see a symmetry of values/philosophy and purpose with, and that provides an opportunity to either vertically or horizontally scale your work?

If YES, continue, if NO stop.

The main driver behind the Trellis amalgamation was the quest for scale, through horizontal integration - to serve as a high profile 'hub', as well as vertical integration, such that the suite of services available to clients is more seamless through various stages of life - from child and youth support through family support. Although Aspen was not looking expressly to merge with any other organization, it nonetheless created an intriguing prospect to significantly scale, enhance their geographic reach, and likewise offer a more seamless suite of services. As nonprofit organizations consider their 'dance partner' for such a journey, consider whether your values, purpose and programming are a) similar and synchronous; b) similar and unnecessarily duplicative; c) divergent, but complementary; or d) divergent and potentially problematic. The first three could be fruitful ground for amalgamation, but the latter category signals trouble. In the Interim Report - *One Big Experiment* - an outline of how Aspen and BGCC 'line-up' was included. It showed that alignment appeared strong on many fronts, though there were important points of divergence. It turns out that many of these points of divergence are perceived not as hurdles, but as complementary strengths.<sup>30</sup>

# COLLABORATION EXPERIENCE

Do you already collaborate with other organization(s)?

If YES, continue, if NO stop.

Previous experience collaborating or partnering is a strong predictor of success in other nonprofit mergers.<sup>33</sup> There are many leaner, lower fidelity ways of 'testing the waters' of collaboration with other organizations, before diving headlong into an amalgamation. From shared services models, shared platforms<sup>34</sup>, joint ventures, strategic alliances, and shared spaces<sup>35</sup>, to social labs<sup>36</sup>, collective impact initiatives, research consortia or joint advocacy campaigns, organizations that value collective or systems-wide approaches to social impact work are far better positioned to discuss amalgamation than are 'lone wolves'. Interestingly, despite their strong strategic fit, Aspen and BGCC did not have a history of working together before the merger, other than as part of general practitioner or nonprofit networks. As such, they have assumed a significant risk in bringing their organizations so closely together, so fast.

# LEARNING CULTURE

Does your organization have a strong learning culture and appetite for innovation?

If YES, continue, if NO stop.

The characteristics of leading innovative nonprofit organizations mirror those of innovative commercial organizations. These include, as one Canadian philanthropic leader frames it, "...articulated and lived values, a focus on benefit to society, a willingness to get proximate or listen to beneficiaries, a willingness to work collaboratively, the courage to advocate, the commitment to measurement of impact, an openness to innovation."<sup>31</sup> On the ground, such organizations are typically data-driven, participatory and encouraging of self-reflection, training and professional development. Such organizations have a natural or at least nascent 'social R&D culture'<sup>32</sup>; They welcome learning partnerships, consume new research insights, and embrace experimentation.

## CONTESTED LEADERSHIP

Is there likely to be a contest for leadership of the amalgamated organization?

If YES, stop. If NO, continue.

Nonprofit management experts recommend that mergers be planned for when one or more of the merging Executive Director/CEO positions are vacant or about to be vacant.<sup>37</sup> The impending departure of a CEO is a common occurrence that may simplify the merger process<sup>38</sup> if there is not an "obvious or available internal successor."<sup>39</sup> For example, when the Canadian Centre for Philanthropy (CCP) and the Coalition of National Voluntary Organizations (CNVO) merged to become Imagine Canada in the early 2000's, this was eased by the departure of both CEOs of the legacy organizations, who themselves had worked to lay the groundwork for the merger.<sup>40</sup> The CEO of Aspen, Shirley Purves, was planning to retire within the coming months, so a key barrier to so many mergers was instantly removed and the talks could proceed apace. That said, be careful not to put too much weight on this, as there have been rare examples of successful co-director models in merged organizations, and some even regard the need for one CEO transitioning out as an outright myth.<sup>41</sup> The key question is not whether one leader is ready to step down per se, but rather whether there will be a perceived redundancy, and whether there is likely to be a struggle or contest for leadership. Also, there is no guarantee that a leader's departure will make the merger process easier overall. So while the departure of a CEO could potentially streamline the merger process, organizations should not wait for a natural vacancy to occur before contemplating a merger. A good rule of thumb is that for senior leadership, even beyond the CEO level, is to set aside your ego and personal interests and act as if you are 'working yourself out of a job'. Even if, ultimately, the consensus may be to remain in a senior role, this role must, in a sense, be 're-earned'.

## SUPPORT FROM KEY SUPPORTERS

Is there a high likelihood of support from key supporters?

If YES, continue, if NO stop.

"Supporters" here refers to those entities on whom the organization relies for financial support and advocacy, include the membership base, individual donors, government contractors and partners, philanthropic foundations, corporate sponsors, other capacity builders (e.g. United Way), and informal supporters or influencers (e.g. local politicians, media contacts who have reliably reported on or advocated for your work).

## FINANCIAL CAPACITY

Is there at least one organization that you see a symmetry of values/philosophy and purpose with, and that provides an opportunity to either vertically or horizontally scale your work?

If YES, stop. If NO, continue.

Much like commercial mergers, given the comparable scope of items that will need to be integrated - from legal, financial, and operational to communications, marketing and data - nonprofit amalgamations are costly. For multi-million dollar organizations, the costs will run well into the hundreds of thousands of dollars. Even small nonprofits will be looking at tens of thousands of dollars in consulting fees and associated integration costs (e.g. new software, training, marketing and communications materials, etc.). As such, there should be some combination of reserve funds, or donors/funders that have granted or pledged amalgamation-specific funds, or some other discrete or dedicated means of financing the process. A management consulting firm was retained by Aspen-BGCC to perform a 180 page high-level *Strategic and Financial Analysis* to assess the viability of the merger, focused on major financial issues and risks. This was a critical input into the "go"/"no-go" decision, and was especially important to providing comfort to the boards of both legacy organizations that the merger was indeed viable.

# PLANNING & INTEGRATING

Even if the why of the merger is both clear and compelling, and you have made it through each of the ten questions to ponder in considering whether to begin, the questions around how the merger should unfold are more vexing. Each of the following realms of activity emerged as critical components of the Trellis merger. Some were major stumbling blocks, others were catalysts.

Each of these areas of consideration is an important source of insight, caution, and - handled well - represent a vital building block toward success: Values and culture, governance, human resources, legal and regulatory, financial, branding and external

communications, funder and donor stewardship, internal communications, front-line programs, back-office operations, space, and social impact (which includes client feedback, data, research and development, and public policy). A final theme is included dealing with the need to celebrate and grieve the legacy organizations that will cease to exist as the new organization emerges.

For each theme area that follows, insights from the Trellis merger are included, but we have attempted to integrate what we know from others' experiences in nonprofit mergers elsewhere.

## The Trellis Planning Process

As planning and integration roll out, it is important to have staff and board-level resources wholly dedicated to amalgamation coordination and oversight. The Trellis integration process was managed by a Transition Management Office (TMO), led by a dedicated senior staff person (in Trellis' case the Director of Engagement was seconded into this role from May through October). The TMO led weekly meetings of an 'integration team', which allowed for an intense pace of progress. The planning phase was overseen by a committee composed of four members from each board and three senior staff from each of Aspen and BGCC, who established a planning process, which included a timeline, assignment of responsibilities, and a number of key due diligence steps. These due diligence steps are outlined in detail in the Interim Report - One Big Experiment, but are briefly recounted here:

- **Organizational Design Analysis:** A management consulting firm determined where synergies could emerge, and mapped out a transition strategy to combine the two legacy structures. This analysis bridged the consideration and planning phases.
- **Strategic & Financial Analysis of Amalgamation Rationale:** Although completed in the consideration / scoping phase to assess the viability of the merger, this previously-mentioned analysis by a national consulting management firm also laid the groundwork for Trellis management to navigate each business integration process through the planning and implementation phases, including setting up workstreams.
- **Legal Analyses:** Two law firms were engaged, respectively by Aspen and BGCC, early in the planning phase to help each organization map out the bylaw changes, regulatory compliance measures, and contractual implications of the merger.
- **Culture Integration:** A firm that specialized in workplace culture supported both agencies to evaluate cultural and values fit in the consideration phase, and then facilitated processes with managerial staff on culture mesh through the integration phase.

## The Speed of Success: How Fast Should a Merger Unfold?

While there are still many aspects of the integration in process, some of which will take many more months, this merger has been a remarkably rapid achievement. And yet, it took less than a year to move from idea to newly-branded, completed merger (from a legal, governance and programming standpoint), three quarters of this period during a pandemic. Despite this (or perhaps because of this initial rapidity, which may have inadvertently set up expectations for how rapid the integration stage would unfold), many stakeholders in the Trellis merger commented in the second round of conversations that the amalgamation was moving slower than they expected. Delays or rapid successes in individual areas can make perceptions of the speed vary widely throughout the organization.<sup>42</sup>

You will also encounter many trade-offs between "fast and perfect". As you plan your amalgamation, give some thought to which considerations need to be dealt with fast, but imperfectly, and which need to be dealt with extremely carefully and/or inclusively, but which may take some time to fully integrate. Even with the perceived slowness of the latest phase of the Trellis merger, some advised to move even slower and to be intentional about which processes are sped up and which are slowed down. Slowing down to gather input and feedback and to allow for organizational life cycle events like holidays and staff vacation will help prevent burnout. This was especially relevant within the context of COVID-19 as people have been unable (or have chosen) not to take time off. Planning 'pit stops' can help key players take breaks throughout the process while maintaining momentum. On the other hand, certain areas will need to move quickly to resolution because they can cause significant anxiety for stakeholders. Addressing essential, or non-negotiable, items quickly while being thorough, may mean slowing down on other processes to compensate.

Overall, having an intentional timeline, with space for slowed-down decision-making and flexibility for additional external delays, may be the best way to create a mindset that will allow the organization to nimbly capitalize on opportunities to move fast or to set aside timelines when tasks have to be re-prioritized.

# VALUES AND CULTURE

Your values, mission, vision, and operating philosophy are more reliable guides to the success of your merger than almost any external force, pressure or incentive.<sup>43</sup> Your "why" is your guidestar in this process. The more you align on this "why", the better the chances of success. Conversely, in mergers that struggle or fail outright, including in the commercial context, a failure to integrate culture - sometimes years out - is often the culprit. That is why it is listed first in our list of considerations.

But even more important than the visible, professed values of the merging organizations, is the culture that lies beneath. Every organization's culture has strengths and vulnerabilities. One organization's culture, for example, might foster a devotion to data and evaluation, but lack mutual supports or inclusive channels of communication. Another's might be relentlessly inclusive, but may struggle to deliver results quickly and efficiently.

Despite your best intentions, you will not accurately predict how your cultures line up in advance, and this may be the biggest leap of faith of all. A lack of recognition and accommodation of the nuanced practices, routines and behaviours that make up a workplace culture are a common source of lingering or simmering staff opposition to many mergers.<sup>44</sup> The challenge is to build into the planning and integration phases an intentional set of processes to surface the best of each legacy organization's culture, while trying to jettison those aspects that can impede progress, or even be toxic. Also, consider the relative size and influence of each merging organization and build in equity considerations to acknowledge this. In the Trellis case, many staff (regardless of their legacy affiliation) worried that BGCC's size relative to Aspen would result in a BGCC-dominated culture. Put another way, a merger of equals on paper could have the cultural feel of an acquisition.

An external consultant can help facilitate some of these processes, but cultural integration at the end of the day cannot be outsourced. Management must be committed to placing culture work as a high priority. Refer also to the subsequent section on Internal Communications for guidance on nurturing relationship-building and trust across the merging organizations.

## AMALGAMATION INSIGHTS: VALUES AND CULTURE

### PLANNING

- Keep mission front and center. There is no more important basis on which a sustainable merger is founded.<sup>45</sup>
- Don't just do a 'paper amalgamation' of your mission, vision and values. Establish a participatory process to define and declare shared values and purpose.
- The culture of the new organization will draw from, but will be distinct, from your legacy organization. Things will be dramatically different, and space must be made early on to help everyone prepare psychologically for this.
- Ensure that there is rough parity at the C-Suite level in terms of representation from the legacy organizations. Ideally, there will be an opportunity for some new hires at the C-Suite level, so at least some senior management have no memory or ties to either legacy culture.

### INTEGRATING

- You are creating a new organization more than you are acclimatizing to each other's cultures. This means the culture must also be new. Appeals to "this is how we did it at [insert legacy organization]" should be minimized.
- Flowing from this first point, ensure that you create space to celebrate and grieve the loss of the legacy culture (a section on this is included later in this document).
- Opportunities must be also made to get to know the people in the other merging organization in a casual, fun, social setting - to build a human connection, not as part of a formal agenda.
- Strategic planning in a pandemic is one thing. But cultural integration during a pandemic is nearly impossible to do well. This is one area where the virtual workplace does not deliver. Face-to-face team building opportunities are critical.
- Orient new staff singularly to the new organization, rather than defaulting to either legacy organization's culture or process.
- Client-orientation must be paramount. While staff must have decent and fulfilling work, the purpose of the organization is not about them (or the board, or management). It is about the community served.

## THE STRATEGIC TRELLIS PARADOX: Mission Alignment vs. Lack of Collaboration

The integration of the two cultures has been more of a challenge than many had hoped for. Certainly, the pandemic has made culture integration exponentially more challenging. For all practical purposes, true cultural integration will not happen until people are physically back to work, and on a regular basis.

The prospects for values and culture integration were mixed from the start: On the one hand, 'strategic fit' was rated strong or very strong by nearly all stakeholders.<sup>46</sup> The mission alignment was clear, and a source of considerable enthusiasm at all levels of the organization: Both organizations are committed to serving vulnerable children and youth, to building confidence

and resilience, to transforming lives, and to supporting their clients to be healthy, active participants in their community. Moreover, most stakeholders felt that this fit is at the core of the merger, which bodes well for its long-term success.

That said, because Aspen and BGCC did not have a well-established history of working together on any shared service platform or other formal collaboration before the merger, they took on a significant risk in bringing their organizations so closely together, so fast. There are nuanced differences in culture that start to appear, that may be barely perceptible to outsiders, but can fester and take on their own gravity internally. Differences in language and terminology, and in written and unwritten rules, were noted as key areas that could cause divides if left unattended. Shared training or facilitated participatory processes can help get staff on the same page, or at least working from the same rulebook.

# GOVERNANCE

Boards stop mergers dead in their tracks.<sup>47</sup> Or, at least, that is the common experience of many nonprofits who dabble in early merger discussions.<sup>48</sup> Board members often develop an emotional, almost clan-like affinity for their organization, which can be an impediment to seeing the interest of the broader community or system within which the organization operates. As one writer on nonprofit mergers observes, "Given the nature of board work as "an act of giving", it may seem strange to say that board members operate egotistically."<sup>49</sup>

Symmetrically enthusiastic, supportive boards are almost as powerful as a mission match, and at least as rare, when it comes to ingredients for merger success. But even if the initial enthusiasm is strong, as the finer details of Board roles and responsibilities in the new organization get worked out, consternation, conflict, bruised egos and turnover are not uncommon. Governance is a small piece of the organization, nearly invisible to the clientele and the vast majority of staff. Therefore, disagreements over board size or composition should not be what causes the merger to fall apart - these should be properly thought of as low stakes, low risk issues, yet they can grow malignant if not treated proactively.

For boards who support amalgamations, they - and especially a sub-committee thereof - must be ready for many long hours of volunteer time over and above their regular board duties. Ensure you have board support early on, and understand their role and the nature and depth of their support.

## AMALGAMATION INSIGHTS: GOVERNANCE

### PLANNING

- Set aside egos and attachment to the legacy brand. Board members who skew to competition over collaboration may need to be jettisoned.
- As many board members come from the private sector, where mergers receive a more universal embrace, they may need to re-calibrate that experience to a very different nonprofit context.
- Ensure spaces for new board members with no affiliation to either legacy organization.
- Map out processes and decisions early on. Timelines for board work need to be carefully considered since management and governance often operate at different speeds. The board may need to meet more often,<sup>50</sup> or the merger process may need to slow down or compensate for the board's voluntary nature.
- As such, the CEO and Board Chair should strive to know board and AGM processes with precision, and schedule key board decision-points, well in advance since board timelines are usually slower than management. In a typical merger, half the board membership or more of each organization will not be needed. Ensure that Board members are not so attached that a departure becomes a source of bitterness or animosity.

### INTEGRATING

- The new board must have an opportunity to make decisions afresh and have its own generative space.
- Many of the same recommendations with respect to integrating staff culture also apply to boards. For example, integrating during a pandemic has hampered the ability of the Trellis board to build face-to-face relationships, and natural social trust. Even if the values of the boards are in sync, more nuanced ways of working, communicating, and arriving at decisions can be flies in the ointment.
- Keep focused on the shared, new mission of the organization, as well as the community served.

## BOARD ENTHUSIASM: Essential but Ephemeral

In the Trellis merger, both boards were not just amicable to the idea early on, but for the most part hugely enthusiastic.<sup>51</sup> Yet, some still identified governance as the biggest hurdle to this merger's success. Anytime you have to cut in half a corps of passionate volunteer board members, there are bound to be rough waters. Aspen's 14-person board and BGCC's 9-person board were collectively reduced to 12 people on the Trellis board. The Trellis board carried forward equal members from each legacy board and had planned to bring on two new board members with no previous ties to either organization. This latter design spec has taken longer to fulfill.

The Trellis board faced a Catch 22 of establishing enough of a governance framework to set new members up for success, but also trying to leave space for the new board to design the process for itself. Additionally, the development of norms and processes is challenging enough when a board only meets a few times a year. Normally, an annual retreat is an essential opportunity to help build relationships and trust, but the stretched-timelines and disjointed relationship-building from the pandemic has made the development of a governance model especially difficult.

# HUMAN RESOURCES

While board support is essential, the people who ultimately make the merger work (or fail) are the management and staff, and at all levels. But human resource (HR) issues, which may include layoffs, promotions or demotions, compensation and benefits, and office conditions can be expected to be among the most contentious issues in a merger. Carefully addressing human resources is essential, otherwise staff anxiety and poor morale can fester.<sup>52</sup>

## AMALGAMATION INSIGHTS: HUMAN RESOURCES

### PLANNING

- Strike an appropriate balance of representation at all levels of management and staffing from each legacy organization in the new merged entity.
- Identify as many potential redundancies well in advance, and create a strategy for addressing these proactively prior to the merger taking place. Do not wait until after the merger to announce layoffs, as this will exponentially amplify staff concerns, morale, and antipathy to the merger.
- Examine the organizational structure and compensation packages at all levels of the organization, with an eye to both efficiency and equity. If there are significant gaps, develop a plan for how these will be addressed, and consider consulting with funders for dedicated support on a defined timeline to help close these gaps.

### INTEGRATING

- Concentrate your initial restructuring focus on the program side, in order to minimize disruption to the client experience. It will also take more time to restructure back-office operations.
- Develop and implement an entirely new compensation and benefits system.
- Ensure that all new employees are hired within the framework of the new organization only. Avoid, for example, posting job ads under the legacy organizations' brand(s).
- Provide ongoing opportunities to learn about other programs within the organization and realize the goal of a continuum of services. One-off assemblies or large meet-and-greets may be part of the mix (though they can horribly backfire), but they should never be a primary strategy.

## PROACTIVE PARING-DOWN and Prorogued Parity

In the early round of Trellis stakeholder conversations, HR issues were not surprisingly among the top concerns of staff. This only intensified in the second round of conversations, as HR standards, protocols and practices have been among the most complex to integrate. This merger saw an organization of nearly 130 staff (Aspen) merge with an organization of 230 staff (BGCC).<sup>53</sup>

Just prior to the merger (and the pandemic), and stemming from the glum Province-wide economic forecast, BGCC had opted to trim its costs, laying off 22 staff, or nearly 10% of its workforce. Most were unfunded positions not attached to program funding. While these layoffs might have happened regardless, the merger would have reinforced the need for these. There were no layoffs with legacy Aspen, in part because Aspen had a flatter organization structure with fewer middle management roles. The result of this proactive measure, combined with a small number of staff who resigned of their own accord, meant that there were very few layoffs expressly attached to (or resulting from) the merger. There may yet be a small number of additional redundancies identified, as exogenous factors persist or intensify, and once the optimal support structure is determined for the organization.

There have also been some tricky challenges around asymmetrical organizational structures and pay equity in this merger. Early on, an entire layer of Trellis' management was eliminated (though none were laid off), in order to find a middle ground between BGCC's more multi-tiered structure and Aspen's flatter structure. A related challenge has been addressing what different legacy organizations label certain positions, and how the value of that label is remunerated. For example, different organizations not surprisingly assign different remunerative (and seniority) values to terms like "coordinator" and "manager". It has taken much longer to deal with the pay equity challenge, stemming from staff at comparable levels of experience and competency being compensated at different levels in the two legacy organizations. Budget constraints make this a more difficult task to complete nimbly, as simply raising compensation of certain staff to the higher rate is not within the new organization's current fiscal capacity. As one legacy organization had lower compensation but better benefits (and less costly for the employee), while the other legacy organization was the inverse of this, the question of pay equity is being approached from a holistic compensation perspective, taking into account wellness time, vacation time, sick days and other factors.<sup>54</sup> Some pay equities pieces will be addressed as early as Spring, 2021, while others are on an 18-month timeline.



# FINANCIAL CONSIDERATIONS

Financial considerations, from budgeting and banking to merging payroll and financial statements, did not come up frequently as an area of concern among stakeholders. Yet, it does warrant mention. La Piana Consulting, North America's best known experts on nonprofit mergers, provide a short primer on financial integration during the planning and integration phases, also included as part of a Toolkit (see Appendix C).<sup>55</sup>

## AMALGAMATION INSIGHTS: FINANCIAL CONSIDERATIONS

### PLANNING

- Consolidate your budgets into one early on in the process, and develop new, unified procedures for budgeting, accounting, investment, banking and cash management, and production and auditing of financial statements.
- Compare accounting systems early on and decide which features and functionality (and software) are required in the new organization.

### INTEGRATING

- Budget time and funds to train staff (and, where required, Board members) on new systems and procedures.
- Review and update insurance requirements.
- Establish a timeline post-merger for components that will take more time: For example, payroll integration, changes to invoicing and procurement, etc.

## THE BOTTOM LINE IS Client Well-being, not Dollars

Reducing costs without impacting service-delivery is a delicate balance. While nonprofit mergers do not generally result in significant cost-savings, as evident both from the literature<sup>56</sup> and stakeholder conversations, opportunities often exist to reduce duplication of some roles or reduction in rental spaces. Relative to mergers, other forms of deep collaboration would not likely result in cost-savings and can even be more expensive over the long-run to implement and manage than a merger. For example, collective impact initiatives can be effective for campaigns or for achieving community-wide strategic objectives, but they are time and resource intensive over a (typically) very long period, often requiring the creation of a new backbone organization anyway.

Similarly, shared administrative platforms can be a great solution for smaller/younger organizations, but generally make little sense for mature medium- and large-sized organizations.

Among Trellis stakeholders, financial considerations flew under the radar somewhat, as these decisions were usually more clear-cut than other programmatic or personnel aspects of the amalgamation. However, the potential for frustration due to financial considerations is high. In mission-driven organizations, time spent on financial matters can be seen as ill-used and the inflexibility of financial processes seem like a prioritization of policy-needs over the needs of people. It is vital not to let questions that seem clear on the surface, for example moving from two bank accounts to one, sneak up on you, as they can have broad ripple effects that can end up impacting staff and even clients.

# LEGAL AND REGULATORY CONSIDERATIONS

## AMALGAMATION INSIGHTS: LEGAL AND REGULATORY CONSIDERATIONS

As with commercial mergers, the number and array of legal and regulatory steps to consider in a merger is daunting. And it will vary from sector to sector and province to province. Much like financial considerations, legal considerations did not come up frequently as an area of concern among stakeholders. This may be because it is the area where the merging organizations are most reliant on external expertise. It is also the realm in which there are more off-the-shelf guides and training in Canada than with respect to other aspects of amalgamations. Outside of legal experts, many can feel this realm is outside their comfort zone to comment on. Yet, it is critical to consider.

### PLANNING

- Sequence the steps in the merger involving regulatory bodies, including the relevant provincial or federal corporate registries, and any municipal business licences or regulations that you may also operate under (for example, if you run a social enterprise).
- Compare and consider how to harmonize policies that have a legal character, which might include everything from fiscal years, to municipal licensing, to insurance. Insurance harmonization can be especially tricky.

### INTEGRATING

- If both organizations have charitable status, one organization will be expected to wind up their affairs and transfer their assets to the other charity.<sup>57</sup> The transferring entity then undertakes a voluntary revocation of their charitable registration.

## Easy to Overlook (So Don't!): Lottery Status and Donation Receipting

The Trellis merger ran into a snag with respect to updating its status and eligibility to benefit from volunteer-run casinos. The Alberta Lottery and Gaming Commission (AGLC) requires many steps that you should be aware of and sequence into your other legal name change and registry updates. The Alberta Government, as part of its “red tape reduction” strategy, is thankfully including an analysis of nonprofit regulatory “red tape” in the mix.

Donation receipting can also be tricky in those early months of integration. Trellis found that it had to re-issue many receipts to include legacy information. Ensure that you get clear direction from the CRA on receipting requirements, including which organization to name, which logos to use, etc.

# BRANDING AND EXTERNAL COMMUNICATIONS

There are many aspects to external communications, not the least of which is stewardship of funders, donors and sponsors, which is substantial enough to warrant its own section (following). Branding and public communications was so critical to the Trellis merger that the transition team was led by a seconded communications manager.

Your brand will reveal much about your amalgamation. Re-branding is an opportunity to provide more clarity about the new entity's work and focus. There is always risk in re-branding, but it is essential to almost any merger. If it is a true merger, then you will almost always transform with an entirely new name and visual identity. But major brand shifts are highly emotionally-charged,<sup>58</sup> and require "humility and deep investment in communication before, during, and after" to retain stakeholder support.<sup>59</sup> Also, is the new name and brand simple and compelling enough to generate public enthusiasm? Will it be sufficiently inclusive and welcoming to diverse communities (for example, to Indigenous, racialized, non-binary and LGBTQ2S+ clientele)?

An important consideration is deciding when to bring each stakeholder group into the conversation, and customizing communications to meet their unique needs.<sup>60</sup> As McLaughlin notes (2010) "stakeholders may react negatively to the news [of the merger] unless they are approached privately first."<sup>61</sup> The influence of external non-client, non-donor stakeholders is becoming increasingly important, as factors such as social media have increased the power of such groups.<sup>62</sup>

Organizations use social media in different ways, and prioritize different platforms, depending on their intended audience and style of communications. BGCC not surprisingly employed a more youth-targeted, pithy and fun approach, while Aspen tended toward a more adult-focused approach, centered on sharing insights on community development, family support, poverty, and so on.

## AMALGAMATION INSIGHTS: BRANDING AND EXTERNAL COMMUNICATIONS

### PLANNING

- Carefully think through the stakeholder groups who should be considered in a nonprofit merger communications plan, if applicable, including clients, volunteers<sup>63</sup>, local media, local politicians, social media influencers, or other nonprofit or human service agencies that the organization already partners with.
- Layout the order and format of communications to external stakeholders, from early private one-on-ones to your public social media blitz.
- Engage a professional outside branding agency or marketing firm to steward the development of the new name and brand. This is usually money well spent. Don't rely on an internal process for this.
- That said, ensure there is a process to solicit or include a range of perspectives on brand options, from clients to staff to management to board to potentially funders or donors. Use the new name and new brand, in *all* external communications (from e-mail signatures and social media to job postings and media releases). It will feel weird at first, but that will quickly pass.

### INTEGRATING

- Consider utilizing and re-branding one of the two organizations social media profiles, so you are not building a social media following from scratch. Each legacy organization may have a different natural strength or larger following on different platforms, so build on that.
- Try to capture the public experience of the new organization's brand a few months after the new name is announced. You may need to make adjustments to the accompanying narrative strategy and/or visual identity if the new name is struggling to 'land'.

## BEYOND "BOYS AND GIRLS": In Search of a Better Metaphor

The nonprofit sector as a whole is saddled with a branding conundrum that the private sector rarely faces: Time-honoured brands of organizations with long histories can wear the cultural baggage of other eras, and the examples are legion (pun not intended). This is the principal challenge associated with the brand "Boys and Girls Clubs", a brand that has been around, North-America wide, since the start of the Second World War. Long-time donors and supporters know the brand, star spokespeople know the brand, the public knows the brand. It is blue-chip, but unfortunately not 21st century.

BGCC has been the first to point out that there are kids in this non-binary world who do not identify as "boys" or "girls", not to mention teens and young adults. And many, if not most of these young people, live at the margins, often spurned by their own families. They fit the very definition of "vulnerable youth". Yet, some long-time supporters in the community will have trouble letting go. Indeed, BGCC did experience a backlash to the metamorphosis into "Trellis" in some quarters.

Anytime an organization radically rebrands itself, irrespective of whether it is attached to a merger process, there are inevitable grumblings, if not outright revolt. Change is difficult, and we've all had more than our fill of change these last many months. However, we found a surprisingly strong internal endorsement for the new brand, and at all levels. Trellis has rapidly "grown" on staff, and it is a clever moniker on many fronts: The metaphor of helping anchor and support growth, development, attachment, connection, and thriving, is perfectly apt to the expanded mission of the amalgamated entity. Far more so than the much more obscure "Aspen" and "Boys and Girls Clubs" labels. It is simple, catchy and memorable. Too many nonprofit mergers have taken an internal-only, tepid "offend no one" approach to rebranding with regrettable results. In the long-run, this audacious re-brand may prove to be the most brilliant component of this complex amalgamation. The one intriguing finding was how many people did not actually know what a "trellis" is. Perhaps a post-COVID team-building community gardening or landscaping initiative may be in order!

# FUNDER AND DONOR STEWARDSHIP

Most nonprofit organizations obtain their revenue from some combination of donations, government contracts and grants (most often provincial), philanthropic foundation grants, corporate grants and sponsorships, and earned revenue. The revenue sources of the legacy organizations in the Trellis merger overlapped almost perfectly: Both organizations received just over half of their operating revenue through government contracts and grants, with another third from foundations or other charities.<sup>64</sup>

On the one hand, this means that having parallel relationships with funders and donors resulted in both familiarity and enthusiasm - supporters instantly 'got' the value of merging, understanding the relative strengths of each legacy organization. Nonetheless, it means that they were benefitting from a similar 'well' of financial support. There is doubtless a temptation for funders to 'rationalize' their support into something less than the equivalent value of what both organizations were previously supported with.

Many organizations struggle with managing communications with donors as the merger process is conceived and unfolds.<sup>65</sup> Some mergers actually require funder endorsement to proceed.<sup>66</sup> Ensuring *a priori* support from donors is important, not merely to show good faith, but because donors have been shown to have the power to shut down a merger,<sup>67</sup> or to otherwise withdraw their support from the organizations.

## AMALGAMATION INSIGHTS: FUNDER AND DONOR STEWARDSHIP

### PLANNING

- Brief key funders and donors early on, even before the planning phase.
- Seek discreet, dedicated support for the costs of the merger, over and above operational/program grants or regular annual contributions.
- Seek assurances from those that supported both legacy organizations that their future support will be commensurate with the scale of community impact and will not be scaled back. Where possible, seek written confirmation.<sup>68</sup>
- Manage expectations about the anticipated scale of staff redundancies and administrative cost savings.

### INTEGRATING

- Keep funders and donors engaged at regular intervals, through joint briefings or one-on-one updates.
- Ensure that funders and donors are invited to join in the celebration of integration milestones where appropriate.
- As the new brand elements and social media channels roll out, engage funders directly, but also step up the level of broader public and media communications so there is confidence that buzz and excitement is building.

## BRIEF DONORS Early and Often

Funders and donors, including governmental contractors, were brought into this merger conversation very early on in the Trellis merger, and their advance consent was solicited. Subsequent briefings took place in the planning and integration phases.

Funders consulted for this report were all supportive of the merger, and noted how much they felt 'in the loop' as this moved from idea to inception to implementation. This has been a critical ingredient in Trellis' success. However, as noted elsewhere, there have been some diverging opinions on the name change among individual donors.

# INTERNAL COMMUNICATIONS

Communicating internally is one of the most challenging aspects of a merger, especially in the early stages. In the early stages of a merger, there will be a need for confidentiality, as there is risk attached to word getting out at the wrong moment, and in the wrong way. Although there is less financial risk for sharing information about the merger with external stakeholders than exists in the for-profit realm<sup>69</sup>, the damage from an internal leak could be devastating to morale.

It is vital to plan for when and how the full staff team will be briefed, and to sequence this carefully. Mergers will almost certainly cause anxiety for staff,<sup>70</sup> so it is critical to anticipate and mitigate concerns as early as possible. One recommendation to achieve this is being honest, even if that means acknowledging that not everything is figured out yet. It is also vital to provide avenues for feedback, ideas and suggestions to flow up. Organic responses to the growing pains of a merger could be healthy coping strategies, but could also negatively spiral out of control. It is also vital to foster lateral communication, shared training experiences, opportunities to celebrate and grieve the end of the legacy organizations, and to engage in multi-faceted team building.

## AMALGAMATION INSIGHTS: INTERNAL COMMUNICATIONS

### PLANNING

- Anticipate very early on how staff and others will be impacted.
- Err on the side of openness versus confidentiality. There will be legitimate periods where the information loop is tightly controlled, but this should be for a short, defined period of time.
- In the consideration and early planning phases, think through non-disclosure carefully. Decide who is in the initial knowledge loop (and should sign a non-disclosure agreement), at which junctures does the information circle expand, and in what way.
- Ensure that all staff are briefed on the merger before the public is, and ideally face-to-face. You will also want to restrict the time between both briefings, as a leak can undermine the public announcement.
- Share updates with staff in both legacy organizations concurrently to ensure that both teams hear the same amount of information at the same time.

### INTEGRATING

- Make your team feel safe and reassured, as there will be anxiety. At the same time, be completely honest and transparent with staff as you go through the process.
- Create opportunities for staff to provide input/feedback, including anonymously through survey tools.
- Communicate regularly with staff, even if the updates seem minor or trivial. Avoid going silent for long periods after major announcements or updates, as this can create unnecessary fear for stakeholders. All stakeholders, but staff and board members in particular, must have a sense of ongoing momentum.
- Plan for not just the upward and downward flow of information, but for many and diverse ways of lateral contact. People from each legacy organization need to get to know each other and feel comfortable communicating within and across teams.

## THE UPSIDE OF DOWN: A COVID-Accelerated Virtual Workplace

The Trellis merger entailed communication with over 300 staff. That scale presents certain challenges, both in maintaining early confidentiality and in long-term openness, participation, and minimizing anxiety. But to immeasurably compound the challenge, the timing of this merger happened to coincide with the implementation of COVID-19 social distancing measures and the consequent rapid deceleration of the Canadian economy. On balance, merging during a pandemic would be no one's recommended course of action, and internal communication was the clearest casualty.

Early on, it was critical to sequence the rolling out of the announcement carefully. The circle of people, bound by non-disclosure, who had to keep the merger confidential was very small initially. Managers were informed one week before the all-staff video email announcement, which in turn was about an hour before the public announcement. While it was undoubtedly a shock for most staff to hear the news on the same day as the public, that reality is that in any large team, you can expect that there will be some who are either upset or excited enough with the news to leak it out. Due to the pandemic, the announcements were of course all virtual, the impersonal nature of which made the initial news all the more alienating for some.

In the months following the announcements, Trellis management held a series of all-agency virtual "Town Halls" to provide updates on integration. There were also two rounds of virtual "coffee chats" among all levels of agency management to connect, learn about each other and build relationships. A series of all-staff virtual engagement sessions facilitated by external volunteers were also held, covering topics like building culture and storytelling. Three such meetings dealt specifically with agency values.

The opportunity for a two-way flow of ideas and information were varied, but were not as frequent as some would have hoped for. Staff noted it is difficult to build new relationships online, and opportunities to connect are more stilted and artificial in a virtual environment.

It is much more difficult to just drop in on meetings or have unplanned conversations. It is also difficult to read body language or nonverbal cues. Or, for example, wondering what it means when someone turns off their camera. On the other hand, staff participation in non-mandatory virtual gatherings was tepid. It is also a challenge to encourage more online participation when staff know participation is voluntary. Because of these occasional misfirings of communication, by the time feedback was received and acted on, other (potentially less helpful) solutions had been improvised and implemented by staff. These dynamics are really important in human services - it is hard to have healthy client interaction when your peer interaction is unhealthy.

That said, there were some silver linings that are worth noting: Being online made confidential meetings easier to manage and some people had more availability to meet than they would have otherwise. The universal impact of COVID-19 also meant that everyone is facing the same crisis and they could find humour in things like awkward silences on calls. Another upside to virtual meetings is that it minimizes the 'in the hall' or 'at the water cooler' rumours, grumblings, and gossip, focusing peoples' attention to the task at hand, not on the drama that can sometimes fester in a live workplace. The physical isolation of the workforce essentially removed much of the "water cooler talk" that might escalate fears and negative rumours about the merger, others said the virtual medium made it more difficult to gauge reactions and where people were truly at with respect to their anxieties around the merger.

Overall, internal communications are one area where challenges can be mitigated by relying on theories already in practice in human service agencies. There was an emphasis on using trauma-informed approaches and empathy within Trellis' communications, and maintaining trust with staff by clearly explaining why certain measures were taken. The importance of explaining the "why" behind the confidentiality aspect of the amalgamation in particular cannot be overstated. In other cases the rationale of following commercial merger "best practice" will not cut it.

Legacy BGCC staff had prior notification that a merger of some kind, with yet-to-be-determined organization, was possible as part of the CEO's vision. This was not the case with legacy Aspen, which meant there was an asymmetry in psychological preparedness. While some wished they had known well in advance, or at least had time to process the information before the public found out on the same day, others found that knowing early added to their anxiety because it implied the organization was struggling. Advance knowledge of what to expect did alleviate some surprise and fear, so the learning from Trellis' experience appears to be the importance of giving context around any notice given and providing training on what can be expected.

# FRONT-LINE PROGRAMS

## AMALGAMATION INSIGHTS: FRONT-LINE PROGRAMS

Nonprofit merger specialist Thomas McLaughlin has observed that "the single most compelling reason to merge nonprofits...is to tap into complementary strengths."<sup>71</sup> Amid the seemingly endless steps and hurdles in undertaking a merger, it is all too easy to lose sight of your core reason for coming together, and even easier to neglect the programming that brings this purpose to life in the community. For human service organizations, vigilance is required to ensure that the integrity of care is maintained to its current standards, and that visible enhancements are rolled out as early in the integration process as possible. It is also important to keep in mind that in most nonprofit mergers, there is an inevitable bounce-back to protecting and preserving the pre-merger approaches of the legacy organizations.<sup>72</sup>

### PLANNING

- Have a strategy to notify clients of the merger, whether it be a fanned-out one-on-one update or a discreet announcement tailored to clientele. It is not ideal for clients to find out through public channels only. Do not assume that they are disinterested.
- Support staff in preparing a robust set of answers to client questions, so staff can reassure clients and bring client feedback to management.

### INTEGRATING

- Roll out visible enhancements to programs and services, to honour the value promise to clients, but also to build stories that will be essential to tell external stakeholders about why the merger was worth it.
- Regardless of how well-matched the programming mix and philosophy of the legacy organization appears, there will be subtle differences in approach that call for continuous group sharing and peer-to-peer learning.
- Although in the short term it may make sense to leave programs relatively untouched, create a plan or roadmap to adapt, blend or adjust programming based on a holistic approach, and informed by data and client feedback.

## THE HEART of the Trellis Merger

Front-line programming is at the heart of this merger, or at least as professed publicly. The assumption has been, from day one, that by coming together, the combined new organization can offer a more seamless suite of services for a broader demographic (children, youth and families), across a city-wide geography. By merging, the new entity would be able to combine the breadth of Aspen's family services with the depth of BGCC's youth services and reduce the need for individual members of the same family to interact with different agencies. It also, in theory, removed one huge service challenge - namely, clients having to retell their story each time they interacted with a new agency (to the extent there was significant overlap of clientele beforehand).<sup>73</sup>

The programmatic overlap provided a very strong basis for integrating community services, something virtually every stakeholder was excited about in the early round of conversations: Both organizations focus on youth economic empowerment and addressing youth homelessness. Both operate group homes and provide mentorship, employment counselling, job skills, and links to work experience for at-risk youth. Both organizations also employ a similar philosophy, centered on natural supports, trauma-informed care and housing first frameworks. And indeed, the early emphasis on front-line integration seems to have paid off: Front-line workers, relative to back-office employees, have experienced relatively little disruption.

Over time though, there are subtle differences surfacing about how the legacy organizations approached their work. Pre-merger, Aspen tended to work with entire families, emphasizing parent-focused learning, and employing a more collective community development lens. BGCC's emphasis tended more toward individual youth empowerment, focused more on youth identity, building a relationship, and supporting youth on their particular life journey. On paper, these are actually wonderfully complementary approaches. But it can be challenging to blend and reconcile these and other more subtle differences in approach.

There were also some client concerns that surfaced (and these are likely underreported as we did not include client interviews in our mix of stakeholder conversations). Staff sought to shield clients from disruptions as much as possible, and they expressed anxiety about not having the answers to be able to address client questions and fears. Clients were less concerned with the brand shift, rationale or other broader mechanics of the merger. They generally trusted that these decisions were made in the interest of the community.<sup>74</sup> Their concerns, unsurprisingly, were about what this looks like on the ground. In particular, some wondered about whether their existing frontline staff contact would remain the same. Continuity in such trust-based relationships remained paramount in the integration phase.

# BACK OFFICE OPERATIONS

Perhaps the most widely shared assumption about nonprofit mergers is that they create opportunities for operational and administrative efficiencies. The albatross of ‘administrative overhead’, which charity watchdogs spend far too much time obsessing over, can be reduced to some lesser seabird with a merger, so conventional thinking goes. On the contrary, back-office administration is where there may well be the biggest risk of chaos and unforeseen costs. As noted in the Financial section, the perception that back-office decisions can be more straight-forward than other programmatic or personnel aspects of the amalgamation is often not true. To compound the problem, back-office planning and integration is the least sexy to fund.

The list of policies, procedures, and systems to integrate - from payroll and procurement, to fundraising, to client and program management, to internal electronic communication - range from tricky to nightmarish to integrate. If your files are in the cloud, how might those integrate? Which e-mail, accounting or donor management application do you go with, and what’s the process for melding accounts, data and protocols?

## AMALGAMATION INSIGHTS: BACK OFFICE OPERATIONS

### PLANNING

- Be prepared to let go of most of how you currently operate.
- Be prepared to imagine a new way of operating. Map out as many of the operational features and processes that may need to be re-visited - no matter how seemingly banal or obscure.
- This is an opportunity to embrace an entirely new operational feature, process or enabler that neither organization currently utilizes.
- Sometimes new is better than an awkward amalgam of existing.

### INTEGRATING

- It is important for staff to let go of the rationale ‘we have always done things this way’. That is not an argument for continuing to do things a certain way when the context has changed so profoundly.
- Don’t view the integration of processes as a simple matter of yielding some ground and making compromises on other items to keep the peace. Everything should be up for discussion and potential replacement.

## SERVING MULTIPLE MASTERS: Balancing the Needs of Processes and People

In the Trellis case, there were some happy operational coincidences, like having the same smartphone manufacturer and operating system to enable group chats. However, decision-makers still have to filter each operational process through multiple, often competing, questions and interests. Sometimes, decision-makers are caught between selecting a process or tool that will serve the needs of the organization as a whole, but may not be optimal to serve the needs of the back-office. While the mission should be the guiding light, and to do otherwise would seem like a prioritization of policy-needs over the needs of people, back-office functionality is limited by staff capacity, resources, and the evolving needs of the new organization.

This challenge, described by one staff member as seeming like an “us-versus-them” of front-line versus back-office, needs to be carefully navigated and talked about in a transparent manner. Both ‘sides’ have legitimate needs and concerns and work within the needs and expectations of other stakeholders including clients, banks, and funders.

# SPACE

Humans are naturally territorial creatures, and there is a well-established connection between physical space and our sense of agency. There is an "inescapable element of psychological attachment to certain places."<sup>75</sup> But we are also convivial creatures. We thrive in spaces that encourage 'collision', collaboration and sociability. Space has been described as an "often overlooked factor behind an effective merger."<sup>76</sup> Also, while COVID-19 has shifted our approach to space, it is not clear how our relationships with physical locations and work spaces may change. While the future of work is dramatically shifting, and flexible, work-at-home arrangements will be far more frequent, research also shows that while remote working is great for productivity, it is terrible for nurturing innovation.<sup>77</sup> As one stakeholder put it, staff are robbed of opportunities for serendipity and collision. Sooner than any of us thought, divided solitary offices or cubicles, insofar as they were places set up for routine independent work, will be a thing of the past.

## AMALGAMATION INSIGHTS: SPACE

### PLANNING

- Physical space should be prioritized for essential back-office operations (that require a centralized, secure environment), client interaction, community engagement, group or collaborative activities.
- As some amount of movement, renovation and possibly new spaces may be in the mix, seize the opportunity to think about spatial considerations that incorporate universal design principles, as well Indigenous and diverse staff and clients (e.g. spaces for smudging)

### INTEGRATING

- Seize the opportunity to reconfigure the workplace consistent with emerging trends and practices, including implementing flexible, work from home arrangements.

## PHYSICAL DISTANCING MEASURES: An Opportunity to Radically Rethink Space

Both legacy organizations occupy a combination of owned and rented properties, including some high quality spaces that staff have come to feel a strong affinity towards. And, indeed, staff did express concerns about space, though less frequently in the second round (despite more frontline and operational staff participating in that second phase). Comments were more likely to revolve around practical issues, such as where to store files for security or ease of access, rather than personal attachments to a specific place. While many noted that they had transitioned to remote work quite well, others continued to struggle with technology. These experiences are shared across many sectors, though space is of particular importance when work from home arrangements are not conducive to confidential conversations with vulnerable clients.

The pandemic has had three major impacts on the conversation about post-merger space at Trellis: 1. It has bought time to plan and decide which properties to keep, consolidate, or jettison; 2. It has become less of a concern for staff, as they realize so much of the organization's operations can proceed (and succeed) absent a physical office; and 3. It has revealed (for all of us) that long-term flexible workplace arrangements are far more viable than previously assumed.



# SOCIAL IMPACT:

## CLIENT FEEDBACK, DATA, R&D AND PUBLIC POLICY

Social impact is at the centre of any decent merger rationale. But impact per se requires not merely demonstrated proof, but also an ecosystem of learning, experimentation, tolerance for failure, and so on. As mentioned previously, organizations that tend to be open to mergers, also often display other traits of a learning-fueled, innovation-driven culture. They tend to be the same organizations interested in data-informed insights, in partnering with researchers, and in advocating for broader systems change, including public policy shifts. In other words, they are innovation-driven. But how well do mergers improve not just on the legacy organizations' missions, but on their actual social impact and ability to be innovation-driven? And how much stronger is the infrastructure for measuring impact and strengthening innovation post-merger? The literature has relatively little to say about this.

### AMALGAMATION INSIGHTS: CLIENT FEEDBACK, DATA, R&D AND PUBLIC POLICY

#### PLANNING

- Consider how client and evaluation data integration and management will be undertaken. Be open and honest with this, so there are no surprises once you 'look under the hood.'
- Understand well your respective organizations' cultures around client-centered design, participatory planning and evaluation, and other client-centric improvement processes. Plan to stretch to the more engaged/inclusive set of practices, and ideally beyond.

#### INTEGRATING

- Take the opportunity to enroll staff in training and learning to build the organization's 'social R&D' muscle while team-building and journeying together. Learning should not be just bi-direction (and definitely not unidirectional) -teams should take opportunities to learn new concepts, practices and methods together.
- Software and data integration is inevitably more expensive, frustrating and time consuming than you plan for. Budget and manage expectations accordingly.

## DATA AND I.T. INTEGRATION: Synergistic From Afar, Sausage-Making Up Close

Mergers may involve combinations of organizations with different knowledge emphases. Legacy Aspen brings a data-driven approach alongside an emphasis on community-wide metrics. BGCC, on the other hand, brings a deep knowledge of client (youth) perspectives, stories, journeys and aspirations. Although the truth is more nuanced than this quasi-fictionalized dichotomy, in a sense it's a coming together of "big data" with "thick data", which is an enviable match, but which will also require learning on both sides: Bi-directional as well as new learning (potentially including new software, data integration/ management/ storage techniques, evaluation techniques, community engagement techniques, etc.).

Organizations can sometimes achieve greater synergy or economies of scale merely by adopting and integrating the more optimal software of the two organizations (say, for donor management, client management, or accounting).<sup>78</sup> In the Spring round of conversations, many on both sides of the Trellis merger noted how excited they were by the potential benefits of merging information technology (IT) and data management of the two organizations. However, the Fall round of conversations revealed that this had become the very opposite of exciting. Systems are difficult to integrate and new applications may be a necessary part of the mix. As IT is usually challenging to fundraise for, it is important to build this into one-time merger costs.<sup>79</sup>

# FINDING CLOSURE: CELEBRATING AND GRIEVING THE LEGACY

This cannot be emphasized enough: A merger is the creation of a brand new organization. The metaphor that may be more helpful is a phoenix rising from the ashes, not two birds having to figure out how to share the same nest. This may sound harsh, but each legacy organization must die as part of the process. And with each death must come a grieving process. "But organizations are simply legal entities", one might be tempted to conclude. In fact, they are quasi-organic entities - they are a living embodiment of the people who work there, who have contributed their intellectual, spiritual and emotional energy. Organizations - whether nonprofit or commercial - have accomplishments, identities, reputations and 'spirits'. The loss of them, to the people who built them up, is - in a way - the loss of a beloved companion whom you have cared for these many long years. As such, it is essential to celebrate the life, accomplishments, foibles, and legacy of the organization, to laugh and cry, and to mourn its permanent and irreversible departure. Closing one door will make it easier to pass through another.

## AMALGAMATION INSIGHTS: CELEBRATING AND GRIEVING THE LEGACY

### PLANNING

- Plan upfront for a physical celebration of each legacy organization, to create a time and a marker of intentional 'letting go'. This might take many forms: Rent out a pub and have a 'wake', slam poetry night or 'roast'. Compile a music-filled slide-show or video montage.

### INTEGRATING

- It's OK to speak of the dead, but the dead have no power. Appeals to doing things a certain way "because that's the way we did it at ." can no longer have sway. It is either a good idea or approach in the interest of the new organization's mission, or it is not.
- Mergers are extraordinarily difficult. If you've made it to the integration phase, you have already attained something very few organizations accomplish. Take time to slow down, take a deep breath, and celebrate how far you have journeyed together in such a short time. Remember that mergers don't happen overnight - they can take years to fully gel.

## WINDING DOWN to Support New Growth

An important part of building excitement, enthusiasm and commitment to the Trellis project was letting go of the legacy organizations in a 'good way'. Trellis created space to grieve the loss of Aspen and BGCC in the form of 'drop-in chats' and activities, and conversations using the seven sacred teachings (love, respect, courage, honesty, wisdom, humility, and truth). But some observed that these sessions may have happened too late. Because of the COVID-19 social distancing measures, attendance at these events was poor, and the celebratory and emotional impact was far less than it would have been were physical proximity feasible. This was one definite down side to the pandemic.

Additionally, while there was recognition of the significance of the loss of whole organizations or of individuals who departed, there were also many smaller losses which had the potential to accumulate. Individuals might advocate for a certain way of doing things, the loss of which strikes them harder when it is changed, and the feelings of being inadequate, vulnerable, and fragile due to the changes of the merger makes people particularly susceptible to the weight of these losses. Acknowledging and sharing the natural grief that accompanies a merger, in all its forms, was an opportunity to unify people behind the new entity.<sup>80</sup>

# Amalgamations Evaluating

The interim report chronicling this journey - *One Big Experiment* - was labelled so partly because it was not at all certain that this amalgamation would ultimately be successful. The Trellis journey was (and continues to be) a big experiment. After all, despite the fact that the organizations' missions had some alignment, and despite the enthusiasm of both leaders and both boards, the fact remained that these are two organizations who had never actually worked together. They knew of each other, and admired one another from afar, but they didn't *really* know each other. It was therefore incredibly important that the principal players in the Trellis experiment subject themselves to external review, both with respect to feasibility, and with regard to chronicling their journey. This is not to suggest that our work is an "evaluation" per se, but we hope that it is informative, useful and actionable in a similar way.

## OPENING UP AND SHARING OUT

The opportunity to chronicle a merger in real-time, and to report back unencumbered when the experience of merging is still raw and unfinished, is rather unusual. From day one, the Aspen and BCGG senior staff and board members were enthusiastic and open to having this process be put under the microscope. The value of this exercise is, at the end of the day, for other organizations far more so than for Trellis itself. As such, this very framework, and the chronicling that surrounds it, is a new and vital contribution to the corpus of knowledge around nonprofit innovation, and indeed, to social R&D.

**Evaluations are valuable, but also value-based.**

**Good evaluation occurs across all phases.**

**Evaluation is a collection of insights.**

**Approach evaluation with intention.**

Following are some considerations around evaluation. This is not meant as a "guide" to evaluation, but rather as a set of important components and parameters to think about so that you (and others) can optimize the learning from your own amalgamation experience. Your own "big experiment".

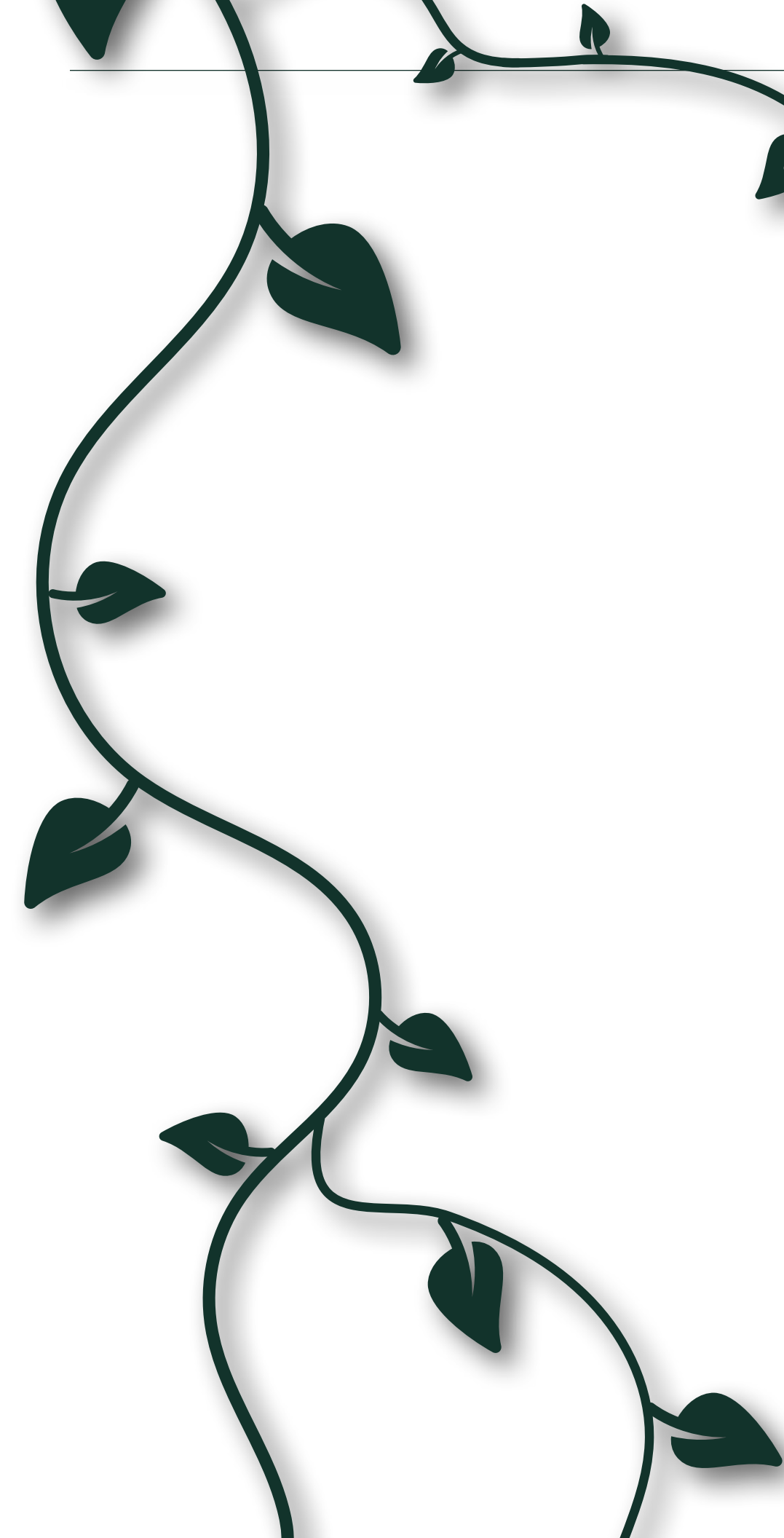
"Evaluation" is a concept with fuzzy boundaries, with contested definitions, and which has no fixed point and among stakeholders. The Oxford Dictionary defines evaluation "as the act of forming an opinion of the amount, value or quality of something". As such, evaluations may have the veneer of objectivity, but are fundamentally subjective. In other words, they are value-based value judgements about the value of - in this case - amalgamations. Impact is challenging to measure because definitions of success may differ between the organizations,<sup>81</sup> or success could be measured in contradictory ways. For example, an increase in client numbers could show expanded access to services, but a decrease in clients could be due to a successful transition out of needing services. Clients who accessed both organizations' services will no longer be double counted, so that can create the illusion of lower demand. But this subjectivity is no reason to avoid evaluation. Indeed, evaluation - done well - is essential to discover, reflect, retool, abandon, or double-down, as the case may dictate.

Evaluation is important to consider in each of the three phases - consideration, planning, and implementation. It should not be thought of as a latter-day "phase" of its own, tagged on at the end, as the reports to funders are assembled. It is not about asking "so, how did we do?" Instead, it is vital to incorporate evaluation into every phase of the merger.

Evaluation is a bit like the Canadian Constitution. It is not one document, report or process. Instead, it is a corpus of inquiries and interrogations that collectively create a tapestry of knowledge and insight. Every feasibility study conducted at the front end of a merger is a form of evaluation. Every merger-triggered policy and procedures gaps analysis, strategic workspace plan, software integration roadmap and service integration plan, whether internally crafted or externally commissioned, feed into evaluation.

Although many of the studies and plans you may already be envisioning undertaking or commissioning will feed into the evaluation, it is important to map out an evaluation, as it allows you to think of gaps in learning or insight and to place emphasis, time and resources on particular pieces that address your own need for insight, as well as insights for funders or the broader sector or public.





**Evaluation is strengthened by external eyes.**

Organizations are often asked by funders to append evaluations to internal programs (pilot or otherwise), but typically with only enough resources to do this 'off the sides of their desks'. But great managers or program staff may not be great evaluators, and evaluation always falls off the priority list when pressing HR, financial, legal and program matters must be dealt with. Managers and other staff are also too 'embedded' in the organization to easily be able to contextualize their own learning, insights and performance within the broader community, system, or field-of-practice context. As such, it is important to engage an external evaluator, though this can take many forms. Depending on the relative importance of measuring, monitoring, and storifying, you may be looking to engage a data scientist, a developmental evaluator or a journalist, for example. A strong approach to evaluation would engage all three realms of inquiry and analysis.

**Good evaluation is both data-informed and participatory.**

Evaluation serves many purposes and many masters. It requires both the identification of measurement of data and the engagement of people. A number of respondents noted with excitement that legacy Aspen was a data-driven organization, and that this approach could be even further strengthened and emphasized in the new organization. Insights from clients, internal practitioners and outside stakeholders are similarly indispensable. Surveys, interviews, focus groups, journey maps and ethnography are just some of the tools, in increasing order of depth and sophistication. The methodological limits of the analysis that underpins this framework document (discussed in Appendix A) limited any direct client input. However, the voice of clients will be critical in understanding a fuller picture of the community impact of the merger. Clients may have concerns, ideas and observations that could be important blindspots to illuminate as programs, policies, workflows, and procedures are merged (and/or created anew). Engaging clients as part of an evaluation is an opportunity to better understand the nuances of nonprofit mergers and how to truly realize the intended outcome of better service-delivery for clients.

**Evaluation costs money.**

Data-informed and participatory forms of evaluation - whether externally contracted or an expansion of in-house capacity - require dedicated resources that cannot easily be skimmed off of programmatic budgets. Budget for evaluation, and build it explicitly into requests from funders or donors.

**Evaluation must be tied to learning and improvement.**

Evaluation divorced from organizational learning is useless. A vital part of the evaluation equation is the receptivity to what evaluation reveals: How do we learn, grow and adapt? While your evaluation may have utility for others, and may fulfill government contract or grant compliance requirements, the most important reason - by far - to undertake evaluation is to learn, and then to act on that learning. As such, it is imperative to create a culture and set of practices that enable learning and reflection across the new organization: To share, discuss, and debate evaluation insights, and to be willing to take steps to create, enhance, or abandon processes, protocols, programs and services accordingly. As part of this, familiarize yourself with the methods of reflective practice<sup>82</sup>, double and triple loop learning<sup>83</sup>, and developmental evaluation.<sup>84</sup>

**Evaluation is as likely to portend as it is to reveal.**

One of the fundamental limitations of evaluation processes is that the time constraints of the evaluation never match up with the expanded time for some changes to actually take effect. The timeline for achieving success is difficult to predict, as a common theme in the limited literature<sup>85</sup> on nonprofit mergers is the extended length of time that it took to complete the merger.<sup>86</sup> In some cases, it may take many years for cultures and systems to blend, and to accurately assess if it was successful.<sup>87</sup> As Thomas McLaughlin adds, "while the costs of a merger, including its failure, might be easily determined, the benefits are almost certain to be impossible to calculate. This is because the desired benefits are usually strategic and in the future."<sup>88</sup>

Following are some important considerations for funders to keep in mind:

**Signal but don't drive.**

Funders who are interested in supporting nonprofit mergers face a paradox: Their enthusiasm and support is absolutely vital to the success of nonprofit mergers. Mergers, as this framework has outlined repeatedly, are cost-intensive. And, indeed, many funders and donors contributed dedicated new funds to enable the Trellis merger to happen. But such support should never drive or be the main factor behind a merger.<sup>89</sup> Organizations are more likely to be receptive to positive encouragement and financial incentives to merge *once they deem it to be in their own strategic interests*. Successful mergers won't arise from propagating often simplistic narratives about the need to "eliminate duplication"<sup>90</sup>. Nor, more perversely, should funding ever be withheld conditional on amalgamating (or scaled back if an amalgamation attempt fails). Amalgamations must have endogenous, authentic, and purpose-driven roots, aims and ends. Signal that you are there if and when organizations are ready, but never drive.

**Expect low frequency, but high cost.**

Given the low frequency of nonprofit amalgamations, it may not make sense for funders in most jurisdictions to create a dedicated program expressly targeted to supporting nonprofit amalgamations. Yet, when they do occur, they almost invariably entail significant one-time costs, resourced from multiple funders. Discreet, separate financing is required for mergers as, just like in the private sector, mergers cannot be done on the cheap. Nor can mergers happen off the side of someone's desk. There are inevitably legal, financial and other consulting costs, and they must be accompanied by dedicated in-house capacity, clearly assigned roles and responsibilities, and dedicated funding (not hived off of general operating or programming funds). As such, flexibility in residual or repurposed grant funds can help you respond nimbly to amalgamation requests.

**Consider step-wise funding.**

Not all small bets will turn into big bets. You may prefer to fund a merger in phases, so you are not over-extending your resources, with modest support provided upfront to explore. A second phase, triggered by a "go" decision could help underwrite planning costs, and a third phase could support integration.

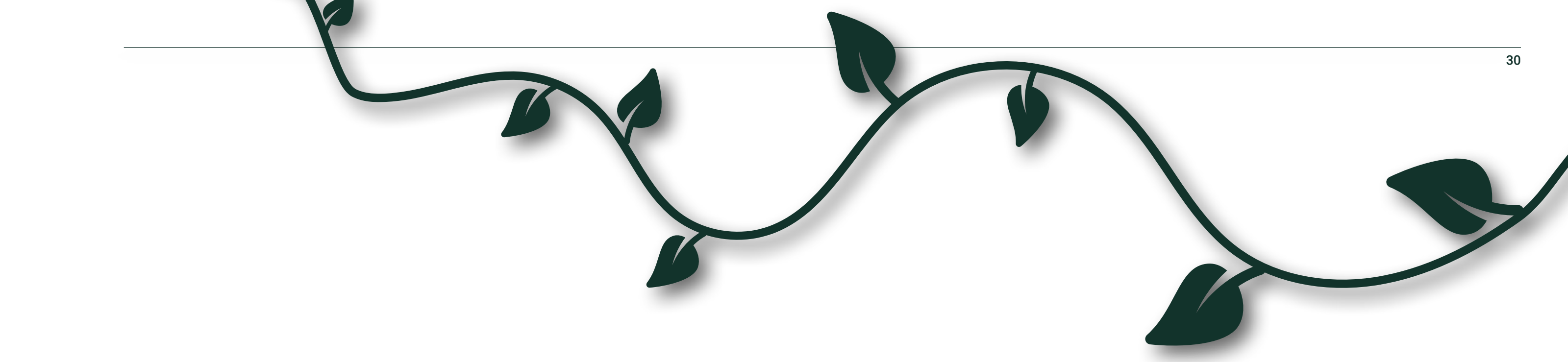
**Be more than transactional.**

Embarking on a merger is probably the single-most vulnerable thing a nonprofit organization can do. This will be a fragile time for each merging organization. Nerves will be frayed, stress levels will be stratospheric, and some of the community chatter may trend toward backbiting. Your relationship with your investee organization must be just that - a relationship. You must cultivate trust and an authentic culture of open, honest two-way communication. Ongoing conversations help to maintain realistic expectations. And remember - you are on a brave learning journey together.

# FOR FUNDERS:

## A Guide to Supporting Mergers





### **Don't scale down post-merger support.**

It can be tempting for funders to reduce their collective support to the post-merger organization, relative to the combined support to the pre-merger organizations (per client or per unit or as a ratio of operational expenses). But it is seldom the case that there are redundancies in programming. And while there are likely modest long term savings in administration, even these may be counterweighted by new programming or additional evaluation, data or research costs in the new scaled-up entity. The most prevalent funding-related fear among the stakeholder conversations in the Trellis merger was that the overall amount of either (or both) grants or contracts would decrease post-merger due to these expected (though largely chimeric) efficiencies. The literature refers to this dynamic as a "merger penalty".<sup>91</sup> While some have argued that the merger penalty is an "urban legend"<sup>92</sup>, other research has confirmed that funders do indeed tend to pull back after the merger.<sup>93</sup> Regardless, the fear that funding will be cut is a prevalent and rational concern for nonprofits considering a merger. Scaling back post-amalgamation funding will also signal to others that it is unsafe or unwise to amalgamate.

### **Waive or be flexible with reporting requirements.**

Organizations undergoing a merger typically face the largest mountain of paperwork they will ever encounter. Encourage your contacts in each organization to reach out regularly with a phone call or online chat, not with a midterm written report.

### **Don't ask for metrics of merger success.**

Appreciate that mergers are complex. What might seem like a tantalizing synergistic outcome at the outset of a merger may prove elusive for any number of reasons, once each merging organization starts 'looking under the hood', and once the combined insight and creative power of the organizations realize that there may be an entirely new approach to serving clients, reaching the community or otherwise affecting positive social impact. Good funders ask "What did you learn?", not "What did you measure?"

### **Don't nickel and dime.**

There are bound to be significant unforeseen variances in merger costs, once the process moves from planning to integration. Ensure that you have enough flexibility in the allocation of funds that the amalgamation organization(s) can, for example, transfer savings in legal costs to unforeseen costs in software integration.

### **Leverage your own investment.**

Funders have much more than funds to offer. They have networks, connections, links to other funders. Help broker new connections between the amalgamating organization and funders or donors they may not have previously had a relationship with, as well as links to expertise or other non-financial resources. Some funders may also be interested in helping invest in a one-time amalgamation of organizations they do not otherwise invest in programmatically.

### **Cover amalgamation evaluation costs.**

If you must ask for metrics, then pay for it, such that an outside evaluator can be brought in to monitor and report on the merger. Do not require or expect that such an evaluation be done in-house. As well, one major gap in our collective knowledge around the impact of mergers is in understanding the client perspective. Focusing on this may be a particularly valuable and novel contribution.

### **Encourage organizational learning.**

Actively encourage (and invest in) training and professional development, pre-merger and post-merger, during all three phases - consideration, planning and integration. This might include, for example, off-the-shelf or consultant-brokered upfront training about merger processes, or training on data integration and management. As discussed earlier in this framework document, a merger is an opportunity to create a brand new learning-fueled, innovation-driven organization. Seeding and supporting such a transition is an opportunity not to be passed up.

### **Be patient.**

Even if the consideration and planning phases happen rapidly, as was certainly the case with the Trellis merger, integration typically takes a long, long time. Trellis conversation participants noted that they were appreciative of how patient the funders had been during the process and hoped for continued patience and understanding as mistakes are inevitable.

### **Build collective knowledge.**

Create and/or finance opportunities - for example, webinars, workshops, websites, creation and dissemination of reports or case studies - for the broader community to learn about the experience of nonprofit amalgamations. Provide a platform for the leader(s) of these journeys to recount their experiences and insights.

This section contains pointers on how nonprofit leaders and practitioners can approach learning about mergers and other forms of amalgamation to judge whether and how you can take the next steps. There is a variety of both free and paid content that is available to nonprofit leaders considering mergers or to individuals that have or are about to be impacted by an amalgamation. Appendix C is a list of resources - guides, webinars and training opportunities - available online as at this writing. But as resources change, links become broken and new knowledge emerges, we have included some general advice and guidelines following.

For any nonprofit practitioner, we recommend:

- Assessing your capacity for learning about mergers and amalgamation. This includes your time and resource capacity, but also your capacity for inclusion and learning. Do not spring an amalgamation on your team: They should have some *a priori* sense that amalgamation of some kind, with some organization partner (TBD), may be 'in the cards'.
- As such, take the time to undertake parts of this learning journey together. Consider sharing resources with staff to reassure/create shared language and to build capacity for engaging in the process. Consultants can provide useful training (as they did in the Trellis case) but circulating free or low cost options like podcasts, videos, articles, guides and reports can help build a strong yet lean foundation. Some law firms or regional or thematic capacity builders offer occasional workshops or webinars in nonprofit mergers. Many university libraries, including [MRU](#), offer a low-cost community membership, which unlocks access to a universe of academic studies. Again, if you are not fostering a learning culture in your organization, be very wary of considering an amalgamation.
- Recognize theories that influence your work and workplace culture (for example, trauma-informed care) and balance these with advice that stems from for-profit practice (for example, theories of change management). You will always be threading the needle between the need for inclusive incrementalism and bold decisive action. The balance for each organization will be different, but the way forward should be sympatico with, not abrasive against, your organizational culture.
- Determine your context, as resources will be impacted by jurisdiction. While insights can carry across borders, legislative frameworks and other requirements may be location-specific.

## DIVE IN TO AMALGAMATION: THE WATER IS FINE

In the conversations with stakeholders of the Trellis merger, many were careful to say that, despite the nervousness of taking such a giant step, and the self-critical reflection captured in this chronicling, there is no regret in diving into this amalgamation. It was the right call, at the right time, and the community will almost certainly benefit. You will find yourselves in valleys of doubt and regret, and you will become preoccupied with details... How do we achieve payroll parity? Why did we agree to adopt this software? Why did we give up our lovely space? Do we charge staff for coffee? But if you have a 'north star' that is authentically tied to why you get out of bed in the morning to do what you do, this will keep you afloat. The bigger picture is the better picture. Few nonprofit mergers, once they have fully unfurled, ever break apart. On the contrary, most have stood the test of time. Most have improved outcomes for people and for the common good.

# Where Next? Your Amalgamation Learning Journey



<sup>1</sup> Including consultants, education and training programs, networks, and sector advocates.

<sup>2</sup> For example, mergers are mentioned or strongly hinted at in a number of new funding programs, including the Alberta Government's Civil Society Fund Guidelines: "Transformational change may include designing new systems, developing innovative approaches, or exploring novel collaborations with partners." (December 2020, p. 6). The Muttart Foundation, long a supporter of building nonprofit sector capacity, has also recently announced a specific focus on mergers for social service organizations. See <https://www.muttart.org/charitable-activities/strengthening-the-charitable-sector/>.

<sup>3</sup> Haider, D., Cooper, K. R. & Maktoufi, R. (2016). Mergers as a Strategy for Success: 2016 Report from the Metropolitan Chicago Nonprofit Merger Research Project. Mission Plus Strategy Consulting; MAP for Nonprofits & Wilder Research. (2016). Success Factors in Nonprofit Mergers: A Study of 41 Direct Service Organization Mergers in Minnesota, 1999-2010; Cooper, K. R. & Maktoufi, R. (2018). Identity Integration: The Roles of Relationship and Retention in Nonprofit Mergers. *Nonprofit Management and Leadership*, 30(2), 299-316.

<sup>4</sup> The Trellis merger is remarkable insofar as nonprofit mergers in Alberta, or in Canada as a whole, are particularly rare. There appear to be scarcely more than one or two mergers of human service organizations in the province per decade. Moreover, this appears to be the largest scale merger of community service organizations in the Calgary region. Notable examples of other organizations that have been the product of nonprofit mergers in Alberta include FuseSocial in Fort McMurray (2013), BGCBig in Edmonton (2010), and Big Brothers Big Sisters Calgary (1998). In November of 2020, Making Changes Employment Association and Dress for Success Calgary announced a merger of their operations, to take effect by late 2021 under the name Dress for Success Calgary.

<sup>5</sup> Forbes, E. M., & Manson, C. J. (2007). Innovate, Collaborate or Die: How to Create an Alliance or Merger for a Stronger, More Effective Non-Profit. Civil Sector Press. pp. 58-59.

<sup>6</sup> McLaughlin, T. A. (2014). Merger Myths. In T. Hansen-Turton, R. J. Cohen, & N. D. Torres, (Eds.), *Partnerships for Health and Human Service Nonprofits: From Collaborations to Mergers*, (pp. 153-158). Springer Publishing Company. p. 156.

<sup>7</sup> Hansen-Turton, Cohen, & Torres, 2014; Blumberg, M. (2009). Mergers and Amalgamations in the Canadian Charitable Sector, *The Philanthropist* 22(1).

<sup>8</sup> Stauch, J. (2021). Unmasking the Future: 2021 Environmental Scan. Institute for Community Prosperity, Mount Royal University.

<sup>9</sup> Lasby, D. (2020). Imagine Canada's Sector Monitor: Charities and the COVID-19 Pandemic. *Imagine Canada*. p. 2.

<sup>10</sup> Imagine Canada. (2020, March). COVID-19 threatens to devastate Canada's charities [press release]. <https://www.imaginecanada.ca/en/covid19>

<sup>11</sup> CCVO. (2020, November 26). Government Budgets and Alberta Nonprofits: What to watch for in 2021 [webinar].

<sup>12</sup> Lasby, 2020, p. 4.

<sup>13</sup> Angus Reid Institute. (2020, September 17). Philanthropy, Pandemic & Political Scandal: COVID-19 curtails donor giving; WE affair weakens trust in charities. <http://angusreid.org/covid-we-charity-giving/>

<sup>14</sup> Lalande, Lisa and Joanne Cave. (2017) Charting a Path Forward: Strengthening and Enabling the Charitable Sector in Canada. Mowat NFP, University of Toronto.

<sup>15</sup> Volunteer Alberta. (2020). Challenge Dialogue: Final Report. p. 11. See also Volunteer Alberta.(2020) Challenge Dialogue: Response Compilation. pp. 56-63.

<sup>16</sup> Government of Alberta. (2020, October 1). Premier's Council report on Charities and Civil Society: Moving forward: charting a path to civil society recovery. p. 11. <https://open.alberta.ca/publications/moving-forward-charting-a-path-to-civil-society-recovery>

<sup>17</sup> Muttart Foundation and Miller Thomson, LLP. (2020). Paths Forward in Troubled Times: A Restructuring and Insolvency Guidebook for Charities and Non-profit Organizations. Muttart Foundation.

<sup>18</sup> McLaughlin, T. A. (2010). *Nonprofit Mergers and Alliances: A Strategic Planning Guide*. John Wiley & Sons, Inc. p. Xv.

<sup>19</sup> Haider, Cooper, & Maktoufi, 2016, p. 8.

<sup>20</sup> McLaughlin, 2014, p. 157.

<sup>21</sup> Neither are small organizations: Aspen, at just over \$11 million in annual expenditures, employed nearly 130 staff (full time, part time and casual) and BGCC, at just over \$20 million in annual expenditures, approximately 230 staff. The combined Trellis employs over 300 staff.

<sup>22</sup> These 'phases' are identified here as a heuristic for this framework document. These are not phases articulated or defined by the merging organization(s).

<sup>23</sup> Blumberg (2009) for example, outlines a continuum of other deep collaboration and partial integration options.

<sup>24</sup> Forbes & Mason, 2007, p. 14.

<sup>25</sup> MAP for Nonprofits & Wilder Research, 2016, p. 43; Forbes & Manson, 2007, pp. 11-12.; Vergara-Lobo, A., Masaoka, J., & Smith, S. L. (2005). *The M Word: A Board Member's Guide to Nonprofit Mergers*. Compass Point. p. 15.

<sup>26</sup> Haider, Cooper, & Maktoufi, 2016, p. 48; MAP for Nonprofits & Wilder Research, 2016, p. 6.

<sup>27</sup> Hansen-Turton, Cohen, & Torres, 2014; Haider, Cooper, & Maktoufi, 2016.

<sup>28</sup> See, for example, Gunderson, L. H. and Holling, C.S (Eds.). (2009). *Panarchy: Understanding Transformations in Human and Natural Systems*. Island Press.

<sup>29</sup> On adaptive leadership, see, for example Heifetz, R. A., Grashow, A. & Linsky, M. (2009). *The Practice of Adaptive Leadership: Tools and Tactics for Changing Your Organization and the World*. Harvard Business Review Press.

<sup>30</sup> These numbers were interpreted from qualitative verbal responses. Note that not all factors were specifically ranked by each interviewee.

<sup>31</sup> These characteristics are recounted in a book review by Canadian philanthropic leader Hilary Pearson, observing that the traits that leading socially responsible global firms like Danone, Levi Strauss and Salesforce mirror those of leading innovative nonprofits. See Pearson, H. (2020, September 24). Book Review: *The Corporate Social Mind: How Companies Lead Social Change from the Inside Out* *The Philanthropist*.

<sup>32</sup> There is growing interest in "social R&D", the premise being that there is an urgent need for a much stronger connection between knowledge production and real-world application with respect to improving social well-being, community vitality and social sector innovation outcomes. For example, see Goulet-Langlois, M., Nichols, N., & Pearman, J. (2020). Forging the missing link: New evidence towards building capacity for a robust Social R&D ecosystem. MITACS.

<sup>33</sup> Tschirhart, M., & Bielefeld, W. (2012). *Managing Nonprofit Organizations*. Jossey-Bass John Wiley & Sons, Inc. pp. 369-370.

<sup>34</sup> For more information on shared platforms see, for example, The Ontario Nonprofit Network: (2021). *Shared Platforms: An Introduction* <https://theonn.ca/our-work/our-regulatory-environment/shared-platforms/>

<sup>35</sup> For more information on shared platforms see The Nonprofit Centers Network <https://www.nonprofitcenters.org/>

<sup>36</sup> For more information on social labs, see, for example, Radius SFU: Galvanizing the Canadian Social Labs Field <https://radiussfu.com/converge2018/>

<sup>37</sup> McLaughlin, 2010, p. 190.

<sup>38</sup> Forbes & Mason, 2007, p. 62; Tschirhart & Bielefeld, 2012, p. 369.

<sup>39</sup> Blumberg, M., & Barrack, A. C. (2016). 20 Questions Directors of Not-for-Profit Organizations Should Ask About Mergers. *Chartered Professional Accountants of Canada*. p. 28

<sup>40</sup> Wyatt, B. (2006). Letters to (not always of) Joy. Muttart Foundation; Patrick Johnston, personal communications, former CEO of the Canadian Centre for Philanthropy.

<sup>41</sup> McLaughlin, 2010, p. 60. Additionally, in the 1998 merger that resulted in Big Sisters and Big Brothers Calgary, for example, the merged organization continued to thrive with a co-Executive Director model for some years afterward.

<sup>42</sup> How the speed felt to conversation participants can be influenced by the actual and perceived amount of time that the process took (as determined by when an individual found out) and some individuals noted it was difficult to define the speed because they did not have previous experience with merging as a benchmark.

<sup>43</sup> Almost" in the sense that a mission may truly be out of step with community context or the requirements of social impact. We take at face value that organizations that are "mission-driven" are effective, but being relentlessly "mission-driven" can also blind organizations to the broader ecosystem.

<sup>44</sup> Forbes & Manson, 2007, p. 96.

<sup>45</sup> Sagawa,S. (2016). *Nonprofit Mergers: The Missing Ingredient*. Stanford Social Innovation Review.

<sup>46</sup> The average rating of strategic fit on a Likert Scale, where 5 represented a perfect fit, was 3.9.

<sup>47</sup> It is worth noting that many years prior, a proposed merger of Aspen and another organization was fiercely opposed by the board.

<sup>48</sup> McLaughlin, 2010, p. 73.

<sup>49</sup> Ibid., p. 213.

<sup>50</sup> Blumberg & Barrack, 2016, p. 10.

<sup>51</sup> It was also noted that the Calgary Foundation had some weeks earlier hosted a session for boards and senior leaders that helped normalize and build enthusiasm for the potential of nonprofit consolidations.

<sup>52</sup> Ferronato, S. (1999). *Nonprofit Mergers: The Perils and The Possibilities*. Charity Village.

<sup>53</sup> McLaughlin, 2010, p. 144.

<sup>54</sup> Both legacy organizations were within the Boland Survey benchmarks. The Boland Survey is a comprehensive source of nonprofit sector compensation data in Canada (see <https://www.calgarycvo.org/bolandsurvey>)

<sup>55</sup> La Piana Consulting. (2020). *Merger and Alliance Toolkit*. p. 3; See also Jakubowski, L. (2019, March 20). Financial Analysis when Contemplating a Nonprofit Merger, La Piana Consulting Blog. <https://www.lapiana.org/financial-analysis-when-contemplating-a-nonprofit-merger/>

<sup>56</sup> Blumberg & Barrack, 2016, p. 23.

<sup>57</sup> In the Trellis case, Aspen transferred their assets to BGCC, which then updated its name to Trellis Society for Community Impact.

<sup>58</sup> The "highly emotional issues" that prevent more mergers from happening are "boards, senior staff and brand." Milway, K. S., Orozco, M., & Botero, C. (2014). Why Nonprofit Mergers Continue to Lag. *Stanford Social Innovation Review*.

<sup>59</sup> Milway, K. S., Orozco, M., & Botero, C. (2014). Why Nonprofit Mergers Continue to Lag. *Stanford Social Innovation Review*.

<sup>60</sup> Blumberg & Barrack, 2016, p. 17.

<sup>61</sup> McLaughlin, 2010, p. 179.

<sup>62</sup> Buchanan, S., & Bradshaw, P. (2019). *The Voice from Outside: Stakeholder Resistance in Nonprofit Organizations*. *Nonprofit Quarterly*

<sup>63</sup> Blumberg & Barrack, 2016, p. 17.



<sup>64</sup> Based on T3010 data published on the CRA's website: [https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyBscSrch?request\\_locale=en](https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyBscSrch?request_locale=en)

<sup>65</sup> MAP for Nonprofits & Wilder Research, 2016, p. 49.

<sup>66</sup> Blumberg & Barrack, 2016, p. 17.

<sup>67</sup> Buchanan & Bradshaw, 2019.

<sup>68</sup> Haider, Cooper, & Maktoufi, 2016, p. 35.

<sup>69</sup> McLaughlin, 2010, p. 178.

<sup>70</sup> Blumberg and Barrack, 2016, p. 17.

<sup>71</sup> McLaughlin, 2010, p. 1.

<sup>72</sup> Ibid., 211-212.

<sup>73</sup> Although meant to protect clients, requirements to ensure confidentiality can create barriers, and even with other forms of partnerships, there are limitations to how much this barrier can be addressed. Merging the two organizations ensured that, with clients' consent, information could more easily be shared when accessing different programs or services within the new organization.

<sup>74</sup> While some noted that clients may not be aware of the merger because they are focusing on addressing their own concerns, others suggested that clients may not actually be aware of the organization that runs the specific program they are involved in. Rather, the sub-brands - Avenue 15, Bricks 4 Kidz, or 1000 Voices, for example - likely have more recognition to clients than the organization brand.

<sup>75</sup> McLaughlin, 2010, p. 185.

<sup>76</sup> Forbes & Manson, 2007, p. 46.

<sup>77</sup> McKendrick, J. (2020, September 18). "Work From Home Fallout: Productivity Up, Innovation Down." Forbes.

<sup>78</sup> Blumberg & Barrack, 2016, p. 4.

<sup>79</sup> McLaughlin, 2010, p. 18.

<sup>80</sup> Benton, A. D., & Austin, M. J. (2010). Managing Nonprofit Mergers: The Challenges Facing Human Service Organizations. *Administration in Social Work* 34(5), 458-479. p. 469.

<sup>81</sup> Haider, Cooper, & Maktoufi, 2016, p. 21.

<sup>82</sup> See, for example: Cambridge Assessment International Learning, "Getting Started with Reflective Practice" <https://www.cambridge-community.org.uk/professional-development/gswrp/index.html>

<sup>83</sup> See, for example, Tamarack Institute, "TOOL: Single, Double and Triple Loop Learning" <https://www.tamarackcommunity.ca/library/single-double-and-triple-loop-learning-tool>

<sup>84</sup> See, for example, Innoweave, "Developmental Evaluation" <https://innoweave.ca/coaching-streams/learn-and-adapt/>

<sup>85</sup> The academic literature on nonprofit mergers in Canada is particularly sparse. The Canadian Journal of Nonprofit and Social Economy Research for example, does not have a single article addressing the topic over the course of 20 issues.

<sup>86</sup> Forbes & Manson, 2007, p. 38.

<sup>87</sup> "Commentators on merger success note that one cannot adequately evaluate the results until several years out." Haider, Cooper, & Maktoufi, 2016, p. 21.

<sup>88</sup> McLaughlin, 2010, p. 173.

<sup>89</sup> Ferronato, 1999.

<sup>90</sup> Alnes, J. (2018). Creating Fertile Soil for the Merger Option. *Nonprofit Quarterly*.

<sup>91</sup> Blumberg, 2009, p. 4.

<sup>92</sup> McLaughlin, 2010, p. 39.

<sup>93</sup> Haider, Cooper, & Maktoufi, 2016, p. 35.

<sup>94</sup> Leadership bias reflects the prevalence of executive staff and board members participating in merger research. Haider, Cooper, & Maktoufi, 2016, p. 15.

# Methodology

Two rounds of video-conference-based conversations were conducted with key stakeholders involved in aspects of the merger, principally board and senior staff members of both organizations tasked with decision-making and implementation of key milestones and components of the merger, as well as with consultants, donors and others involved in previous nonprofit sector mergers.

The first round was conducted in April/May, 2020 during the planning and early implementation phase of the merger. The second round of conversations took place in October/November, 2020 once the implementation of the merger was well underway. Some stakeholders were invited to only one round of conversations, while others participated in both rounds. In all, 43 such conversations took place with 34 stakeholders. A list of these conversations is included in the next Appendix.

These conversations effectively served as a pre- and post-merger check-in. The first round focused on assumptions, intuitions, and expectations, also understanding the key steps, milestones and potential pain points in the initial stages of the merger. The second round inquired into what actually transpired in the early stages of implementing the merger, and what may lie ahead for the longer term. The second round also probed into what learnings may be gleaned for other organizations considering an amalgamation. These learnings form the backbone of this report.

We have also consulted both academic and non-academic literature on the topic of nonprofit mergers, with particular regard to human service organizations, as well as a very quick scan of the adjacent topics of nonprofit shared service models and deep collaborations.

Please note that this work does not constitute academic research, nor will it lead to an academic paper or presentation at an academic seminar or conference. Rather, this is instead considered the equivalent of a "program review", which is specifically exempted from the requirement of approval from the MRU Human Research Ethics Board. Nonetheless, as the Institute is conducting this work under the auspices of MRU, and in the furtherance of sound inquiry involving human respondents, the key *principles* articulated by the Human Research Ethics Board have been adhered to.

One common limitation of analyses or chronicling of mergers is the presence of "leadership bias", where management and board opinions form the bulk of responses (vis-a-vis front line workers or clients).<sup>94</sup> We have tried to ameliorate this through interviewing a small number of front line staff (mostly in the second round) to glean a second-hand understanding of the merger's impact on clients, as well as by including donors and consultants. However, the perspectives of clients have not been solicited, and this is an important limitation. While time and resource limitations prevented the inclusion of clients in our interviews, future merger evaluations should seek to incorporate the perspective of clients in merger/amalgamation considerations to help fill this gap in nonprofit merger literature.

# Stakeholder Conversations

Thanks again to all of the stakeholders that took the time to speak with us and offer valuable insight and advice. Thanks in particular to Angela Clarke at Trellis, who served as the main liaison on the project, helping to review drafts and get in touch with stakeholders. Also indicated below is whether the conversation was in the Spring, Fall or Both.

## Trellis - Staff

- Jeff Dyer, Chief Executive Officer (also the CEO of the newly merged organization) (Both)
- Angela Clarke, Chief Strategy Officer (Both)
- Randy Coutts, Chief Financial Officer (Both)
- Katie Davies, Chief Operating Officer (Both)
- Ashlee Mohn, Director - Engagement (Both)
- Courtenay Hick, Program Director (Both)
- Ketzia Shapira, Manager - Youth Shelter (Both)
- Karen Savage, Manager - Foster Care and Permanency (Both)
- Suzanne Pointer, Staff member (Contracts and Bookings, Genesis Centre) (Spring)
- Ad Farshori, Community Connections Program (Fall)
- Camille Jalijali, Youth Development Worker, Banff Trail Group Home (Fall)
- Erin Anderson, Family and Natural Support Facilitator (Fall)
- Laura Schonberg, Youth Development Coach, Youth Works (Fall)
- Maria Attrell, Foster Care Support Worker (Fall)
- Mary Zolkiewski, Senior Programmer (Fall)

## Trellis - Board Members

- Thiloma Hofer, Member (was Board chair of BGCC) (Both)
- Bruce Edgelow, Vice-Chair (was Board Chair, Aspen) (Spring)
- Alise Sorochan, Treasurer (Spring)
- Christine Neff, Director (Fall)
- Serena Reid, Director (Fall)
- Karleen Batty, Director (Spring)

## Legacy Organizations only (no longer with Trellis)

- Shirley Purves, Chief Executive Officer, Aspen (Spring)
- Hugh Evans, Board member, Aspen (Spring)
- Liam Sorrenti, Trauma and Attachment Specialist, BGCC (Spring)

## Funders & Supporters

- Karen Young, United Way (Spring)
- Jon Reeves, Provincial Director - Child Intervention, Alberta Children's Services (Spring)
- Lindsay Read, Social Venture Partners (Spring)
- Karen McDonald, Viewpoint Group (Spring)

## Consultants

- Alina Turner, Turner Strategies (Spring)
- Michael Black and Peter Robinson, PricewaterhouseCoopers LLP (Spring)
- Sebastian Apelt, Above + Beyond (Spring)
- Shane Wallace, CultureSmith Inc. (Fall)

## Nonprofit Merger Veterans

- Jim Campbell (former co-Executive Director, Big Brothers, Big Sisters Calgary) (Spring)
- Liz O'Neill, CEO, BCGBigs (Edmonton) (Spring)

# Additional Resources on Nonprofit Mergers

## Books & Articles

- Nonprofit Quarterly: [Articles on Mergers](#)
- Stanford Social Innovation Review: [Articles on Mergers](#)
- Blumberg, M. (2009) "[Mergers and Amalgamations in the Canadian Charitable Sector](#)", in *The Philanthropist*. Vol. 22 No. 1.
- Chenier, Y. (2020) "[Getting Together: What Alberta Nonprofits Need to Know about the Legal Aspects of Amalgamation, Merger, and Consolidation](#)" IntegralOrg.

## Guides & Reports

- Smith, N. (2017) [Coming Together for the Greater Good: Practical Tips for Effecting a Successful Merger](#). Miller Thomson.
- Muttart Foundation and Miller Thomson, LLP. [Paths Forward in Troubled Times: A Restructuring and Insolvency Guidebook for Charities and Non-profit Organizations](#). Edmonton: Muttart Foundation, 2020.
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## Podcasts & Videos

- Inside Social Innovation with SSIR: [The Risk and Rewards of Mergers as a Nonprofit Growth Strategy](#)
- JMT Consulting Group: [Nonprofit Mergers: A Strategic Tool During the Pandemic](#)
- Inspired Nonprofit Leadership: [The Often Skipped Key Step when Considering a Nonprofit Merger](#). 2020

## Courses

- Blumbergs: [Mergers of Canadian Nonprofits and Charities and Dealing with Uncertain Times](#)
- Goodcasting: [Non-Profit Mergers and Integration Masterclass](#)
- Public Interest Management Group: [Merger and Strategic Partnerships for Nonprofits](#)

## Funding Amalgamations

- Muttart Foundation: [Strengthening the Charitable Sector](#)
- Alberta Civil Society Fund
- Calgary Foundation: [Pandemic Resilience Fund](#)

