We Just Got Married.
Now, What’s Your Name Again?

EXECUTING THE MERGER THAT CREATED THE SAN FRANCISCO PARKS ALLIANCE

Matthew O'Grady, CEO, 2011 - 2016

After the inaugural meeting of the Board of the newly-merged San Francisco Parks Alliance, the Chair, Rosemary Cameron – who had herself just joined – began a round of coffee dates with every member of the Board. Several of them started off with comments to the effect of, “Delighted to meet you, thanks for joining, and I’m sure you’re a very nice person, but I have no idea who you are!” After more than a year of sustained effort, planning, compromise and tough decision making, leaders of the Neighborhood Parks Council and the San Francisco Parks Trust had realized their vision of combining forces and creating the Parks Alliance. But the make-up of the Board, including several new members – even the new chair – came together in the last couple of weeks before the merger took place. With those welcoming remarks, the myth that the work of a merger is largely done when it’s consummated was instantly dispelled. It took another two years of sustained effort to truly complete the merger, and this story contains lessons for anyone pursuing or funding one.

Run-up to the Merger

The Parks Trust was approaching 40, with a life-long focus on providing philanthropic and volunteer support for San Francisco’s Recreation and Parks Department. Its operating budget was just over $1 million, with a staff of 9. Its claim to fame was a capital campaign to help restore the historic Conservatory of Flowers, an 1870s-vintage gem in Golden Gate Park that had been destroyed by a freak windstorm in 1995. Without a major accomplishment since that campaign, the Trust was stable, but restless and in slow decline. They weren’t fulfilling their Mission, and they knew it.

The 15-year-old Neighborhood Parks Council focused on advocating for better public policy in support of the City’s parks. Budget: just under $1 million, staff of 7. Its claim to fame was a ballot measure passed in the early 2000s that set aside a sliver of property taxes for park acquisitions, construction, and maintenance. With the retirement of its founder, the Council was at sea. They also weren’t fulfilling their Mission, and they knew it.

In 2011, after years of on-again, off-again informal discussions, the two organizations’ leaders got serious. They retained a facilitator (Mary Hiland, then of Olive Grove Consulting), who quickly brought them to a conceptual agreement to merge. She then took them through a 6-month series of negotiations to hammer out the deal, with much of the work done by a joint Merger Committee.
They took a unique approach to forming the new Board: they raised the bar of expectations of service, invited all members to apply, and not all joined the new Board. They also recruited five new people to join at the time of the merger – including Rosemary Cameron, who also agreed to step in as the founding Board Chair. When the new Board came together, it consisted of three demographics, and almost no one on the Board knew every other member of the Board. Most of them had yet to meet Rosemary, or me.

Late in the merger process, both executive directors concluded they had no interest in serving as CEO of the newly merged organization. Both took other senior staff positions, and the Merger Committee doubled as a search committee for a new CEO. The result of that search was yours, truly. My first day on the job was the day before the inaugural Board meeting.

With new leadership stepping in among both the Board and staff, the Merger Committee held off on significant planning, to enable the new leaders to help craft the organization’s course. They put into place a new Mission statement, a mandate to form a Policy Council, a high-level vision of the new organization, and that was all. At the end of the inaugural Board meeting, Rosemary and I looked to each other, smiled, took deep breaths, held hands and dove in.

The results, as they say, are history. In its first five years, the Parks Alliance championed a $195 million parks bond measure, Initiated and drove passage of a $1 billion operating funding measure, and laid claim to numerous other policy victories. We built a robust fiscal sponsorship model that enables thousands of volunteers and donors to implement park improvement projects and programming, with emphasis on lower income neighborhoods citywide. We raised hundreds of thousands of dollars in support of improvement projects on our own. And we launched an $11 million capital campaign to renovate a dozen playgrounds in moderate and low-income communities citywide. Completing the merger was foundational to these successes. We had numerous challenges and lessons we learned along the way. Here are a few, and what we learned from them.

Challenges, and Lessons Learned

Funders who had supported the merger effort for the most part considered their job done when the merger was consummated. A notable exception was the S.D. Bechtel, Jr. Foundation, which provided critical general operating support for a couple of years post-merger. But the first year was challenging – we ran about a 10% deficit while many funders took a pause to see if the merger would succeed. Solution: We didn’t even try to break even at first, and instead decided to invest in stabilizing the new organization. It was a time to invest some of those reserves! Lessons learned: It would have been valuable, pre-merger, to discuss with funders the need for long term support, especially the year or two post-merger. We sought early programmatic wins to demonstrate the effectiveness of the merger and attract more funding. Our result: The
next several years the Parks Alliance operated at breakeven, while several estate gifts more than doubled our reserves.

**Board consolidation:** We combined three demographics: Two groups of predecessors, plus five new people including the new Chair, for a total of 24 to start. Challenges: Members of the predecessor boards were accustomed to a very low level of engagement. It took almost 2 years for the Board to coalesce into a high-performing governance body. A Board self-assessment conducted at the end of the first year proved to be superficial and didn’t lead to any meaningful reflection on the Board’s performance or behaviors. Solutions: We took the opportunity to build a new Board culture from scratch. Rosemary and I invested heavily in getting to know each individual Board member, their interests and their capabilities. Through extensive communication we drove high engagement by the Board, individually and as a whole. The level of engagement rose much higher than either predecessor board had experienced. Lessons learned: We should have engaged in more social time early on to build better relationships. A facilitated self-assessment would have been far better. Term limits, and a planned rotation off of all pre-merger Board members over the first several years were wise, although who rotated off when didn’t always line up with our governance needs, and a few departures proved premature.

**Staff culture:** To build support for the merger, a staff structure was put into place that retained every employee of both predecessors, plus a new CEO. Challenges: The staffs had radically different cultures. It’s revealing on multiple levels that one staff all used PCs, while the other all used Mac computers. Solutions: The merger consultant, Mary Hiland, used the culture assessment tool contained in *Diagnosing and Changing Organizational Culture*, the seminal work by Cameron and Quinn. It revealed that the culture of one staff was predominantly Hierarchical, while the other was a Clan, to use the Cameron and Quinn framework. However, both staffs expressed a desire for a different, more balanced culture, and their desires were much more closely aligned. Solution: I facilitated several discussions with staff on what that new culture might look and feel like. We discussed how to change our habits, behaviors, and practices to shift the culture in the direction we wanted. We were explicit about the new culture we built together. Results: While there’s been little objective research into the impacts mergers have on staff turn-over, conventional wisdom suggests that in nonprofit settings, turn-over rates approaching 100% are not uncommon in the two years post-merger. However, our experience was much lower, about 60%. Intentionally building a new culture together proved to be a powerful retention tool, and the staff gradually developed into a high-performing team, with results to prove it.

**Funding**: Both predecessors were in gradual decline. Neither were big enough to attract major institutional support, nor big enough to generate significant earned revenue. Solution: The combined organization was twice the size of either predecessor. Its larger size enabled wider and deeper impact, which attracted rapid increases in institutional support. Our larger size also enabled us to adequately staff and grow our key earned income program of fiscal sponsorship services to 100 community groups citywide. Results: the first year required a significant investment from reserves to stabilize the newly-merged Parks Alliance. But for the years following, we operated on an even keel. Lessons learned: Individual income lagged in growth in the first couple of years, when the hyper-local, “boots on the ground” efforts of our fiscally sponsored community groups proved more attractive to individual donors than the Parks Alliance itself. It took a capital campaign, launched in 2016, to drive significant growth in individual support.

**Public policy:** This is the arena where the Parks Alliance had the greatest potential. Challenge: Neither organization was large enough to seriously affect policy, and not all members of the merged Board considered policy a priority. Solution: We created a Policy Council of community-based advocates to be conduits of information from neighborhoods, and a think tank of policy solutions. We made strategic investments in staff with policy experience and recruited Board members with experience and connections. Result: In its first 3 years, the Parks Alliance led a campaign that passed $195 million bond measure with 72% voter support and organized several neighborhood-level policy successes. Then we had the big win: We designed, secured political support for, and ran a ballot measure that changed City funding for park maintenance, generating an estimated $1 billion increase over the next 30 years. That also passed, with 60% of the vote.
Public-Private Partnerships: Myriad local, state, and federal government agencies provide open spaces in San Francisco. The most complex site, the City’s southeastern waterfront, involves more than 2 dozen agencies, plus numerous private developers and community groups all contributing to (and a few resisting) a series of redevelopment schemes totaling multiple billions of dollars in investments. Challenges: The quasi-collaborative, quasi-competitive interrelationships among all these agencies produce something of a witch’s brew of politics, and at times a dizzyingly complex administrative structure. Solution: As CEO, I hired policy staff with great connections in the community and well-deserved reputations for being fair, and program staff seasoned in navigating governmental complexity. At the governance level, we recruited new members with deep histories in navigating City Hall. Result: The Parks Alliance quickly developed a reputation for being a reliable partner, and for getting projects done. The waterfront redevelopment, collectively known as the Blue Greenway, became the focus of a major grant from the William and Flora Hewlett Foundation, which enabled the Parks Alliance to take a leading role in coordinating all of those disparate players.

Strategic Planning: At the time of the merger, we started with just a Mission statement, a few paragraphs outlining the Vision for the Parks Alliance, an outline of an operating budget, a staff organization chart, and that was it. Solution: We started by planning simultaneously at the operational and strategic levels. Staff put together an operating plan – at first, it covered just our first few weeks, then expanded it to cover the first 9 months. At the same time, we held a facilitated Board retreat, at which we confirmed our Mission statement, refined our Vision, articulated Values unique to the Parks Alliance, and began laying out long-term strategies. Over the next several months, the two planning efforts blended into a single, ongoing planning process that integrated strategy and operations. Lessons learned: Engaging in planning was key to building both Board and staff engagement and buy-in to our work together. It served as the prime vehicle in balancing the Board’s governing function with the implementation function of the staff. It proved invaluable for fundraising. And it aligned everything about the Parks Alliance, from who chaired the Board to how many paper clips we ordered. I’ve written another case study that focuses on strategic planning, using the Parks Alliance plan as a model.

Concluding Observations

Mergers are tough. Many ultimately don’t succeed. In the nonprofit sector at least, there’s a common misperception that, once a legal merger agreement is executed, the work is mostly done. But that isn’t the end of it, it’s only a milestone – and in many cases it’s not even the halfway mark. Stitching every aspect of the new organization together takes sustained effort, and still more compromises. The Board will take more than a year to coalesce. Depending on how disparate their starting points are, melding a new staff culture can take even longer. Strategic planning is even more critical than ever. Funders and donors need to be convinced of the viability and potential of the merged organization. Not to mention consolidating the administrative, financial, and HR functions. All while continuing to deliver on the mission. The toughest part of a merger isn’t the decision to do it. It’s implementing that decision, and in so doing producing a wholly new, viable organization.