

To: Anne Rosewarne, Chair, ConnectMichigan Alliance Board of Trustees
Karla Hall, Chair, Michigan Nonprofit Association
Kyle Caldwell, President and CEO, ConnectMichigan Alliance
Sam Singh, President and CEO, Michigan Nonprofit Association

From: MNA/CMA Strategic Alliance Committee
Kathy Agard; Edward O. Blews, Jr.; Mike Brown; Martha Bottomley; Ouida
Cash; David Egner; David Eisler; Barbara Kratchman; Jacqueline D. Taylor;
Paula Kaiser VanDam; Janet Lawson; Russ Mawby; Anne Rosewarne; Kathy
Rossow; Jenee Velasquez

Date: February 9, 2007

Re: Final Recommendations of the MNA/CMA Strategic Alliance Committee

The Strategic Alliance Committee (Committee) was created by the leadership of the ConnectMichigan Alliance (CMA) and the Michigan Nonprofit Association (MNA) to investigate the merits of closer alignment between the two organizations and advise on how that alignment might take place.

After a thorough examination and thoughtful deliberations, **the Committee recommends a merger between MNA and CMA.** Specifically, the Committee suggests:

- **MNA serve as the overarching organization in the final merger determination**
- **MNA provide a certain number of board seats to represent the interests of the CMA. Further, the Committee recommends the creation of the ConnectMichigan Alliance Endowment Fund Committee (Fund Committee) to serve as the guiding authority to the MNA Board of Trustees on the use of the annual CMA Endowment allocation (payout)**
- **CMA and MNA boards create an effective transition leadership structure and plan that utilizes the unique talents of both CEOs**
- **MNA and CMA staff, partners, and affiliated advisory boards utilize a facilitator to guide a process that would integrate the many elements of a newly formed (merged) organization**
- **CMA and MNA look at public opportunities (existing or yet to be planned) to unveil and celebrate the evolution and successes of the merger process as well as the uniqueness of the partnerships that have been formed**

Attached you will find a more detailed plan that explains the rationale for the committee's recommendations. The plan focuses on four areas: governance, leadership, stewardship, culture and includes a timeline for the merger process. Finally, we have included the case statement for the discussions that led to the creation and charge of our committee.

Recommendations of the Strategic Alliance Committee

Principles

The Committee recommends the merger of the CMA and MNA as a method to gain greater alignment and increased services, sustainability and resources for Michigan's volunteers and the nonprofits through which they serve (see Stronger Together case statement for rationale). As part of the merger process, the Committee recommends consideration of the following important principles:

- An alignment or merger process must emphasize a joining and augmentation of missions and not solely a merger of organizational structures.
- Any process of alignment must create a process or structure that can ensure that proceeds of the CMA Endowment and related funds housed at the Capital Region Community Foundation are expended in line with the intention of the donors.
- The leadership of the Volunteer Centers of Michigan and Michigan Campus Compact (affiliate organizations), and the Michigan Community Service Commission should be consulted and concerns appropriately addressed in the merger process.
- The missions of MNA and CMA are compatible, but the MNA mission, brand strength, systems and longevity make it best suited to serve and the overarching organizational structure in a merger.
- The determination of leadership for the merged organization should focus creative solutions and initially be limited to the existing leadership of the two merging organizations.
- Throughout the merger process and beyond, the unique relationships developed through CMA's creation should be maintained and expanded, and its unique history celebrated on an ongoing basis.

Summary of Key Recommendations

1. Alignment Structure – How will the two organizations be merged and which serves as the overarching authority organization?

The Committee recommends that MNA serve as the overarching organization in the final merger determination.

2. Governance and Stewardship – What will be the new governance structure of a merged organization and how will the concerns of donor intent regarding the CMA Endowment payout be addressed?

The Committee recommends that MNA provide a certain number of board seats to represent the interests of the CMA. Further, the Committee recommends the creation of the ConnectMichigan Alliance Endowment Fund Committee (Fund Committee) to serve as the guiding authority to the MNA Board of Trustees on the use of the annual CMA Endowment allocation (payout).

3. Leadership – How will the leadership of the two organizations be evolved and who will lead the newly merged organization?

The Committee recommends empowering the two CEOs to develop a creative and effective leadership structure and plan.

4. Culture— How will the two organizations join the different “cultures” together to ensure success and increase effectiveness?

The Committee recommends that the MNA and CMA staff, partners, and affiliated advisory boards utilize a facilitator that would guide a process that would integrate the many elements of a newly formed (merged) organization.

5. Communication and Celebration – How will the process and its developments be explained and celebrated to aid in the understanding and adoption of the merger?

- **The Committee recommends that the CMA and MNA look at public opportunities (existing or yet to be planned) to unveil and celebrate the evolution and successes of the merger process as well as the uniqueness of the partnerships that have been formed.**

1. Alignment Structure

Both organizations have developed strong programming, partnerships and innovative initiatives to strengthen the philanthropic sector. CMA, a one-of-a-kind public/private partnership organization supported by the proceeds of a \$20 million endowment, has assisted in the continued strengthening and expansion of the state's volunteer infrastructure. MNA (initially the Michigan Nonprofit Forum), has developed a strong voice for the state's nonprofit community and vital service to increase the capacity of the sector. Each has its unique strengths and assets.

When these unique qualities are further weighted with the factors of mission breadth, brand strength, organization longevity, and administrative systems depth, it becomes apparent that the **MNA should serve as the overarching organization in the final merger determination.** Further, the Committee recommends that CMA affiliates—Michigan Campus Compact and Volunteer Centers of Michigan—be transferred accordingly (a return to the structure prior to the creation of CMA) and that the public sector partner—the Michigan Community Service Commission (MCSC) be included in any determination of governance structure (see Governance section below). Finally, the Committee recommends that the advisory boards and lead staff of the affiliate organizations utilize the revisions of their affiliation agreements as the opportunity to define their expectations and hopes for the future in this potential new configuration.

2. Governance and Stewardship

Presuming that MNA serves as the overarching organization, governance responsibilities would rest with the MNA Board of Trustees. As such, **the Committee recommends that MNA provide a certain number of board seats to represent the interests of the CMA, its affiliates and MCSC, a key partner in the creation and operation of the CMA.** This would provide seats for the VCM, MCC, CMA, and MCSC with the specific numbers to be determined in talks between MNA and the aforementioned organizations.

One of the concerns discussed within the Committee concerned stewardship and ensuring that the integrity of the payout of the CMA Endowment be maintained within the donors original intent (support of service and volunteer infrastructure in Michigan). Therefore, the Committee recommends **the creation of the ConnectMichigan Alliance Endowment Fund Committee (Fund Committee) to serve as the guiding authority to the MNA Board of Trustees on the use of the annual CMA Endowment allocation** (payout). The Fund Committee would have a representative on the MNA Board of Trustees whose responsibility would be to work with the Fund Committee to provide an annual recommendation and update to the MNA Board of Trustees on the allocation from the Fund.

3. Leadership

The alignment structure recommended calls for the dissolution of the CMA and transfer of its functions and responsibilities to the MNA; therefore the President and Chief Executive Officer position of CMA would be dissolved. The Committee was impressed by the forthright and seemingly genuine willingness of the staff leadership of the CMA and MNA to engage in a thoughtful and open discussion of a merger. **The Committee therefore recommends empowering the two CEOs to develop a creative and effective leadership structure and plan** that maintains the forward movement and stability of the work of CMA and MNA, reduces duplication, and ensures the single voice for the final merged organization. Given the sensitive nature of this decision and the need for confidential and frank dialogue that needs to occur between the CEOs and their respective Boards of Trustees, the Committee recommends that a

general Leadership Succession Plan be developed with subsequent details to be included after confidential conversations between the staff and their respective boards on specific plans for each CEO's dispositions.

The Committee encourages both the MNA and CMA Boards of Trustees to consider creative solutions to utilize the talents, relationships and unique skills of the two current CEOs in the merger process. However, the Committee recommends the consideration of the following leadership structure to meet the aforementioned goals. The current CEOs would either maintain or transfer to the two positions listed below.

MNA President and CEO – this position (while not necessarily the individual) remains as currently described in the MNA Bylaws and articles of incorporation.

MNA Chief Operating Officer– a new position focused on ensuring the effective transfer and maintenance merged initiatives and partnerships, and expansion of administrative integrity. This position would report directly to the CEO with authority and supervisory responsibilities to be determined at a later date.

Or

Special Consultant– a new position that focuses on new opportunities, mission expansion initiatives or other special projects as assigned. This position would report directly to the CEO with authority and supervisory responsibilities to be determined at a later date.

Second, regardless as to whether there should be a negotiated recommendation that the current MNA CEO change or remain, the Committee recommends that the newly constituted MNA Board of Trustees engage in a conversation with the MNA CEO to determine his/her vision for the future of the organization.

Finally, the Committee would like to reserve the option to revise or expand its Leadership recommendation after the CEOs of MNA and CMA conclude their discussions with their respective Boards of Trustees.

4. Culture

This particular merger, more many others in the nonprofit sector, involves a very complicated entanglement of organizational relationships, staffing structures, and programmatic initiatives. Bringing them together may work “on paper” but will almost certainly involve an in depth and thorough process that will take considerable time to fully implement.

The Committee recommends that the MNA and CMA staff, partners, and affiliated advisory boards utilize a facilitator that would guide a process that would integrate the many elements of a newly formed (merged) organization. Further, the Committee recommends that the merged organization lead a very focused and continual development process for integrating the organizational cultures.

5. Communication and Celebration

The merger of MNA and CMA will be a very complicated process and will require that many parties clearly understand the evolution of the alignment process. The Committee recommends the development of a regular, multi-level audience (board, partners, donors and communities) communiqué to the constituents of the MNA and CMA. The Committee believes that it will be especially important that donors are informed and consulted on the elements of the merger and its overall implementation.

Finally, the Committee recommends that the CMA and MNA look at public opportunities (existing or yet to be planned) to unveil and celebrate the evolution and successes of the merger process as well as the uniqueness of the partnerships that have been formed. This may include the Nonprofit SuperConference or other such gatherings of the volunteer and nonprofit communities. In addition, we suggest that some type of more permanent commemoration be developed and celebrated to recognize the unique CMA partnership.

An outline of these recommendations is provided below. Again, the Committee would like to reserve the option of revising this recommendation as various elements of the plan evolve and develop to respond to new realities.

**ConnectMichigan Alliance / Michigan Nonprofit Association
Proposed Merger**

	ConnectMichigan Alliance	Michigan Nonprofit Association	Merged Organization
Alignment Structure	CMA dissolves 501 (c)(3) status	MNA proffers merger agreement	MNA serves as overarching organization
Governance	CMA dissolves board.	MNA provides board seats for representatives of CMA (Fund Advisory Committee), VCM, MCC, MCSC	MNA with expanded board
Stewardship	CMA names fund advisory board to MNA	MNA includes language in merger agreement to recognize the authority of the CMA Fund Advisory Committee	MNA governance process includes receiving report from the CMA Fund Advisory Committee.
		CMA Endowment Fund agreement with the CRCF is transferred to MNA.	MNA Board of Trustees agrees to serve as the designated agency for the CMA Endowment from CRCF with the stipulations articulated in the Merger Agreement and the CRCF Fund Agreement.
Leadership	CMA President and CEO position is dissolved	MNA creates the COO or Special Consultant position.	MNA Board of Trustees (w/new members) discusses future goals for the new organization with MNA CEO.
Communication	CMA and MNA jointly distribute communiqués on the merger process through existing tools including MNA Links, CMA Connections, and other publications including and especially those to donors to both the CMA Endowment and the MNA Strategic Fund.		
Celebration	CMA and MNA jointly announce the agreement of a merger at a public venue (possibly SuperConference).		

Proposed Process Timeline
(Revised February 9, 2007)

Step	Action	Participants	Outcomes/Actions	Status/Timing
1	Informal discussions	Key board, staff and donors	Seek advice, gauge support or resistance before proceeding	July, 2006 COMPLETED
2	Formal preliminary discussions	CMA / MNA Trustees, CMA Affiliates	Propose creation of ad hoc work group (Strategic Alliance Committee) to facilitate discussions between the boards on the possibility of a merger	October, 2006 COMPLETED
3	Research Opportunity and Make Recommendation(s)	Strategic Alliance Committee, staff, outside consultants	Staff and work group investigate opportunity and make recommendation to MNA and CMA Boards	November – December, 2006 COMPLETED
4	Board Review/Adopt Recommendation(s)	CMA / MNA Board Members	Take up recommendation(s) of the Strategic Alliance Committee	December, 2006 – March, 2007 IN PROCESS
5	CMA / MNA Develop and adopt Merger Agreement	CMA / MNA Board Members and Legal Counsel	Plan for overall legal, governance, and leadership structure that will include MCC and VCM Affiliation Agreements and creation of Endowment Committee	February - March, 2007
Proceed or end process depending on recommendations and Board(s) actions				
6.	CMA/MNA work on staff development and strategic planning	CMA/MNA secure third-party facilitator	Convening of staff to work on opportunities of integration regardless of merger.	February, 2007 ON GOING

Step	Action	Participants	Outcomes/Actions	Status/Timing
7.	Budget Development Staff Transition Plan	CMA, MNA, VCM, MCC, Leadership	Proposed budget and organization chart	May – June, 2007
8.	Implement Governance and Leadership Structure Create CMA Fund Advisory Committee	CMA, MNA, VCM, MCC, MCSC Leadership	CMA and MNA Boards reconstructed, new VCM and MCC Affiliate Agreements and leadership realigned	July 1, 2007
9.	Develop Overall Vision, Mission Strategic Plan	MNA, CMA Fund Advisory Committee	MNA and CMA Trustees empower staff to develop a fully detailed restructuring plan with an outside facilitator	June - September, 2007
10.	Present Strategic Planning Process	MNA, Leadership	Present aligned Board with strategic planning process	October, 2007
11.	Implement Strategic Planning Process	MNA Staff and Board	Convene process for new mission, vision and goals along with staffing redesign	October, 2007 – April, 2008
12.	Finalizing of Strategic Plan	MNA Leadership and Staff	Present new strategic plan to MNA Board of Trustees	May, 2008

Closing Thoughts of the MNA / CMA Strategic Alignment Committee

The Strategic Alliance Committee would like to express its appreciation to the Board of Trustees for the ConnectMichigan Alliance and the Michigan Nonprofit Association, for the opportunity help the Michigan Nonprofit Association and ConnectMichigan Alliance think strategically and methodically about the possibility of closer alignment up to and including a merger.

During our deliberations we were impressed by the collaborative and open-nature of the talks including frank feedback from the staff. By its very nature, a working group of this type is unique among merger processes and we feel that it has empowered to the Committee to offer its recommendations with a full and accurate view of the two organizations.

It is our hope that regardless of whether the two organizations decide to merge, that this spirit of effective and genuine collaboration will continue to be at the center of their work to serve our great state.

Thank you for the opportunity to serve.

MNA/CMA Strategic Alliance Committee

Co-Chair, Anne Rosewarne, ConnectMichigan Alliance
Co-Chair, Ouida Cash, Michigan Nonprofit Association
Kathy Agard, Dorothy A. Johnson Center on Philanthropy, Grand Valley State University
Edward O. Blews, Jr.; Association of Independent Colleges and Universities of Michigan
Mike Brown, Capital Area United Way
Martha Bottomley, VolunteerMuskegon!
David Egner, Hudson Webber Foundation
David Eisler, Ferris State University
Barbara Kratchman, ArtServe
Jacqueline D. Taylor, Davenport University
Paula Kaiser VanDam, Michigan Community Service Commission
Janet Lawson, Ford Volunteer Corps, Ford Motor Company
Russell G. Mawby, W.K. Kellogg Foundation
Kathy Rossow, Volunteer Center of Southwestern Michigan (retired)
Jenee Velasquez, Herbert H. and Grace A. Dow Foundation

ConnectMichigan Alliance
Michigan Nonprofit Association

Stronger Together
A Case for Closer Alignment

(This document is a draft discussion primer for internal use only and not intended for public dissemination.)

Case Statement Revised January 31, 2007

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Case Statement

"There are no problems we cannot solve together, and very few that we can solve by ourselves." -- *President Lyndon Baines Johnson*

Proposal

Senior management of the Michigan Nonprofit Association (MNA) and the ConnectMichigan Alliance (CMA) recommend an investigative dialogue toward determining the possible development of closer mission alignment, increased efficiency and assured sustainability through a merger of the two organizations.

Volunteers are vital to building enduring solutions to community challenges. Nonprofits are a vital organizational structure for volunteers to channel their passions to serve. Each needs the other to be effective and sustainable to address our most challenging community issues. Nonprofits need volunteers to govern their organizations, guide their missions, develop their resources, and provide direct services to their constituencies. Volunteers need nonprofit organizations to effectively channel their passions and resources to affect meaningful progress and change in their communities. Volunteers and nonprofits must act as symbiotic forces in the cause of community problem solving that enriches the living experience in Michigan.

The ConnectMichigan Alliance (CMA) represents the volunteer infrastructure and the Michigan Nonprofit Association (MNA) represents the support structure for the nonprofit sector. While these organizations now collaborate, they are not interwoven to build a truly stronger symbiotic structure for philanthropy in Michigan. **Michigan has an opportunity to bring these two strong forces for its nonprofit and volunteer sectors more closely together into an even more powerful, effective and innovative.**

MNA and CMA and its partners the Michigan Community Service Commission (MCSC), Michigan Campus Compact (MCC), and Volunteer Centers of Michigan (VCM), provide the infrastructure to support to the volunteers who serve the missions of the state's nonprofits. These organizations work collaboratively because of their shared missions and goals and their inclusion in the governance structure of CMA with board members appointed by each of the partners and affiliates (see Appendix B).

MNA is focused on increasing the effectiveness of the nonprofit sector. CMA, and its affiliates and partners make up a multi-sector alliance that is concerned with promoting a life-long ethic of service and volunteerism. CMA is able to support these partners through the leverage resources of a \$20 million endowment and the strong affiliation relationship with two of the state's leading volunteer and civic engagement organizations. Together, CMA and MNA provide a wide range of programs and services to Michigan nonprofits and the volunteers who serve in our communities.

Still, even as all these organizations are cooperating, co-housed in the same physical space, cooperate on programming, share staffing and board members, contract services from each other, and interrelate on a multitude of levels, they (MNA and CMA) remain largely separate entities each focusing on capacity building, public policy, research and evaluation, marketing and member services for their different constituencies.

Combining the deep portfolio of programs, quality products and services offered by MNA with the community networks, public/private partnerships, and endowed resources of CMA, Michigan could better align its resources to work toward ensuring that every community is served by a vibrant nonprofit sector with a steady stream of engaged volunteers. These factors and more, make for fertile ground for a thoughtful dialogue regarding the possible increased alignment of the ConnectMichigan Alliance and the Michigan Nonprofit Association.

Staff of all the organizations request that a working group of the CMA partners and affiliates and others take up this process and provide the boards of CMA and MNA recommendations on if, and how these organizations may move forward in discussions on continued alignment.

“You don't just luck into things as much as you'd like to think you do. You build step by step, whether it's friendships or opportunities.” – *Former First Lady, Barbara Bush*

Opportunities

There are four primary opportunities before these two organizations during the discussions of alignment: amplification and congruency of missions, modeling best practice, increased stability and sustainability, maximization of resources.

Maximizing the congruency of missions for greater reach and impact

Both MNA and CMA identify volunteering and philanthropy as core elements to their missions. MNA is focused on developing a more effective nonprofit sector. On the other hand, CMA targets the expansion, and universal expectation of service and civic engagement. The Michigan nonprofit sector exists in large part, due to the efforts and effectiveness of volunteers. On the other hand, the volunteer infrastructure supported through CMA exists to serve communities through the state's nonprofit sector. One without the other cannot effectively function to strengthen our communities. Yet, today these organizations, while collaborating in many ways, still operate and function quite separately.

MNA provides training, products, advocacy and other services to many of the same organizations CMA targets for its services. CMA provides resources, programming and even advocacy services (through MNA) to organizations that recruit, support, and sustain

our volunteer force through its partners including the Michigan Community Service Commission, Michigan Campus Compact and the Volunteer Centers of Michigan. The leadership of CMA and MNA set different, yet parallel directions for their organizational goals and resource development; all the while their constituents (nonprofits and the volunteers who serve their causes) tap each or both for their needs.

The possibility of closer alignment opens the opportunity for a true “mega-mission” that can simultaneously leverage talent, programming and resources to support more effective nonprofits and higher quality support for the volunteers they leverage to achieve their missions.

A more comprehensive model for state and local support

CMA is the product of a desire for partnership of the state’s premiere service and volunteer organizations to build a comprehensive and expansive model for infrastructure support. In other words, many came together to make the work of promoting and supporting volunteers more permanent and at a greater scale. MNA was formed to give the sector an effective voice and lead the sector’s efforts toward maximum effectiveness and efficiency.

Separately, these organizations can continue to work on their core programs and services, but is it the most effective practice? Looking at current trends and the best practices, we would have to conclude that combining services, personnel, backroom functions, and leadership would provide the exemplary organizational model many other communities are striving to achieve.

Increased stability and sustainability for the sector

Each organization in this discussion brings with it tremendous resources and reputations for performance. Yet each has its challenges that could be addressed through tighter organizational alignment. MNA’s current programs and structures are supported through a very successful funding model that includes some earned revenue, fee for service, grants, sponsorships and membership services. In addition, MNA’s long history and reputation for results has created the beginnings of an effective brand. CMA is supported through a generous endowment, public and private grants, membership fees, general fundraising and sponsorships. CMA’s model for collaboration is one of a kind in the nation and is cutting edge in its implementation. Recent restructuring efforts have focused on marketing and research of the volunteer field. Some of their strengths demonstrate the leadership and innovation of these organizations, while at the same time highlight their challenges.

MNA’s mission of supporting volunteerism is currently limited while its funding structure relies heavily on fund development through grants and sponsorships. CMA, while innovative, is largely an unknown quantity outside of its partners and has little brand recognition. The organization has recently developed a strong research partnership, but lacks a marketing program and strategy. In addition, its training and

technical assistance as well as advocacy work is either limited or largely borrowed from MNA. The advantages of increased programs, services, brand recognition, and resources could help to sustain the work of both organizations.

More effective use of resources for growth and expansion

Greater alignment of these organizations also creates the opportunity of conversation about how each could conserve on duplicative resources that may be used for possibilities that neither thought possible on their own. Through an thorough and exhaustive examination of the organizations' goals, resources and administrative/management procedures, each organization will be able to re-examine how resources are allocated. In turn, each could create efficiencies that would provide for discussion of new opportunities including:

- Developing more effective housing structure that might produce rather than drain revenues;
- Creating nonprofit business models that leverage shared services to the nonprofit sector;
- Marketing the nonprofit sector's work through a more unified mission (nonprofits and the volunteers who serve their missions);
- Brokering cutting-edge research that examines the nonprofit sector and volunteerism in new and unique ways to help the two elements (nonprofits and their volunteers) better relate;
- Increasing the influence and leadership potential of the public policy efforts of the sector.

"I am where I am because I believe in all possibilities." – Actor, Whoopie Goldberg

Specific Examples of Integration

An alignment of the two organizations brings forth the possibility for both expanding of existing programs and services as well as the creation of new initiatives in the following areas:

- Capacity Building
- Public Policy
- Civic Engagement
- Research and Evaluation
- Marketing and Communications

Deepened Capacity Building

One of the most compelling opportunities of bringing together MNA (nonprofit support for Michigan) and CMA (volunteer support for Michigan) is the increased capacity potential for local communities.

Training and Technical Assistance -- MNA and CMA can combine their strategies for providing “universal access/coverage” for every Michigan community. This could include utilizing the current Management Service Organization (MSO) network, NPower partnership and other MNA assets, combined with CMA’s grassroots network of volunteer centers and campus compact member institutions to offer local best practices and signature trainings to meet the needs of local nonprofits and their volunteers.

Unified Voice on Public Policy

Both MNA and CMA have developed strong and respected advocacy and public policy arms to their organizations. MNA with their Michigan Public Policy Initiative and CMA with their Serve Michigan program have advanced and promoted the needs and interests of the nonprofit sector and volunteer infrastructure respectively. A combined organizational structure allows for the leveraging of the political and grassroots structures, long-recognized events, contacts, and products to make an even stronger and unified public policy voice.

Expanding the Range of Civic Engagement Programming

The lens of civic engagement is often limited to either voting or volunteering and rarely is a meaningful connection ever effectively forged to help communities sustain that connection. Both organizations are working on various civic engagement initiatives separately. MNA leads voter engagement drives to increase the awareness and scope of the nonprofit sector. CMA has focused on youth engagement and the volunteer infrastructure as key elements for civic engagement. Combined, MNA and CMA can begin to focus on a continuum of civic engagement that brings together the nonprofit sector and one of their most valuable assets—their volunteers of today and tomorrow.

Integrated and Expanded Research and Evaluation

MNA has established itself as one of the lead developers and promoters of research and knowledge on the impact of Michigan’s nonprofit sector on communities and the state’s economy. The Michigan Nonprofit Research Program and the Research and Nonprofit Committee provide the support and direction for these and other efforts. MNA also works in partnership with other statewide organizations including CMA, MNA has published information on the inside work of nonprofits, volunteers, and the programs and partners that make up the sector.

CMA recently increased its capacity to develop and secure research on the impact of service and volunteering infrastructure in Michigan. Through a realignment of existing

resources and the leveraging our alliance partners MCSC, MCC, VCM and MNA, CMA has developed an agenda that will examine the current state of Michigan's volunteer infrastructure, the existing gaps and its impact. Combined, MNA and CMA can examine Michigan from a comprehensive and innovative approach that leverages the broad knowledge base of MNA with the focus and resources of CMA.

Expanded Marketing and Communications

For both CMA and MNA, marketing and communications are the areas with the greatest growth potential for organizations. MNA has developed an excellent reputation for services to the field, quality products and trainings, and leadership for the sector. CMA is the only organization in the country that brings together such a diverse and effective coalition of volunteer support organizations with a pool of endowed resources to leverage their work. At the same time, the merits and potential of these organizations have been largely undersold. At the same time, both organizations are working to improve their marketing and communications to aggressively "tell their stories" and expand their work.

MNA is examining the marketing and communication needs of the organization and its customers by leveraging its board, leveraging new leadership and utilizing the existing member services (signature trainings, Links newsletter, Nonprofit Superconference, etc.). CMA developed a number of partnerships with for- and non-profit organizations to develop and implement a marketing plan to more effectively communicate the need for volunteer infrastructure. Working together, MNA and CMA can market the broader work of both organizations (nonprofit sector and the volunteers who serve them) in more cost effective and deeper ways.

These are the major areas where the synergies of a closer alignment can lead to a stronger and more dynamic future for the nonprofit sector in Michigan. Still, some major questions remain including those listed below.

"It is better to know some of the questions than all of the answers." – *Author and Humorist, James Thurber.*

Frequently Asked Questions

What are the primary driving forces for beginning a discussion of closer alignment or merger of these two organizations?

Both CMA and MNA are strong and vibrant organizations with effective leadership, programming and services. CMA and MNA lead in critical areas vital to Michigan communities—volunteers and the nonprofit sector in which they serve. A creative governance structure was developed for CMA to help ensure that the partners can continue to engage in this effective relationship. However, all of this works because of the unique relationships between the organizations

and the willingness of their leadership to go beyond and work to integrate the work of all the organizations into and effective collaboration.

Continued alignment provides the opportunity to solidify the strong partnership into a unified structure. By joining the grassroots memberships, cutting edge and enduring resources of CMA with the established training, and membership services of MNA, Michigan can build a bold and even more powerful single voice and one-of-a-kind organizational structure. Finally, as with any combining of organizations, there is the opportunity for finding efficiencies through consolidation, streamlining and leveraging of expanded of services.

What are the disadvantages or cautions to be considered?

During preliminary conversations with the boards of CMA and MNA as well as the affiliate partners, all have expressed interest in ensuring that any alignment discussions guarantee the integrity of the endowment (that the disbursement continue to focus support on service and volunteerism in Michigan), maintain the voice of the affiliates in the decision making processes, MNA maintain its well-established brand, and that the innovative nature of CMA not be lost.

How will all the partners and affiliate organizations (MCC and VCM) be involved in the discussions?

The boards of CMA and MNA agreed to convene an ad hoc group to review the recommendations of staff concerning the continued alignment of CMA and MNA and make a recommendation to the Boards as to whether and how to move forward on those recommendations. The ad hoc group will be made of trustees of MNA and CMA in addition to representatives from MCSC, VCM, MCC and at-large members. This group will come to a consensus recommendation and it will be the charge of the two boards (CMA and MNA) to take up and either accept or decline that recommendation.

What happens to the CMA endowment in a realigned or merged entity?

The models proposed in the staff draft recommendation provide for the leadership of the founding organizations to continue their stewardship role concerning the proceeds of the CMA Endowment. In addition, staff recommendations leave the unique and effective relationship with the Capital Region Community Foundation in tact.

Deepening the analysis of these questions will be key to determining the next steps in a process of dialogue. In the following section, staff have developed a framework for potential future discussions and organization and mission alignment between MNA and CMA.

Supplemental Materials

Creation of CMA and MNA

This discussion is a continuation of a conversation that began in late 1998 that involved the leadership of the Michigan Community Service Commission and the Michigan Nonprofit Association coming together to imagine ways to permanently support the infrastructure for service and volunteerism in Michigan. At the time MNA served as the host organization for the Michigan Campus Compact and the Volunteer Centers of Michigan as part of its mission to enhance the nonprofit sector and support philanthropy and volunteerism. The Michigan Community Service Commission was primarily concerned with ensuring a statewide sustained and consistent leadership and support mechanism for national and community service. Together, all these organizations came together in a comprehensive dialogue that eventually led to the creation of a new partnership—the ConnectMichigan Alliance—with the resources of a \$20 million endowment.

In 1999, all the aforementioned organizations launched a comprehensive endowment campaign with the appropriation of a \$10 million challenge grant brokered by Governor Engler, the Michigan Legislature and MCSC Chair and First Lady Michelle Engler. The terms of the challenge were to raise a dollar for dollar match from the private sector that would be invested permanently in trust for CMA. The MCSC, as a grant-making entity, was charged by the Legislature to serve as the grantor and administrator of the challenge grant and authorized the transfer of funds to a permanent endowment at the Capital Region Community Foundation as commitments from the private sector were secured. The private sector campaign for the endowment was led by three co-chairs and a 22-member campaign cabinet.

In May of 2000, the ConnectMichigan Alliance was incorporated with the State of Michigan and the affiliation agreements of the Michigan Campus Compact and Volunteer Centers of Michigan were transferred from the Michigan Nonprofit Association to the newly formed entity—CMA.

In December of 2003, the CMA Endowment Campaign raised \$10,050,000 in matching funds thereby exceeding the terms of the public challenge grant. This closed the campaign, satisfied the terms of the publicly funded challenge grant, and met the ambitious goal of creating a permanent fund to support service and volunteerism infrastructure in Michigan.

Creation and Purpose of the CMA Endowment

The CMA Endowment was initiated with the investment of \$10 million from the Michigan Legislature in 2000 as part of a 1:1 challenge grant. The State charged the Michigan Community Service Commission (MCSC) with administering the grant with CMA as the sole grantee, and provided the flexibility for the MCSC to house the grant and subsequent endowment with the Capital Region Community Foundation.

During the course of three years, the CMA, MNA, MCSC, VCM, and MCC leadership with the outstanding support of the CMA Endowment Campaign Cabinet, leveraged pledges from the private sector to match the state investment. This included the consolidation of the Michigan Nonprofit Association's George W. Romney, Russell G. Mawby, and Michigan Campus Compact Endowment Funds into the CMA Fund. In 2003, CMA completed the terms of the grant agreement by exceeding the matching requirement by \$50,000. This concluded the MCSC's role as grantor for the challenge grant and fulfilled the State's requirements and expectations regarding the \$10 million appropriation.

As stated in the ConnectMichigan Alliance Campaign charge, the purpose of the Endowment is to, "sustain and expand the volunteer infrastructure for which Michigan is known and heralded."¹ The fund meets that charge by providing over \$900,000 in annual support to the work of the CMA partners and the day-to-day support functions of the Volunteer Centers of Michigan and the Michigan Campus Compact. Today, CMA utilizes that support to leverage an additional \$2.1 million in public and private resources.

Structure of the ConnectMichigan Alliance

The ConnectMichigan Alliance and its construction is, as the name implies the classic definition of an alliance--a merging of efforts and interests. CMA's overall structure including its board of trustees' membership reflects this collaborative structure by including equal number of trustee position recommended by each of the founding partner organizations as well as ex-officio positions for the CEO of MNA and the Executive Director of the MCSC. The senior staff members of the CMA include the leaders of the affiliate organizations (VCM and MCC) that work with the CMA CEO to focus the work of the organization and its partnerships.

When CMA was formed, the founding board and staff determined that the organization would ensure that a) resources would be focused on the work of the partners and b) that it would utilize existing administrative resources instead of creating duplicative structures and systems. To that end, CMA contracts with MNA to handle its needs in bookkeeping, human resources, information technology, and other administrative support services. CMA in turn provides financial resources from the endowment to underwrite a portion of those expenses and subleases space for MNA's Lansing office. CMA serves as the host and fiduciary organization for the Michigan Campus Compact and the Volunteer Centers of Michigan. The Michigan Community Service Commission (a state governmental entity) utilizes its relationship with CMA in several ways including contracting with CMA to host several national service programs including two that support the Mentor Michigan initiative and driving its own public policy goals through the Serve Michigan program created and hosted by CMA in partnership with the Michigan Public Policy Initiative of MNA.

¹ The ConnectMichigan Alliance Campaign: A Case for Support. "Ensuring Michigan's Legacy of Volunteerism"

Structure of Michigan Nonprofit Association

Incorporated in 1990 as the Michigan Nonprofit Forum, MNA was first a think-tank dedicated to discussing issues impacting nonprofits. In 1994, the organization was renamed as the Michigan Nonprofit Association to provide direct advocacy and services to local nonprofit organizations. Today, MNA stands as one of the country's most innovative nonprofit associations with nearly 1,000 members and offices in Lansing and Detroit.

Also in 1994, the Michigan Nonprofit Association and the Volunteer Centers of Michigan engaged in a formed a partnership whereby the MNA would serve as the fiduciary for VCM. In a similar collaboration a year later, the Michigan Campus Compact formed a partnership with the MNA. Both MCC and VCM agreed to affiliate with MNA and grew and expanded their programming and services to their members as a result.

Challenge

Both CMA and MNA are now rapidly growing organizations with important missions to serve the same sector—nonprofits and the communities in Michigan. The organizations work collaboratively, yet this relationship relies largely on the leadership rather than any governance or organizational structure. At the same time, CMA has been working to find its niche in the sector without duplicating programs, services and resources already available to the sector including training, technical assistance, public policy, advocacy and research. The services, along the administrative support already mentioned above, are provided through the partnership with MNA. In addition, each organization has created a management structure that includes a CEO to administer very similar operations. The challenge before both organizations is to determine how they continue to grow in a collaborative fashion without creating duplication and competition, while maximizing resources and preserving the uniqueness of the organizational relationships.

Opportunity

The management of both the CMA and MNA believe that the timing is ripe for the two organizations to discuss bringing their missions and operations in even closer alignment. Both CMA and MNA are strong organizations with important missions, good governance structures, quality programs, and solid financials. Because these organizations come to this discussion from positions of strength – making for a healthy climate – this realignment dialogue can be about bringing similar missions together for the greater good.

Benefits

A merger could result in:

- increase effectiveness by eliminating duplicative management structures,
- enhanced efficiencies through further integration of the current programs and partners
- redeployment of newly realized assets into new areas previously not possible due to limited resources, and
- more assured sustainability for the work of both organizations by combining the reputation, brand and services of MNA with the innovative partnerships and endowment resources of CMA.

Risks

As with any merger, a certain amount of risk is involved. However, the integrity of a \$20 million endowment, assurance of the continued growth of affiliates and partners and their programs, and the recognized quality of a statewide association must all be protected throughout this discussion and any subsequent reorganization.

On the other hand, should both organizations continue on their current paths, there will likely be the concern of preserving the unique partnership, an increased risk of duplication, competition for market share, and under utilization of precious resources.

Structure/Governance Options (see Appendix A for detailed summary)

There are three possible models that could be considered to begin the discussions. Each is laid out in detail below.

Option A – Full Merger

This scenario brings the two organizations together into one by one of the administrative and governance structures dissolving into the other with the assets, affiliations and programs transferring accordingly.

Option B – Support Organization

This scenario changes one of the organizations into a fully-owned support organization of the other. This still involves dissolving the 501 (c)(3) status of one of the organizations but also provides for the protection of the assets of the dissolved organization through an advisory board.

Option C – Hybrid Model

This scenario could leave open the opportunity to create one 501 (c)(3) organization from two entities and share governance through an expanded board of trustees and or the creation of an advisory board with increased yet still limited authority.

Each of these scenarios have their pros and cons and offer a different insight into how these two organizations might more effectively align themselves.

Leadership/Staffing Options

Both CMA and MNA have senior leadership within their organizations (i.e. President and CEO positions). A traditional merger model would suggest that one of the CEO's would assume the leadership roles of the combined organizations, however, the unique scenarios offered in the previous section leave open the opportunity of additional options. Below are three options for consideration that each has their own unique opportunities and challenges.

Option A – Traditional

This option retains one CEO from either the sustaining or merging organization and determines other role(s) for the remaining CEO in one of two ways:

1. The remaining CEO is either provided new opportunities within the new organization (i.e. Chief Operating Officer, or Senior Vice President for Program and Administration, Senior Advisor to the CEO, etc.), or

2. The remaining CEO is given an “incentive package” to depart the organization.

Option B – Interim CEO / Search

This option leaves open the opportunity for the new board of directors of the sustaining organization to appoint an interim CEO while the new organization’s board conducts a search for a permanent CEO. Both of the current CEO’s could be candidates for either the interim position as well as the permanent position.

Option C – Hybrid

This option combines all the aforementioned components and creates a dialogue for any transition issues that either CEO would like considered. Options could include one of the CEO’s stepping down, but remaining as a consultant while the other serves as the permanent CEO or serves as interim while a search is conducted.

Process Recommendation

It is clear that many possibilities exist and that focused, deliberate and thoughtful consideration needs to be given to the opportunities. For this reason, **senior staff members of MNA and CMA recommend that the boards of the two partner organizations engage in a conversation to investigate the interest, possibilities and risks and benefits of a merger utilizing a deliberative process** (see “Proposed Process” below).