A Journey into the Unknown:
Meeting Needs by Merging Two Community-Based AIDS Service Organizations

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in collaboration with
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Abstract

Within the non-profit sector, during difficult times of scarce resources, and increasing need and fierce competition for fundraised dollars, one strategy to enhance service provision is to combine resources by merging two or more agencies. Two northern Ontario community-based AIDS service organizations (ASOs) undertook such a merger, journeying into the unknown and ultimately creating a new entity. The Steering Committee gained first-hand knowledge of both the challenges and the satisfactions of merging their two organizations. The lessons learned in the merger process may benefit others attempting such a journey. Key discoveries included the importance of building trust and developing relationships; the need for members of each organization to learn as much as they could about their new partners; the critical role of communication; and the awareness that merging organizations takes time and will have difficult moments.

Introduction

Increasingly, non-profit organizations are finding ways to work together to meet shared interests and goals. Collaborations in the non-profit world span a continuum of inter-organizational relationships that ranges from ad hoc efforts -- such as cooperative bulk purchasing, joint fundraising events, or political action on a particular issue -- to more formal long-term efforts, including sharing of staff time, equipment and space, collaborative projects, joint ventures, and new undertakings by two or more non-profit organizations. On such a continuum, the actual merger of two organizations is the most formal type of collaboration.¹ Beginning in the 1990s, there has been a dramatic increase in the number of outright mergers of non-profit organizations in the United

The major reasons for this American merger trend will be quite familiar to leaders of non-profit organizations in Canada. There has been increasing pressure for scarce and dwindling government resources coupled with a highly competitive fundraising environment. Non-profit organizations have had to refocus on economic survival itself rather than on their intended missions. Salary pressures as well as increasing administrative and accountability requirements have added to the stress on non-profits. In the United States, mergers between and among non-profit organizations have become a major survival strategy. Whether or not this trend toward mergers will take hold in Canada remains to be seen. The fiscal and fundraising environment, at least in Ontario, is now similar to what prompted the trend in the United States. Most of us are familiar with the large-scale hospital amalgamations in Ontario that began in the 1990s. Currently, very few Canadian sources are available that discuss mergers from the perspective of non-profit organizations. If there is to be a move toward mergers of smaller, non-profit organizations in Canada, it is important to begin to document the Canadian experience of the process and its outcomes.

In May of 2003, after over two years of discussions and negotiations, the Algoma AIDS Network and ACCESS, the AIDS Committee of Sudbury merged to create a new organization, the Access AIDS Network, serving the areas of Algoma, Sudbury and Manitoulin (Access AIDS Network). The Algoma AIDS Network, established in 1991, and based in Sault Ste Marie, Ontario, provided HIV/AIDS prevention, education, and support services across a wide geographical area in north-central Ontario. ACCESS,
the AIDS Committee of Sudbury, established in 1989, provided the same range of services throughout a large geographical region to the east of the area served by the Algoma AIDS Network. The size of the new service delivery area is larger than the total of Prince Edward Island, Nova Scotia and New Brunswick. To accomplish the merger, a Steering Committee worked with a consultant, provided at no cost through the Ontario Organizational Development Program (the OODP). The goal of the merger was to establish a new entity that would have the capacity to meet the diverse needs of a variety of communities across a vast area of northern Ontario. At the outset, the Steering Committee affirmed, “whatever the new organization looks like, the changes will be in a positive direction for the service users.”

Purpose of this Paper

This paper does not intend to serve as a “how to” for mergers for two reasons. Firstly, there is already a growing number of print and web resources available to the non-profit sector describing the practical steps for undertaking a merger. A list of such helpful resources is included in the bibliography. Secondly, a merger in northern Ontario between two relatively small agencies with very similar programs will have both similarities and differences from a merger in other settings (such as those between larger urban agencies or those that provide somewhat different services from each other). Each merger will have its own unique character because of differing external and internal factors and normal variations in organizational culture. Based on the experience of only one merger, it is not possible to offer a road map to others. It is possible to offer some insights about the curves in the road that others may expect to navigate. Writing

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5 The Ontario government initiated the OODP in 1995 in response to increasing requests from community-based ASOs for organizational support and development. For information about this program and its relationship to community-based ASOs in Ontario, contact the Program Administrator, Judith Tresidder at judith.tresidder@sympatico.ca.
about a recently completed merger, another author suggested a similar caution, with a somewhat different metaphor: “it is always risky to suggest that a single edifice, no matter how carefully constructed, should serve as a blueprint for similar projects on similar sites.”

This paper intends to offer an overview of what the Steering Committee learned from the merger process. Because all Steering Committee members contributed, this paper represents the combined learning of everyone involved. In most cases, a consensus emerged about what was important to pass on to others; in other cases, only one or two people mentioned a recommendation. The paper reflects this range of views.

To the best of the Steering Committee’s knowledge, this was the first merger of two community-based ASOs in Ontario, and possibly in Canada. Members of the Steering Committee, representatives from the AIDS Bureau of the Ontario Ministry of Health and Long-Term Care (the AIDS Bureau), the AIDS Community Action Program Health Canada, Ontario Region (ACAP) and the OODP all agreed it would be helpful to other community-based ASOs and non-profit organizations to have access to what the Steering Committee learned from a merger that occurred in Ontario. The Steering Committee hopes that other brave souls who are considering embarking on a merger find these suggestions, ideas, and recommendations helpful.

Structure and Process of the Steering Committee

The OODP consultant proposed the formation of a Steering Committee to lead the merger process. The Steering Committee comprised three representatives from each agency to ensure equality within the committee. The Chairperson of both agencies agreed upon membership on the Committee prior to its creation. Even though one

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agency was larger and better resourced, both in terms of human and financial resources, equality of participation during the merger negotiations was essential to everyone involved. There were several reasons for choosing three people to represent each agency. If there were only two representatives for each agency and one was unable to attend a meeting, a single individual would have had to represent their agency alone. The Committee felt that this would create undue pressure on that individual. Including more than three representatives from each organization would have meant drawing more staff resources away from the frontline of prevention, education, and support work or, in the case of volunteer board members, it would have demanded more of their volunteer time. Each agency was free to choose whom to send to the Steering Committee. In keeping with the values and beliefs of both agencies and the Ontario AIDS movement, the resulting Steering Committee represented men, women, and people living with HIV/AIDS. Prior to the selection of Committee members, it was also agreed that there should be representation from the board and staff of each organization. As suggested by David La Piana in The Non-profit Mergers Workbook, the Committee regarded itself as one committee composed of people from two organizations, not two committees negotiating with each other.\(^7\) Representatives from the major funding bodies attended as many meetings as possible and provided support, information, and resources. A lawyer met with representatives of the Steering Committee and provided advice on the legal aspects of the merger.

The Steering Committee met at least once a month over an 18-month period. In the beginning, the meetings were face-to-face, and the location of the meetings rotated. Alternating meeting locations allowed Steering Committee members to share travel time and effort equitably. The AIDS Bureau agreed to cover travel and meeting costs. On a few occasions, Steering Committee meetings took place in Toronto in order to take

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\(^7\) La Piana 81.
advantage of the fact that many committee members attended Ontario AIDS Network meetings there. Later, when the winter months came and trust within the Steering Committee was more established, teleconference meetings saved both time and travel costs.

In reflecting on the structure and process of the Steering Committee, everyone agreed that face-to-face meetings and rotating meeting locations were an important part of building trust among committee members. Regardless of the differences in resources between the agencies, the practice of rotating meetings from one city to another meant, “each agency was treated equally” by the process itself. Most of the Steering Committee felt that the number of representatives was adequate; two people mentioned that an increase of one more might have contributed to even better representation. Because committee members represented their respective agencies and were “speaking on their behalf” it was important that the people who served on the committee “have the authority to speak and act for their agency.” Ultimately, the decision whether to recommend a merger rests with the Board of Directors of each agency. For this reason, it was important that the merger process was led by the Board of Directors, not the staff, whether management or frontline. Others who have completed merger negotiations have noted the importance of continuity at the Steering Committee level. 8 There was a consensus among the Steering Committee members that it was helpful to eliminate changes in the Steering Committee membership or to reduce them as much as possible. While complete continuity may not be possible, working toward it is preferable: each change in committee membership requires that a new person be incorporated and “brought up to speed” and that trust be redeveloped. Such changes slowed down the work of the Steering Committee. One person mentioned that having a good road map about mergers at the beginning would have been advantageous. Another member

8 Davis 33.
would have preferred that the lawyer be present at meetings of the Steering Committee rather than having representatives of the Steering Committee meet with the lawyer separately. This would have allowed everyone to have direct communication with the lawyer. The Steering Committee determined the type of merger after exploring merger options\(^9\) with the lawyer. Although a merger has important legal aspects, it is more than a legal process. For this reason, it was important for the organizations to determine the type of merger for themselves and that lawyers not make that decision for them. Ultimately, the Boards of Directors will be accountable to the membership of each organization for the choice. Everyone agreed that if there are stakeholders external to the organizations who have expectations for the process, these expectations should be explicit from the beginning. Everyone agreed that a simple thing, such as sharing meals at Steering Committee meetings, helped to build collegiality among the members.

### Learning about Each Other’s Organization

Reflecting on the merger process, Steering Committee members frequently mentioned the importance of getting to know each other as well as possible. A merger is a major organizational change that brings together two different cultures. There will be differences at every level such as governance, service delivery models, staff positions, community relationships, communication patterns, and work styles. Culture simply defined is “a shared set of invisible assumptions, customs and beliefs that affect the way everything is done.”\(^{10}\) People in organizations take their own culture for granted, tend to favour their own way of doing things, and often think it is the way others do, or should

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The merger process illuminated clearly that there could be many different ways of doing the same thing. As one person noted, “you can’t take anything for granted, little things and big things are just done differently.” Several people noted that the initial period after the merger would have been much smoother if more had been known about each other's organization. One person observed that the merger process helped him to know his own organization better. Advance knowledge can lead to adequate planning to address areas of difficulty or concern. As one committee member noted, “you are embarking on a long term relationship; knowing your partner before committing is critical.” Disclosure by each agency contributed to building trust. Secrets tended to undermine that trust. While it is difficult to “wash your dirty laundry in public,” sharing concerns built the feeling that everyone knew and understood the whole picture. As in any intimate relationship, each partner needs to know the strengths and weaknesses of the other. While it was vital to spend time addressing due diligence (the process by which confidential legal, and financial information is reviewed and appraised), it was also important to learn about the services, the staffing, and the respective communities. Consensus on the Steering Committee was that such learning will be very helpful in the long run. While recognizing a potential financial and human resource strain, the Steering Committee suggested that staff members spend time in each other’s agencies or job swap where feasible.

The Importance of Communication

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12 La Piana 88.
Effective communication is a critical component of negotiating a merger. Rumour, innuendo, and gossip are common occurrences in the merger process and need to be addressed with a communication plan. Mergers reorganize everything the collaborating agencies do. Faced with such major change, people at all levels of the organizations may become anxious about what merger means for themselves, for the autonomy of the organization to which they belong, and for clients. The merger process needed to be open and transparent. The free provision of information ensured the development of a sense of transparency that is crucial to a successful merger. To help people manage their reactions to the change, the committee shared its information with them. In the experience of the Steering Committee, the communication plans could have been monitored more closely to ensure that what had been agreed upon was indeed occurring. Vague, unfocussed communication had the effect of increasing the concerns, distress and anxiety of everyone involved. Differences in organizational culture can play a role in this regard. One organization already had existing communication paths. The other organization had to develop new ones to ensure information was available to everyone. Each time there was conflict about the merger process and/or decisions, it became evident that better communication would have reduced concern and anxiety. The Steering Committee would also like to stress that there was a vast amount of information to be communicated. Careful thought and discussion should occur about what to communicate, to whom, and when. The Steering Committee highly recommends targeted communication that provides people with information that they need when they need it. Written minutes of all Steering Committee meetings and a frequently revised work plan were other communication tools that helped people stay informed and on track.

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Role and Benefits of an Consultant from the Ontario Organizational Development Program

The Steering Committee members felt that having a consultant who was “acceptable to and in tune with both organizations” was a critical factor in the success of the merger. With no particular investment in the outcome of the process, the OODP consultant was independent and not “allied with either agency,” according to everyone involved. Having a neutral third party contributed positively to “fairness and equality of the process.” Everyone saw the consultant as neither personally gaining nor losing from any particular decision, and this was a key factor in building credibility in the process. Being objective allowed the consultant to “frequently ask questions about our work that we take for granted and helped to clarify issues among ourselves and between the two organizations.”

An Executive Director who managed several mergers and now consults to non-profits about mergers has concluded, “The role of the consultant is not to produce a merger; but to guide a process that leads to the best result for the organizations involved.” Guiding that process required the consultant to play a variety of roles. At a practical level, the consultant facilitated the meetings and was responsible for the minutes and the development and maintenance of the work plan. The consultant also created a space where the relationship between the two agencies could develop and worked to ensure that each crisis that occurred did not derail the whole process.

\[15\] La Piana 145.
Committee members frequently contacted the consultant between meetings for advice and guidance. In one instance, members of the committee called the consultant and asked for assistance in raising a difficult issue at an upcoming Steering Committee meeting. On several occasions, the consultant played the role of mediator and from time to time functioned as a container \(^\text{16}\) for the group, helping it to weather difficult times by maintaining an outwardly calm, reassuring and patient manner while facilitating the committee’s expression of strong emotions.

The Question of Time

The most varied comments from the Steering Committee related to perceptions of the time it took to accomplish the merger. At one end of the spectrum, some people felt it took far too long, while at the other end, others felt that things moved surprisingly quickly. Several people noted that when the face-to-face meetings began, the pace of the work quickened. One person commented, “until we met face to face there was just a lot of talk and no action.” One of the merger’s lessons is that momentum is unlikely to be gained until there are face-to-face meetings. Several people saw the addition of a consultant as key to moving the process along more quickly. The wide variation in perception of how long the process took may be partially explained by considering the expectations that people had at the outset. As one person said, “I knew we had a lot to get through so the timeline didn’t surprise me.” One of the factors that affected the time required was the reality that the people involved already had demanding jobs in their agencies or were already volunteering time within their organizations. The merger process required people with leadership skills. Those with the necessary skills were already active leaders in their own organizations and sometimes in their communities. In

essence, the merger process doubled the demands on them for leadership. Between meetings, it was necessary to carry out tasks that were significant in number and complex in nature. At times, this put a strain on the quality of service provided in the smaller organization where the staff working to complete merger activities was also providing direct services. People brought differing levels of ability to the process, a variation in skills that also needed to be respected. The merger path is unavoidably complicated, and complicated processes take time to unfold. Much is unknown at the beginning of a merger process, and dealing with uncertainty, and vulnerability requires trust. It takes time to develop trust across organizational boundaries. One committee member pointed out, “you need to invest the time to ensure a positive outcome.” As noted earlier, the process slowed down when communication was lacking or there were changes in Steering Committee membership. Such factors contribute to the amount of time it takes to carry out a merger. While some of these factors may be avoidable, others may not be. In another merger, two non-profit housing organizations indicated that their ultimate lesson was that a merger builds bridges across differences and distance, but building this bridge cannot be easy or quick.

There will be Difficult Times

No matter how committed to the process and the merger both organizations are, the Steering Committee would like others to know that there will be times that are frustrating, confusing, and “touchy.” The maxim of “two steps forward and one step back” is something the Steering Committee came to accept as characteristic of the merger process. Almost anything involved in the process can cause stress. The more complex

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19 Davis 29.
the changes, the more stress there is likely to be. Even the best-planned non-profit mergers take a toll on staff members that have merger tasks to complete, informal communication to manage, and services to provide. The process of bringing about a merger can represent hope for a brighter future, but it may also signify loss. All of the stages of grief and loss that are so familiar to everyone in the HIV/AIDS movement were present at one time or another during the merger process. Denial, anger, bargaining, sadness, and acceptance were part of the process, and different people were at different stages in the grief process at different times, which also led to tensions and misunderstandings. A merger threatens the autonomy of two organizations and, as David LaPiana suggests, this can be the major obstacle in bringing about a merger. The actual or perceived loss of autonomy within the organization contributes to the stress of negotiating a merger:

Merger threatens autonomy, which is the lifeblood of most non-profit organizations. In a sector offering low compensation, long hours and the stress and uncertainty of continual fundraising, independence is one of the very few rewards available to non-profit leaders... non-profits are usually founded by and continue to operate on the commitment, energy and drive of a small number of devoted leaders who naturally feel a powerful sense of ownership. Most impasses in merger negotiations can be traced to inadequate attention to this emotional and potentially explosive issue.

When people feel threatened, they resist the change. Every merger encounters such resistance. The most effective strategy during the difficult times was honest, open communication that respected each person. Calling on those who were hopeful was also beneficial. Fortunately, some people were feeling hopeful when others felt discouraged. The human qualities of humour, mutual support and affirmation, and the ability not to take things personally were also helpful on several occasions. The Steering

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21 Dickey 1.
22 LaPiana 68.
23 McLaughlin 229.
Committee sometimes got through a difficult patch by acknowledging the progress that had already been made. Everyone involved believed in the principle agreed upon at the beginning of the process: “whatever the new organization looks like, the changes would be in a positive direction for the service users.” However tough it was at times, no one lost sight of that important principle.

Conclusion

Merging with another organization is one strategy that some non-profit organizations have used to survive and flourish in difficult times. Mergers have also been described as the most trying, frightening, and disturbing undertakings that most non-profit leaders, both board and staff, will ever experience.\(^{24}\) One member of the Steering Committee captured the sentiment that was often expressed: “it is impossible to imagine at the beginning what the challenges will be along the way; perhaps that is a good thing because if you could imagine it all ahead of time, you may not start the journey.” The Steering Committee that worked to bring about this merger and the creation of the Access AIDS Network would also like others to know that the rewards of creating a strong, vital, united organization, capable of providing high quality HIV/AIDS services throughout a significant part of northern Ontario, was worth the work, the time, and the challenges. The Steering Committee also hopes that the lessons learned through their experience might be helpful to others who are embarking on a similar journey.

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\(^{24}\) LaPiana 142.
do not necessarily represent the official policies of Health Canada and/or the Ontario Ministry of Health and Long-Term Care.
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