

An Innovative Approach to Collaboration: United Way of Greater Philadelphia and Southern New Jersey

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Summary

United Way of Greater Philadelphia and Southern New Jersey (UWGPSNJ) was recently formed by merging seven regional United Ways: Atlantic, Burlington, Camden, Cape May and Cumberland Counties in New Jersey and, in Pennsylvania, Southeast Delaware County and Southeastern Pennsylvania. UWGPSNJ's mission is "to harness, leverage and strategically invest the collective power of donors, advocates and volunteers, to drive measurable results that improve the lives of people in our region." The regional United Ways recognized that by leveraging their collective strengths and developing a more cohesive message, they could develop and deliver a common donor experience and more strategically and effectively move from being grant makers to engaging local communities in making real change across the region. The ability to scale up while maintaining local presence and meeting local community needs evolved through initial exploratory conversations into a

collaborative process that resulted in a decision to merge on July 1, 2012. While each United Way was individually successful at meeting its local needs, delivering on the collective brand promise was difficult. After months of thoughtful conversation and planning, the groundwork was laid, meaningful trust was established and merging seven United Ways into one large regional organization to collectively deliver one cohesive and consistent message—while meeting local community needs and capitalizing on local relationships—became possible. Through this unique collective process, their successful merger and expected trajectory towards sustainability make it a promising model for national replication.

Nonprofit mergers are increasing in prevalence for various reasons. Many nonprofits are merging because they are serving similar populations or providing similar services, and through merging they can reduce back-office costs (LaPiana, 2010). Factors within the environment such as an increase in organizational competition or a decrease in foundation or donor funding encourage nonprofits to contemplate mergers (Dewey & Kaye, 2007). Because of the current economic downturn, there is increased competition for more scarce financial resources. When nonprofits with similar missions choose to merge, capacity to compete successfully for limited funding streams and donations can increase. Yet will that alone suffice in ensuring success of the surviving organization?

The merger between the seven regional United Ways is an

example of a successful one. This merger demonstrates that a positive union can result from financially and programmatically viable organizations when approached from a position of strength, collaboration and trust. The new regional United Way will continue to focus on strategies to drive lasting change in the areas of education, income and health while working towards providing a greater breadth and depth of programming in local communities over the long term.

These seven local United Ways engaged in a very thoughtful and deliberate process through strategic dialogue and conversation, considering varying factors such as local decision-making processes and key volunteer, donor and corporate relationships. Thus, they were more prepared to prosper once the merger was completed because they understood many of the issues they would need to address to support continued success. This deliberate process can provide insight for other organizations interested in learning and or designing effective mergers aimed at increasing organizational efficiency, improving programs and delivering collective and collaborative results.

Introduction

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“United Ways throughout the country work to ensure that all children, families and seniors have access to quality

education, a family-sustaining income and good health” (UWGPSNJ, 2013).

“While the means used to achieve these goals may differ slightly in each community, the goals are the same. In Greater Philadelphia and Southern New Jersey, United Way prepares children to successfully enter kindergarten through its Success by 6[®] program, designed to improve the quality of early childhood education centers, provide access to these high-quality programs to low-income families and offer parent and caregiver support and education. United Way continues that investment in education throughout a child’s academic career, focusing on early literacy to ensure kids can read at grade level, intervening in middle and high school through innovative mentoring programs to make sure kids graduate, and providing exposure to higher education and the workplace – as well as the support to get there – so that young adults continue on to college” (UWGPSNJ, 2013).

“United Way also supports working individuals and their families. By equipping workers with job training and the financial knowledge they need to build assets and savings to provide for their family’s future, they will also be empowered to contribute back into our community and economy. And of course health is essential to thrive at home, at school and at work. To help children, families and seniors achieve and maintain health; United Way connects individuals and families with the resources they need to make healthy choices by investing in programs that fight

barriers to health such as childhood obesity, substance abuse behaviors and lack of access to healthy meals" (UWGPSNJ, 2013).

United Ways throughout the Delaware Valley began meeting over two years ago to discuss how to best collaborate to expand their impact. Conversations began through informal dialogue on how to come together on the national issues of education, health and income. Through strategic conversations and the exchange of ideas, five local United Ways in New Jersey and two in Pennsylvania began to discuss the possibility of a merger in order to create a stronger, more robust presence in the region.

The Issue

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By 2010, most nonprofits, including United Ways in the Delaware Valley, were facing increasingly complex social problems, competing for limited resources and learning to do more with less. Most notably, a changing and progressively more complex landscape meant: (1) regional live/work patterns across county and state lines meant donors were receiving different United Way messages from differing solicitations coming to the workplace versus home and (2) the region's needs were becoming more pressing and local United Ways needed to move from making grants to making change across the region.

United Ways have conducted much of their fundraising in the workplace. The region has shifted from having a significant donor base concentrated among corporations to a less heavily headquartered region (Adamset al., 2008). As an increasing number of nonprofit workplaces have been growing and trying to raise their own funds (such as hospitals and universities), maintaining the base of support has become increasingly challenging. Fundraising strategies have also shifted to focus on small and mid-sized businesses, which are on the rise. In addition, the population shift away from urban areas has resulted in the upsurge of the "bedroom suburb" phenomenon, which has made it challenging for United Way to deliver a cohesive and consistent message throughout the greater region. These United Ways operated within the shared media market of greater Philadelphia with many donors commuting across multiple United Way service areas, resulting in a confusing, "noisy" and often fragmented United Way experience. In order to make sense to and potentially attract new partners and engage new volunteers, these United Ways needed a different business model to design and deliver on a clear, consistent, collective message and brand promise while mitigating the declining workplace-centered fundraising trends.

Historically, United Way was an umbrella of agencies, raising dollars and allocating them to community pots for local organizations to apply. Yet over the last several

years, regional United Ways have changed, moving towards making significant, long-lasting changes locally as well as impacting community conditions particularly around the areas of education, income and health.

Although all regional United Ways had established that need to move towards a more outcomes-based model, they were all in different places in shifting from being grant makers to being change makers. As United Way moves towards driving greater regional change, many realized that they were unable to do that alone working county by county.

Lastly, with the region expecting one of the worst financial crises since the Great Depression, the need for services throughout the area was pressing. With high unemployment rates, increasing poverty rates and greater demand for services from local agencies, the demand in turn for United Way funding was even greater.

The Solution: Regionalization

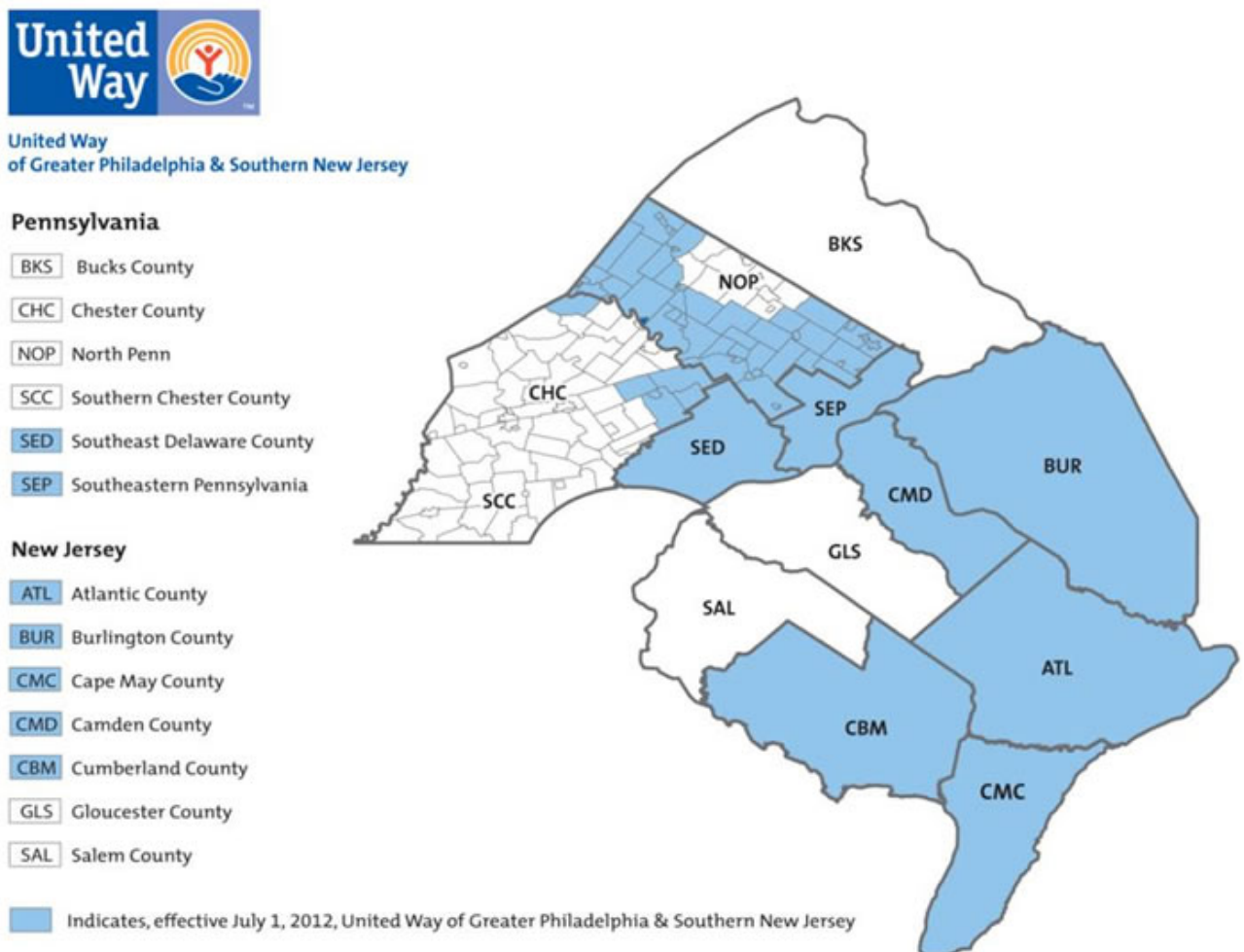
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The Initial Conversation

United Ways in and around Philadelphia have partnered through a group called United Ways of Delaware Valley for over a quarter-century. These United Ways knew that their infrastructures were thinly resourced but that they had a lot in common, particularly in approach, vision

alignment and commitment to bringing about positive change in local communities. As conversations progressed, they came to believe there might be a way to restructure themselves, particularly regarding operational and back-office functions such as finance, human resources, pledge processing and communications. With greater demand for services and contracted resources, conversations began about how a group of United Ways could be structured differently. The seven organizations shared a similar goal: to positively impact lives by focusing on meeting community outcomes in the areas of education, health and income in the Delaware Valley. The organizations were also in close geographic proximity. Thus in January 2010, together with assistance from an outside consultant, local United Ways began to explore what a more strategic partnership—including a merger—might look like. In September 2010, volunteers from nine local United Ways were brought into the discussion. These United Ways recognized the value of tackling regional education, health and income through a united effort. Not only did the organizations at the table examine their commonalities, they also came to value each other's ideas and frames of reference. Often agencies underestimate the importance of this process (Kirkpatrick, 2007). But it was crucial in this case because it permitted all agencies to conclude that merging was a good idea because of mission alignment rather than for any ulterior reasons such as financial instability.

As possibilities of a merger grew, two of the 11 United Ways that participated in the design process decided they were not ready to enter into a letter of intent as of January 31, 2012. Of the nine United Ways that entered into a letter of intent, seven ultimately signed the final plan and merger agreement; the remaining two decided it was not the right time for their communities, though each had different reasons. The map of the service area of the new United Way of Greater Philadelphia and Southern New Jersey looks like this:



Regional Design Team

For over one year, the United Way design team chaired by Mindy Holman (president and CEO of Holman Automotive

and board member of the former United Way of Camden County) and John Emge (executive director of the former United Way of Atlantic County), met bimonthly and then monthly to have what started as exploratory discussions about "regionalization" but which ultimately led to the merger. In addition to the co-chairs previously listed, the design team included the chief professional officer and two board members from each participating United Way. Individuals on the team were able to come together in a cohesive way to discuss processes, getting to know each other and establishing trust along the way, so that in the end everyone left at the table agreed to the merger for the right reasons. As Mindy stated, "It wasn't about what anyone was giving up but it was about what we were going to gain by coming together. It was a long process and sometimes a hard process, but it was a great process." In addition, staff and volunteers participated on subcommittees including the communications, community engagement, finance, governance, human resource and information technology groups.

The design team's value proposition was, "To recommend the best alignment of financial and personnel resources for the most consistent, competitively priced donor experience to generate and leverage the greatest impact on local community needs that improves lives throughout the Greater Philadelphia market."

Through the design team governance subcommittee, staff and volunteers from representative United Ways proposed

a new governance structure that consisted of an overarching regional board comprising representatives from each of the local United Way boards and communities. In addition, each local United Way would continue to have a local operating board responsible for overseeing the local work such as local fundraising, community outreach and volunteer engagement.

As the agency moved towards a formal merger agreement, the regional design team (comprising representatives from all United Ways at the table) addressed specific questions and concerns from each local community. The regional design team had members representing each local United Way board, allowing each to represent the needs of its local constituents. Then each committee's group members would report back to the local community boards to discuss and address questions. This became an iterative process; addressing local community needs was integral to the process as the local boards ultimately voted on whether or not they wanted to become a part of the merger.

The Official Agreement

Nonprofit mergers must take legal steps to form a single agency (Dewey & Kaye, 2007). With pro bono legal help representing each of the local United Ways (with Dechert, LLP as the pro bono lead), the design team put together a nonbinding letter of intent that outlined all of the issues and concerns that needed to be addressed if a plan and

merger agreement were to be successfully executed by the end of April. Nine United Ways signed the letter of intent on January 31, 2012 and worked diligently through the functional, volunteer-led subcommittees to address each issue with a goal of signing the agreement on April 30, 2012. Seven United Ways signed the formal plan and merger agreement and officially became United Way of Greater Philadelphia and Southern New Jersey on July 1, 2012.

Next Steps

The seven United Ways have merged legally and are actively engaged in this new and exciting challenge to become an integrated and collectively stronger regional organization. At the outset, back-office departments such as information technology and pledge processing were combined, strengthened and delivered consistently across United Ways. At the same time, UWGPSNJ continues the transition by defining and identifying strategies to further their community work.

Organizationally, the new United Way has developed a strategic executive team and with its new direction, the leadership is evaluating current work and the strategic vision to answer questions including: How is a regional campaign and community impact agenda best structured to leverage our collective strength and consistently deliver strong results throughout the region while honoring local needs, differences and relationships? What synergies can

be capitalized on? Throughout the design process, each United Way regardless of size demonstrated its inherent strengths and shared its best practices. To make the most of this merger, the integrated organization needs to continue to leverage its collective strength while supporting each local community to jointly address its challenges in the context of an increasingly complex landscape.

Overcoming Challenges

One of the biggest challenges to the merger, yet the key to its success, was developing trust. In the beginning, the United Ways were not sure what they were going to lose by coming together. Yet as they worked collectively over the course of two years, they realized that it was not about what anyone was giving up but rather what everyone was going to gain by coming together.

Celebrating Successes

Throughout the regional design team process, many communities welcomed the idea of a merger and were extremely involved at the local level. The design team was dedicated to discussing all facets of the merger through an engaged, thoughtful and deliberate process. Design team members engaged their local boards and advocated for the merger, in the end resulting in a successful outcome.

Joining back-office functions (such as human resources, information technology and finance) while also capitalizing on the unique strengths of agencies will allow the regional organization to fundamentally grow. From the outset, the back-office functions have been consolidated, creating a more efficient system with an overall administrative rate lower than those of many of the former United Ways. Individuals with expertise in different areas, such as planned giving, will be expanding and targeting donors throughout the greater region, providing a seamless United Way brand experience both where donors work and where they live. In the long term, UWGPSNJ expects that this leaner, more strategic agency will be able to attract additional funding and volunteers, expanding its reach to a broader region and ultimately having a greater impact on community transformation.

Mergers in Perspective

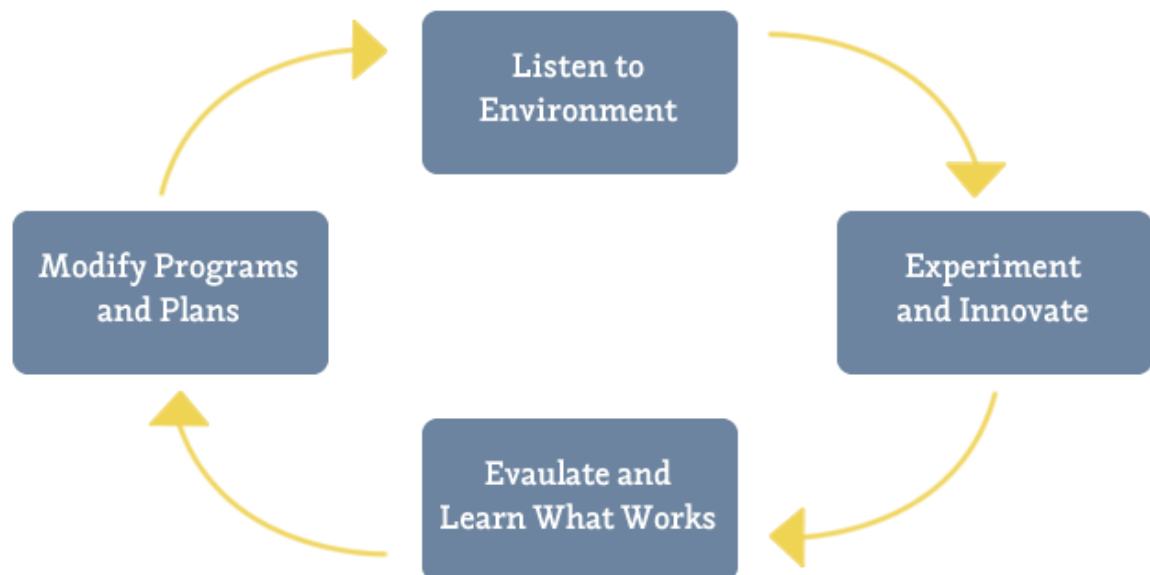
Nonprofit mergers provide a variety of benefits including the opportunity for expanded social impact. As Leslie Crutchfield and Heather Grant describe in *Forces for Good*, a characteristic of a high-impact nonprofit agency is adaptation (2008). Identifying external environmental road signs (such as shifts in the market, political landscape or population) and meeting these through internal changes, such as a merger, increase the opportunity for broader organizational impact. The United Ways noted the commonality in their shift toward funding

programs addressing education, health and income and saw this as a chance to become more united in providing a common donor experience. In addition, creating new programs and processes to address new opportunities through experimentation and innovation is critical.

Through the merger, UWGPSNJ worked on increasing internal efficiency through process innovation. Lastly, high-impact nonprofits modify plans and programs to expand performance. Through the merger, United Way is using the best practices of the region and the community to inform program development and better serve their community at large.

This process can be graphically displayed as follows:

The Cycle of Adaptation
Forces for Good: Six Practices of High-Impact Nonprofits, Crutchfield & McLeod



Conclusion

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The creation of United Way of Greater Philadelphia and Southern New Jersey promises to improve outcomes, expand impact and increase donor communication. The former United Way of Southeastern Pennsylvania's rigorous performance metrics for granting general operating and programmatic support will be used in collaboration with each local United Way's best practices as the basis for a consistent and strengthened investment framework for all local communities moving forward, ensuring consistency and furthering the impact of each donated dollar to UWGPSNJ. Joining forces will also increase impact in the region by collaboratively working to expand high-quality education, increasing access to health care and promoting self-sufficiency. Lastly, the merger will create a seamless donor experience both at home and in the workplace. As John Emge stated, "A dollar donated will now make a footprint from Pottstown to Cape May." Finally, through the merger, United Way will have a greater voice in raising community awareness around the areas of income, health and education disparities both at the local and state level.

Contributing Interviews

Jill Michal, President and CEO, United Way of Greater Philadelphia and Southern New Jersey, former President and CEO of United Way of Southeastern Pennsylvania

Mindy Holman, President of Holman Automotive Group, UWGPSNJ board member, Chair of UWGPSNJ

Nominating and Board Development Subcommittee and
Design Team Co-chair, former Board of Directors
President of United Way of Camden County

John Emge, Executive Director of UWGPSNJ in Atlantic
and Cape May Counties and Design Team Co-chair,
former Executive Director of United Way of Atlantic
County

Sara McCullough, Senior Director of Regional Integration
at UWGPSNJ, former Director of United Ways of the
Delaware Valley

Author's Note

In preparation for this article, the author interviewed four key local United Way leaders. The author heard a consistent message across the interviews, including a strong emphasis on trust building and a level-playing-field approach embraced by all leaders and members of the design team. The author's experience when interviewing Jill Michal aligns with that message. As the representative of the largest United Way in the design team process, Jill played a significant role in building an open and honest approach, establishing trust and creating a space for everyone to have an equal voice regardless of the size of the United Way. As a longtime United Way volunteer from a smaller United Way in Southern New Jersey, Mindy Holman was also central in creating trust among United Way volunteers. Her approachable, even-keeled style

allowed people to know they were heard while simultaneously driving the process forward. On the professional staff side, John Emge's commitment to local community presence and local relationships was a common goal among other professional staff members and was vital throughout the merger process. His knowledge, experience and forward-thinking approach helped him and the other chief professional officers build trust at the local board and staff level. At the regional staff level, Sara McCullough's relationships and history with local United Ways ensured continuity and consistency across the design team, consultant group and volunteer and staff leadership, which was helpful in the trust-building and integration processes as well as the continued success of the merged organization.

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Biography

Allison Book-Arango has eight years of progressive nonprofit, fundraising and development experience with a successful track record in obtaining government funding. She is currently pursuing her master's in public administration at the Fels Institute of Government at the University of Pennsylvania.