

# The Future of Woodland Family Services: *Successful Merger or Perpetual Disaster?*

By Suzanne Hunt

CHARLENE FRASER, THE NEW EXECUTIVE DIRECTOR OF WOODLAND FAMILY SERVICES sat down heavily behind her desk and glanced uneasily at the stack of paperwork in front of her. Although she knew the nonprofit organization she had recently joined was in trouble, nothing had prepared her for the mess she encountered on her first day in the office.

She picked up the first piece of paper in the pile. It was a letter of resignation from the bookkeeper, the only person who knew how to administer payroll and operate the organization's accounting system. Underneath that were the details of two pending lawsuits against the Corporation, newspapers containing editorials about why it should fold, letters from Revenue Canada and the Ontario Alcohol and Gaming Commission demanding immediate submission of overdue reports, and a memo from two Board members to the Board President requesting Charlene's immediate dismissal.

The cause of all this unhappiness was the failed merger of what had originally been two small family resource centres in towns 65 kilometers apart in south central Ontario. Formed in the mid-'80s, the Edgewood Resource Centre and Pineview Family Services offered drop-in centres and toy lending libraries where parents and caregivers could meet and share their experiences and challenges. Each centre received almost all of its operating revenue from the provincial government's Ministry of Community and Social Services (MCSS). By all accounts, staff at the two centres worked hard to offer warm and welcoming atmospheres, and in return, they received a great deal of support in their communities.

Despite this, they did not have the funding to offer their services full-time. Feeling that it was essential for families in rural towns to have more access to support services, both Edgewood and Pineview appealed to MCSS for increased funding. Eventually, MCSS agreed to the expansion of service, but only if the two centres would consider merging to save on administrative costs.

Although some were happy with the increase in revenue, the staffs at both centres were resistant to the idea of a merger, mostly because they feared losing control of their own policies and procedures. Pineview was by far the smaller of the two centres and thus was even more resistant. MCSS forced the issue by suggesting that only larger, multi-service centres would receive funding in the future. Fearing a loss of revenue and wanting to be able to offer their services full-time, they agreed to a merger. In 1991, the centres incorporated as Woodland Family Services (WFS).

After the merger, the two centres continued to operate independently of each other. Although they shared funding from MCSS for core expenses such as rent and salaries, almost all fundraising was done separately, and committees were set up at each location to develop programs and services, with very little attempt to standardize any of them. By the late 1990s, Edgewood and Pineview were both offering a drop-in centre and toy lending library. A preschool and a rural outreach program were also headquartered in the Pineview centre.

## Case Study Series

*Suzanne Hunt, MPA is Manager, Human Resources and Communications at Pyrotenax Cables Ltd. This case is a fictionalized account of a case study that formed the basis for the author's Master's Project. The opinions contained herein are strictly those of the author.*

Traditionally, board members had been responsible for both the day-to-day operations and the governance of the corporation. As the centres grew however, some board members became overwhelmed by the amount of time it was taking to manage the WFS. With an annual budget of almost \$250,000, nine employees, and the thorough record keeping required by the Gaming Commission and Revenue Canada, they felt a paid administrator was necessary and began a campaign to hire an Executive Director (ED).

The board, never cohesive to begin with, began to come apart. The directors who had opposed the amalgamation saw the ED position as the consequence of the levels of administration made necessary by the merger. They believed it served no purpose other than to direct funds away from programs for families and children. The other directors, who wanted to open up even more centres in the County, saw it as the only way to ensure the WFS would continue to expand and be run efficiently at the same time.

The driving force behind the opposition was Sandy Jones, the Pineview Manager and the most senior staff person there, who also had a great deal of authority at the board level. Sandy was an outspoken woman who was the wife of a prominent community doctor. Because she had been one of the founders of Pineview, she firmly believed that her opinions and suggestions should always be given priority. She saw no point in having the family resource centres under one umbrella and insisted that if separated, they could save administrative dollars by having volunteers manage the human resource and financial functions of each centre. Rumor had it that the primary reason Sandy opposed the hiring of an ED was that she knew it would cause her to lose her status as the most senior staff person within the WFS.

Sandy organized a group called the 'Friends of Pineview Family Services' and began publicly opposing board decisions. Since it was the practice of each location of the WFS to recommend its own candidates for the board, Sandy set about to recommend individuals she knew would support her. Her efforts generated several months of furious debate at the board level, but in early 1996 an ED was hired, albeit at an annual salary of only \$18,000.00.

One of the early childcare educators from the Edgewood, Carrie Rayburn, was chosen. She had been well liked by the parents there because of her docile, kind nature and the exuberant way she dealt with children. She left her position and moved to Pineview, which had become the head office

location. The new ED was well intentioned but had no management experience and was hopelessly ill suited to the task of rebuilding the organization. Her docility, a strength when she worked with children, became a weakness when she was faced with managing Sandy's strong personality. Carrie faced insurmountable difficulties from the outset. Although the staff at the Edgewood knew and respected her, the staff at Pineview refused to accept her and disputed the number of hours she was paid to work. In May 1996, Sandy sent Carrie a letter saying:

The staff here feel strongly that dollars should go into direct service for women's and children's programs. The decision to continue to allocate funds to administration causes our concern. You have said you want to be part of the team. We would like to suggest that you voluntarily scale back to 17 paid hours per week. We would be inspired and re-energized by your giving whatever time is necessary over and above your paid hours to do the job.

When her letter did not engender the response she had hoped for, Sandy, her husband and Nancy Olsen, another Pineview staff member, began a campaign to oust Carrie from the organization, and to separate from the WFS. The Friends of Pineview began circulating flyers to the members who used the centre, badmouthing Carrie to whomever would listen, and using the WFS van and office supplies to publicize their concerns.

Unfortunately, Carrie had almost no support from the board. Having fought so hard to have her appointed, they had little time or energy to fight to keep her there. The board Chair, although privately supportive of Carrie, was also employed by Sandy's husband, and thus saw herself in an impossible position. Carrie tried to speak to Sandy about her behaviour and sent Sandy a letter of reprimand. However, Carrie continued to be attacked by board members who supported Sandy. This made it next to impossible for Carrie to exercise any authority over her staff. In July 1996, Sandy, who by that time had the support of more than half the board, sent a letter to Carrie stating:

The events of the last four months have not been consistent with our mission statement and objectives. Instead of providing services to families, we have been paying salary to you. By doing so, we have hindered and delayed the delivery of support services to our families.

*The board, never cohesive to begin with, began to come apart.*

Sandy went on to say that she felt that the organization was in a state of chaos, and that Carrie was largely responsible for the problems. She told Carrie that she would not stop making negative comments about Carrie's salary, and finished by saying:

In my opinion, you have been a total failure as Executive Director. I resent your accusation of insubordination. I will not accept it, or your 'official letter of reprimand.' I am copying this letter to board members and members of the general public. I believe they will not accept your suspending or dismissing me for speaking out on behalf of mothers and children.

Despite the fact that Sandy had clearly overstepped her bounds, Carrie was not allowed to discipline her. Sandy's campaign continued, and in late 1997, Carrie was laid off for 'budgetary' reasons. She had assumed that if the ED position were eliminated, she would be able to return to Edgewood in her old position. She was shocked when the board told her she could not. Carrie left the organization bitter and frustrated.

For the next eight months, the organization ran itself—poorly. Staff at the Edgewood enjoyed excellent working relationships with each other, but they were demoralized by the continued fighting. The culture of the WFS and the volunteer board had always been to avoid problems altogether, in the hope they would solve themselves.

Sandy now focused her attention on separating the two centres. Her campaign began in earnest, and as she became more vocal, the membership began to drop. Sandy claimed it was because members were unhappy with the continued amalgamation, but some members said it was because of the 'negative atmosphere' that pervaded the organization. 'I just want a nice place to come to where I can play with my children and meet other parents,' said one. 'I'm tired of all the gossiping and negativity.'

Around this time, some board members from the Pineview area had begun a quiet campaign to recruit individuals who were not under Sandy's influence. By the spring of 1998, following the appointment of three new board members and a new Chair, Sandy was told her insubordination would no longer be tolerated, and that she could either work with the organization, or work elsewhere.

Sandy responded by circulating a petition out

lining her years of service to the organization, and her belief that board members were trying to have her fired for disagreeing with them. She and a few of her supporters began calling members at home, urging them to boycott the centre and the board. She and Nancy then organized a meeting at Pineview for all members interested in separating the two centres. The board discovered this and informed Sandy and Nancy that they were not to hold the meeting on centre property. They did. Sandy was subsequently fired and a letter of reprimand was put in Nancy's file.

The one advantage the WFS had had during all of this was its sound financial position. Although MCSS had been aware of the difficulties, they knew that services were still being offered. Since the two centres enjoyed complete monopolies in their locations, MCSS continued to fund them. Nevertheless, that support began to wane by the spring of 1998. With no ED in place, the organization was in a state of administrative chaos. MCSS advised the centre that if they wanted their funding to continue, they would have to hire another ED. Other organizations that had partnered with the WFS on a variety of initiatives over the years were also beginning to lose interest. This was significant. Nonprofit organizations are largely dependent on community support to ensure their funding. The WFS began to worry that MCSS would speed up its decision if it knew that other organizations and users were becoming disenchanted.

Remaining employees, who were hard working and committed to the organization, were by this time, completely demoralized. They all knew Nancy was bitter and she was still publicly badmouthing the WFS. Pay cheques were not arriving on time, employees were not receiving vacation pay or statutory holidays, and they were all working without job descriptions or an up-to-date personnel policy manual.

These financial and human resource issues were being handled by board members, who by that point were turning over at a rate of four per year, and by a bookkeeper who was only working two hours per week. Accounting records were four months behind, and several reports for MCSS, the Alcohol and Gaming Commission and Revenue Canada were many months overdue. Employees were unable to get answers to their questions, and some were considering moving to other jobs, although no one had left yet.

*The culture of the WFS and the volunteer board had always been to avoid problems altogether, in the hope they would solve themselves.*

That August, the WFS hired a consultant to help them sort through their difficulties. The consultant advised that rehiring an ED was essential. She felt that if opposing board members (by this time a minority) could be convinced of the volume of administrative work and were included in the ED hiring process, the chances for success would increase significantly.

After studying the organization for two months, the consultant arrived one November morning to present her final report to the board's President, Vice-President, and Secretary. Also in the room was Charlene Fraser, who had secretly been hired by them that morning. Charlene listened as Ed Connors, the President explained to the consultant:

Look, if we had tried to involve all the board members in the hiring of an ED, it would have been a complete waste of time. We're in dire straits here. We couldn't afford to wait. We had to get our house in order or risk losing 85 per-cent of our funding. With the provincial government's decision to download all funding for family resource centres to the counties, there is still the chance that we could lose our government funding. Charlene has 14 years' experience managing non-profits and has recently successfully overseen another resource centre through a similar restructuring process.

Dumbfounded, the consultant said she felt they had made a huge mistake.

The next week Charlene began her new job and wondered if the consultant had been right. It didn't take her long to fully understand the mess the WFS was in. In addition to the stack of negative paperwork she found on her desk when she arrived, she discovered very quickly that the organization did not have any sound accounting practices in place. There were 10 bank accounts set up in different locations, each with four signing officers, some of whom had left the organization almost a decade before. Some of these accounts had balances in the thousands of dollars, and money was changing hands on a daily basis without the board's approval or knowledge. Cash that was fundraised was accessible to all staff members, and they were allowed to use it freely whenever they needed supplies, without recording how much they had taken, or providing receipts.

Charlene sat back in her chair and closed her eyes. She already felt frustrated and exhausted. She knew that people were tired of the continuous turmoil and infighting. Many longed for a leader who could create stability and move the organization forward. The forces for change were gathering strength. However, the obstacles seemed just as large. They included a board completely ignorant of its proper role, the immediate threat of government investigations into mismanagement of funds, and an extremely negative public image. In addition, there were high levels of resistance on the part of the staff to any proposed solutions.

Although the situation was extremely negative, Charlene was hopeful. As she had told the board President earlier,

Ed, I don't believe the merger itself was a mistake. It's much easier for one countywide centre rather than two small, locally operated centres to attract program partners and corporate sponsors. These partnership and sponsorship opportunities are essential both to diversify the WFS's funding base and to expand and enhance programs.

Charlene quickly realized that the staff was intelligent and committed. Although bruised, almost all of them wanted the organization to succeed. Charlene believed that if she could earn

their trust that together they would have a good chance of rebuilding the WFS. The board had given her the authority to choose the interventions that she thought were best suited to the task at hand. However, she also knew that she sat only as an ex-officio member of the Board, which meant that she had no rights and no authority to force the Board to accept her suggestions. As a nonprofit organization, she was also aware that while the WFS was accountable by law to their membership and their government funders, community support was critical. That made it crucial for stakeholders to be involved in any changes. She would need to develop a careful plan.

As Charlene got up from her chair and began to pack up her briefcase, she thought of how she could avoid potential disaster and bring about successful change at Woodland Family Services. How should Charlene prepare to help her organization? What processes need to be developed? How is she going to alleviate staff fears of continued conflict that might arise from new changes? How can she get the Board to understand their role and responsibility?

*The forces for  
change were  
gathering strength.  
However, the  
obstacles seemed  
just as large.*

# What steps should Charlene Fraser take now?

*Here's what our experts say.*



**Mary Ballantyne**  
*Executive Director*

*Children's Aid Society of the County of Simcoe*

Several issues must be quickly addressed if Charlene is to improve the functioning of Woodland Family Services. First, Charlene must demonstrate, in a number of different ways, that she is capable of providing the strong, effective leadership that Woodland Family Services has been lacking for a long time. Charlene must immediately start to manage the organization in a planned and focused way so that the staff and board members are allowed an opportunity for input, but also so that decisions are made that clearly move the organization in a positive direction.

***The most pressing  
area that requires  
effective  
management is the  
agency's financial  
operations.***

The most pressing area that requires effective management is the agency's financial operations. The funding bodies have lost confidence in Woodland's ability to account for its resources. Charlene must immediately establish accountability systems that will regain the confidence of the funding bodies and secure the on-going financial viability of the agency. Immediate communication with funding bodies must take place, acknowledging that there are issues and identifying the plans that are in place to remedy them.

The circumstances around the resignation of the bookkeeper are unknown. Charlene should determine whether the bookkeeper was competent to do the job but was ineffective because of the other issues in the organization. If Charlene determines that the bookkeeper would be a valuable asset and would be able to provide assistance in working with the funding bodies to improve the accountability relationship, Charlene should meet with the bookkeeper to determine if she would reconsider her resignation. The bookkeeper may have resigned because of the mismanagement of the organization and may want to return if she felt the organization was going to be well managed from this point forward.

If Charlene determines that the bookkeeper is either not worthy to rehire or is not willing to return, then she must immediately find someone who can help her understand the records and put them in order. Because others in the organization do not appear to be able to do so effectively, she will have to purchase outside bookkeeping services. Charlene must work with the outside bookkeeper to establish processes that demonstrate the organization's credibility to funders.

Charlene must also establish herself as a credible leader and manager with the board of directors. Because of the way she was hired, Charlene's first appearance with the board will probably reinforce the rift that has been in the board for a long time. Without full

board support, the issues that have plagued Woodland Family Services will continue, and the organization will function no better than it has in the past.

Charlene's first meeting with the board will be critical. It will be her opportunity to present a short- and longer-term work plan for the organization. She must determine whether or not the board will fully support her. Charlene can decide, based on her own comfort level and what she knows of individual board members, if she would benefit mostly by meeting individually with each board member or by meeting with the board as a group to present her plan and determine whether or not each board member—or at least the majority of board members—is supportive of that plan.

If Charlene is successful in receiving board support, she will then need to discuss the ongoing role of the board with board members. The board must determine its own approach to governance, acknowledging that there are many different ways to govern, including a policy-governance approach or a working-board approach. Members of this board have been in both camps in the past, which has caused some of the difficulty. The board itself should be educated about the different types of governance and the benefits and drawbacks of each. Charlene would not be the appropriate person to lead discussions with the board on this topic, however, particularly because of the feelings of ill-will surrounding her appointment. But she could work with the board, or the board president to suggest that a facilitator assist with this task.

The next area of focus for Charlene should be the staff. Most of the staff members have not been successful in making the transition to an amalgamated organization. If the board continues to support the merger of the two organizations, then the staff must be given a clear message that the two organizations will function as one and that work from

this time forward will be focused on making the amalgamation a success. Charlene should make an effort to establish relationships with each of the staff members. She should share with them her confidence in their ability to develop helpful ideas and demonstrate her ability to listen to those ideas and implement them.

Attempts at resolving conflict at Woodland have not succeeded in the past. If the staff are going to be able to move forward as one organization, they must resolve some of the past conflict. Conflict has been hidden, and individuals have bullied their way to enforce their own ideas. Charlene must help normalize conflict by encouraging individuals to express their concerns and problems and then assist the group in collaborating and resolving them. Charlene may be able to facilitate some conflict resolution with the staff. She may find it helpful, however, to have an outside facilitator assist, so that she can participate more fully in the discussions.

***Charlene should make an effort to establish relationships with each of the staff members.***

The staff, as well as the board, should also meet to develop a vision, values, and a plan for the new organization. By creating this collaboratively, all parties are more likely to feel ownership and begin to transfer their allegiance from the old organizations to the new one. The process of interacting to develop a common vision and values should strengthen staff relationships and help people feel a sense of commonality with their colleagues.

Programming is the next area that Charlene should address, although with less urgency than with the previous three areas. The original organizations—and even the organization as it was merged—were able to provide effective programs to the community. Charlene should educate herself about the programs and spend time with staff to hear their ideas for on-going programming. In the short term, however, significant changes to the programs are probably not

necessary. After the staff have had an opportunity to develop a joint vision, they may want to start developing new programs for the amalgamated organization.

The community has also lost confidence in the Woodland organization. After some of the internal agency work has been completed, Charlene should talk to the community and, in particular, to the consumers of the programs to determine the cause of an extremely negative public image and to find out the community's impression of programming needs. The negative public image will probably resolve itself once the financial issues and the conflict with the board of directors and the staff have been resolved.

The task ahead of Charlene is great, and it will take her several months before she is able to feel accepted within the organization. She will probably feel extremely 'alone' and 'apart' from both the board and the staff. As a result, her final area of focus should be her own support system. She will need to find personal support with another executive director or senior manager in a similar organization, so that she has a venue to talk about her ideas and plans. If Charlene does not find support, it will be difficult to continually persevere when the people that she works with every day and the people to whom she is accountable are wary of her respect.

If Charlene is able to develop a plan that addresses each of these different components and if she presents herself as a leader who will take charge, she should be able to solve the outstanding issues in the organization. If she does so in a manner that is respectful and promotes the participation of the members of the organization, she should eventually gain the respect of the board and the staff. With the respect of these two groups, she should be successful in leading Woodland Family Services to provide excellent service and to be well respected in the local community.



Note: Ms. Ballantyne acknowledges with thanks the input of the Senior Management Team of the Children's Aid Society of the County of Simcoe, including Susan Carmichael (Director of Service), Heather Henderson (Director of Service), Gary Purdue (Director of Human Resources), Judi Shields (Director of Communications and Quality Assurance), and Kelly Vandette (Director of Finance).



***Dr. Kathy L. Brock***  
***Associate Professor and Head of Public Policy***  
***and the Third Sector***  
***School of Policy Studies, Queen's University***

Charlene has had a tough first day. She is feeling a bit overwhelmed by all the challenges facing her new organization. Her doubts and ambivalence are understandable. However, if she is going to be effective, then she needs to rephrase her question. Her work is not about avoiding potential disaster, it is entirely about managing successful change at Woodland

Family Services. While she should be mindful of the turbulent history of the organization, she should not let past tensions deter her from acting purposefully. She must also turn potential liabilities into catalysts for change.

Charlene needs to begin by obtaining a copy of the mission statement and objectives of Woodland Family Services that Sandy referred to in her 1996 letter to the previous executive director, as well as a copy of the consultant's report. Both documents will be useful in formulating a plan of action that addresses the short-, medium- and long-term future of the organization. The objectives in the plan can then be divided according to whether they primarily involve the internal operations and management of the organisation, the relationship with the board (including its roles and responsibilities), or external relationships with other agencies.

Accountability is critical to the legitimacy and survival of nonprofit organizations. Woodland Family Services is lacking adequate accounting and reporting procedures. Thus, a crucial first task will be to hire an administrative assistant who can take on the bookkeeping functions and share in the looming administrative tasks. The previous allocation of two hours a week will be insufficient to restructure the accounts, set up proper accounting procedures, process cheques efficiently, regulate the disbursement of funds, ensure that fundraising dollars are used for their intended purpose, help prepare reports for the funding agencies, and assist in updating the personnel policy manual. With assistance from the consultant's report, Charlene can ascertain whether the person is needed full- or half-time. This position will be an added expense for the organization, but it is justified, since the survival of Woodland Family Services may be in jeopardy if it does not straighten out its finances quickly. The costs of the position may be recouped by an effective administrator through the enhanced capacity for fund raising and more

***Accountability is critical to the legitimacy and survival of nonprofit organizations.***

efficient and appropriate use of funds that this position promises.

Given that the hiring and reorganization of finances will take time, Charlene will want to contact the officers responsible for Woodland Family Services at the Canada Customs and Revenue Agency, the Ontario Alcohol and Gaming Commission, and the Ministry of Community and Social Services, to inform them that she has taken over management of the organization and is reviewing and reorganizing its finances. She should negotiate reasonable timelines to file the required and overdue reports. This initial contact, followed by regular communication with the appropriate officers in the agencies, will obviate the need for those agencies to conduct an independent audit or investigation into the organization.

Charlene will want to build a relationship of trust with the staff immediately. Three important factors are working in her favour. Unlike the previous executive director, Charlene is not affiliated with either Pineview Family Services or the Edgewood Resource Centre, so she is starting fresh with both staffs. While Sandy might still try to meddle, she is no longer with the organization to foment discord internally. Most importantly, the staff are intelligent, committed to the success of the organisation, and tired of the bickering. They just need the right conditions to accept changes.

How can she create the internal environment necessary to secure the changes? First, she should signal her openness by immediately meeting individually with all staff members from both centres to ascertain their concerns, hopes, fears, and ideas for the future of Woodland Family Services. In the short term, these meetings will also provide necessary information for the creation of formal job descriptions, which are currently missing from the organization's procedures. In the medium and longer terms, the meetings will be useful in helping her to distinguish board and staff responsibilities and to address gaps, duplication and contradictions in the roles and responsibilities of staff.

Second, she should organize a full-day retreat for all Woodland Family Services paid and volunteer staff. As they discuss critical issues such as improved service delivery, the organization's mission statement and staff aspirations, its strengths and weaknesses, and its public image, a professional facilitator would identify common ground and consensus on key objectives among the staff. The facilitator could encourage teams of staff from both centres to accept responsibility for addressing specific problems such as improving media relations, encouraging family participation, staff morale, and standardizing procedures between the two centres. This exercise would lay the groundwork for better relations between the centres in the short term and closer cooperation between them on the elimination of duplication and the more effective delivery of services to the families in the area served by the organization in the medium and long term.

Third, to foster goodwill between the centres over the medium and long term, she should arrange a limited number of social activities each year, such as potluck lunches and workshops where staff assume responsibility for the event. Staff trust, cooperation and ownership are keys to a successful merger.

Community support is critical to Woodland Family Services but waning at present. Charlene should contact the organisation's partners and key community organisations to inform them of her arrival and to explore means of building or strengthening their relationships. She will want to be forthright about her organization's needs and desires for the partnership but also attentive to their suggestions for improvement. In the medium and longer term, she will want to meet regularly with the executive directors from these organizations to sustain and nurture the relationships.

One of the most difficult areas for Charlene will involve the board of directors. In the past, the board has taken a hands-on approach to

the internal operations of the organization. This must change, and the time is right. The high turnover rate of board members indicates that they are experiencing fatigue from over-commitment and will be ready to assume a more limited function. New members will be receptive to a new mode of operating. The two lawsuits pose serious problems for Woodland Family Services, but they may be used to impress upon board members the issue of liability and the need for a clear definition of responsibilities. Most importantly, Charlene has the support of the board president, vice president, and secretary of the board. They realise the need for improvements in organizational structures and procedures.

Several elements are critical in this relationship. One of the most important will be for Charlene to retain the support of members of the board executive by keeping them apprised as she develops and implements her work plan. This support is critical, particularly if the two members calling for her dismissal attempt to muster support among the other board members. Because the board was not consulted about her hiring, it will be equally important to meet at the earliest opportunity with the full board in an open session where she can present herself as a skilled professional and explain her plans for short-, medium- and long-term changes in the organization. Couching her plan in terms of the organizational mission and asking the board as a collectivity for advice will assist in diffusing the hostility and suspicion arising from her hiring. However, to avoid the fate of the previous executive director, she should assist the president in obtaining board approval to delegate management of the organisation to her with a clear delineation and assignment of performance expectations. The board will retain responsibility for checking that these expectations are met.

In the medium and long term, Charlene will want to work closely with the president to ensure that the board

- Reviews the Woodland Family Services mission statement and sets a policy framework for the organisation consistent with that mission statement, defining the conditions for success while encouraging innovation and initiative within the organization;
- Adopts a protocol for board members that outlines their roles and responsibilities to encourage more responsible behaviour;
- Adopts the Ethical Fundraising and Financial Accountability Code developed by the Canadian Centre for Philanthropy for nonprofit organization to assist Woodland Family Services in its restructuring and to improve accountability;
- Reviews the question of directors' liability and obtains liability insurance to protect Woodland Family Services and board members; and
- Accepts and enhances its role as the link with the community by focusing its collective energy on defining the future objectives and direction of the Woodland Family Services in terms of community needs and by encouraging individual members to work with stakeholders and to attend public functions with the intention of building broad public support and improving the external image of the organization.

The key will be to turn the board from acting as a manager to operating as a governing body with responsibility for setting the policy framework and organizational objectives and then ensuring that the organisation is functioning effectively within those parameters.

Charlene faces a daunting challenge in preparing Woodland Family Services for a successful future. I would leave her with a final thought. Her learning curve will be steep with little room for error, but fourteen years of successfully managing nonprofit organizations and her most recent success in effecting the restructuring of another resource centre have prepared her for this challenge. The conditions at Woodland Family Services are ripe for a more successful merger.



*John Fisher*  
*Former Consultant*  
*Fisher Associates*

This case study is disconcerting the organizational arrangements, rules, and protocols that are necessary to make sense of a 'collective response' to community needs can sometimes bring out the worst in people—especially people with status and authority needs. But, on a more optimistic note, those individuals with needs to one side of the well-being of the organization are, typically, in the minority. This is the situation at the Woodland Family Services. Remedies for this complex situation could be as follows.

The primary objective would be to develop a consensus among members and consumers, the board, the staff, the funding source, and the partners that the amalgamation of the two centres (the Edgewood Resource Centre and Pineview Family Services) is necessary to retain funding and that sound governance and management will produce measurable benefits to existing and prospective consumers of the service.

Secondary objectives would be to develop acceptance for the new executive director as the manager and change agent working for the board of directors (which represents both the community and consumers of the service) and to clarify and secure acceptance and support for best practices as these relate to the structure, governance (i.e., policy—the what to do's), and management (i.e., operations—the how to do's) of Woodland Family Services.

The problem of organizational literacy must be addressed. A lack of understanding about the roles, responsibilities, and definitions within a not-for-profit charitable organization is a cause of many of the problems that exist here.

Everyone must accept that no one in these organizations possesses unilateral powers: for example, that the decisions of a board president are subject to the scrutiny and approval of the board's officers, the full board; that an executive director is the board's agent and manages solely on its behalf and entirely within limits set by the board and the law; and that individuals employed by the organization usually face a zero-tolerance policy when unilaterally challenging the authority of the board and senior management in a way judged harmful to the organization. A well-managed not-for-profit organization spells out the rules of the game: it produces a policies-and-procedures manual that is used by the board or a senior manager to avoid the sense that the board or a senior manager is responding in an arbitrary or personal way.

Finally, it is necessary to clarify what type of organization Woodland Family Services is. It appears that the organization has unilaterally granted clients the status of members. In so doing, it is assuming the identity of a mutual-benefit not-for-profit organization. This type of not-for-profit organization is controlled entirely by its members, who also provide all its revenues.

Woodland Family Services is in fact a not-for-profit public-benefit charitable organization. The majority of its funding is derived from government and the community (through fund raising). The consumers are clients, not members. Their voice, both individually and collectively, is advisory. They do not possess the powers of governance or management. They are, however, primary stakeholders with influence and the right to exercise it within channels set out by the organization.

What should Charlene do? The most critical element, which is not discussed in detail in the

case study is the role of the Ministry of Community and Social Services (MCSS) once the amalgamation has taken place. Government departments are famous for their support of amalgamation when organizations in relatively close proximity provide similar services. Government officials typically favour eliminating costly duplication and creating economies of scale, which they believe will provide the same or a higher level of service, with the added benefit of monetary savings.

While it is a cliché to say so and, at times, less than a fair comment, frontline government officials are more committed to the avoidance of failure and controversy than they are to ensuring safe passage of sometimes controversial and difficult amalgamations initiated by them. Clearly, everyone loses if government ceases to fund Woodland Family Services. To put it bluntly, government funding is 'the big stick.' The trick is to recruit government officials to support a process of change using the threat of pulling their funding while ensuring, at the same time, that these same officials are protected from the possibility of an embarrassing public debacle.

Charlene's primary strategies should include:

- securing the unequivocal support of the government funder to back her plan at every turn;
- marginalizing the impact of any individuals whose actions exacerbate conflict;
- developing a structure with the capacity to address the needs of the two original centres, balanced by a commitment to the larger community and the requirements of the MCSS funding source; and
- demonstrating that a rational approach to governance and management will provide balanced and measurable benefits to the two centres and, their clients in such a way that the primary funding source (MCSS) will remain outside.

*A well-managed  
not-for-profit  
organization spells  
out the rules of the  
game.*

How should this be done?

*Step 1.* Design, in draft, a new structure embracing all the norms and protocols of a public-benefit, not-for-profit charitable organization. Recruit new board members without a history in or commitment to the two original centres. Do so through a nominating committee comprised of three neutral outsiders and advised by a representative from each of the original two centres. Establishing a client advisory standing committee for this new board would be another central consideration.

*Step 2.* Meet informally one-on-one with carefully selected opinion leaders from each of the original centres. Also, the funding source (MCSS) and existing selected board members of the amalgamated Woodlands Family Services should secure support for a new structure and the formal appointment of the new executive director. (Her appointment is somewhat tenuous at this juncture, as a result of confirmation by only a small number of board members.)

*Step 3.* The president should convene a closed-door meeting of the full board and others who were consulted and responded favorably to the new structure. A critical consideration will be that the MCSS attend the meeting and voice strong support for the new structure and reorganization strategy and explicitly tie continued funding to it. The existing board and officers should resign in favour of the nominating committee procedure outlined in step 1.

To conclude, the proposed strategy recognizes that conflict is typically led by a minority. Most people in an organization seek the middle ground, so that the various antagonists do not lose face while, at the same time, a solution is found that benefits everyone. Driving this strategy is the understanding that the primary core funding source (MCSS) will pull funding unless a new and balanced solution is put in place.