

OLD WEST + UNION MERGER

# Final Deliverable

# Agenda

## I. Congregation Merger Considerations

- A. Old West Church - Concerns & Strategies
- B. Union Church - Concerns & Strategies

## II. Restructuring Questions and Recommendations

- A. Operational Model
- B. Board of Trustees

## III. Financial & Legal Counsel Recommendations

## IV. Stage-Gated Implementation Plan

Congregation Considerations

# **Old West Congregation Predicted Considerations**

## The concerns of Old West's congregation can be grouped into four main buckets, each with their own distinct core issue and strategic implementation questions

Identity	Process	Personnel	Fundraising
<p>If Old West loses its unique style of worship, congregational identity, and main place of worship will members of the congregation stay?</p> <p>How do we engage Old West's congregation to ensure that they have a place in the merged Church?</p>	<p>If the congregation does not buy into the merger enough before its onset what long and short term consequences would be created?</p> <p>How do we measure, maintain, and increase buy in through and after the process of the merger?</p>	<p>Will reduction of Sara's unique and charismatic presence within the worship structure of the new church affect the loyalty of Old West's congregation?</p> <p>Can we fully address any concerns arriving from this issue or should the focus be on mitigation?</p>	<p>How will the assumed reduction in fundraising ability affect the mission driven congregation of Old West?</p> <p>Can this reduction in funding be avoided?</p> <p>If not how can this planned reduction be communicated in a way that does not affect the congregations retention?</p>

# Identity Considerations

The key to preserving the identity of Old West will be engaging the congregation to determine what they identify as the fundamental attributes of Old West, and ensuring that most if not all of those attributes are preserved through the merger

- I. Hold **frequent open discussion** with the congregation to identify fundamental attributes in the lead up to the merger, and ask the community what their tolerance for each attribute is:
  - Are some more important than others?
  - Can you live with a temporary reduction of their importance during the merger?
  - If there is wiggle room on the presence of these attributes, what is the line of delineation?
- II. Determine **whether these attributes overlap with attributes of Union**, and if not how they can be added to/preserved during and after the merger process
- III. All decision that take place during and immediately after the merger should take these attributes into account:
  - Are the decisions that we are making take these values into account?
  - If not why not, what can be done to include them in our decision process?
- IV. The congregation of Old West will also need to be asked about their knowledge and opinion of Union, as **managing their perception of Union will be key** to successfully attributing values present in Old West to values present in Union
- V. While it may seem redundant, asking these questions allows you to understand exactly what the congregation is thinking and helps **avoid making detrimental assumptions** or leaps of logic

# Identity Recommendations

When designing questions it's important to ensure that questions are specific enough to get usable and detailed information, but open ended enough to promote organic and honest answers

Below are some examples of key questions that should be asked in open discussion about the identity of Old West Church

- I. What values do you associate with Old West Church?
- II. For each value, how important is it to your patronage of Old West Church? Why?
- III. Can you rank the importance of those values?
- IV. If you had to, which one(s) of these values could go away without affecting your patronage of Old West Church?
- V. Which one(s) of these values is necessary to your continued patronage?

While some of these questions may seem redundant, asking them multiple times and in multiple ways helps clear out any potential bias caused by the framing of the question and distills **not just what values are important, but why they are important**

All of these questions should **also be asked about Union**, albeit in a more open ended fashion, to determining if and how the congregation views and values Union

Questions asking format should be determined by the predicted responses of the congregation, if the congregations outlook is **positive a large open discussion is appropriate**, but if there is likely to be hesitation or push back, a **small focus groups should be used to avoid a loud negative minority** exercising sway over the congregation at large

# Process Considerations

While identity focuses on the core attributes of Old West, process asks what the consequences of rushing would be, and what strategies can be specifically employed to help the leadership of Old West not lose sight of their long term goals

- I. Pushing too hard too fast could alienate the congregation of Old West and could lead to mistakes being made in the legal and financial structure of the merger which could corrupt the merger before it begins
  - The resilient and risk taking nature of the congregation is a great starting point, but **Old West needs to be careful not to get carried away because of their congregations willingness to take the plunge**
  - Check in with the congregation frequently to ensure the merger is not moving too fast for them
- II. Frequent surveys of the congregation will help determine buy in and concern around the merger
  - Surveys should go out on a bi-weekly or monthly basis and include measures to gauge the congregations satisfaction and perception of the merger
- III. Any concerns about the presence of core attributes or the merger as a whole should be addressed quickly and honestly
  - Determine if something can be done and **be transparent with the congregation about the process** of arriving at this determination
  - If something can be done, address the problem, and if something cannot be done, be transparent about it with the congregation and try to find a compromise or alternative problem that can be resolved

# Process Recommendations

Ensuring that the congregation had adequately bought into the idea of the merger before it is executed will be key to a successful merging in both the short and long term; a marketing campaign targeting the congregation is one way to ensure adequate buy in

A marketing plan focused on drumming up support within the congregation could take a few forms:

- I. Identify core members of the congregation that have already bought into the merger and **champion their voices** either implicitly through subliminal messaging, or explicitly by elevating them to positions of influence and power within the church
- II. If no core members of the congregation have bought into the merger, find someone who may be sympathetic to the idea and **turn them into the champion of the merger**
- III. Focus on creating **a grassroots movement** through dissemination of marketing materials like newsletters, open discussion, and other events

All of these options represent potential actions that Old West can take and further investigation, potentially by a subsequent Northeastern team, is recommended if the marketing plan is a direction in which Old West would like to move



# Process Recommendations Cont.

Similar to the questions used for identity, these questions need to strike a balance between specificity and flexibility, but they also need more defined measures that can be used to track progress throughout the merger process

Tracking progress is the key goal, and instead of restating the questions already asked, below are some key principles that will help ensure that tracking is as accurate as possible

- I. Questions should ask for a range of options and define what each value in the range corresponds to
  - On a scale of 1-5, where 1 is very bad and 5 is very good, how do you view the merger process?
- II. Questions should be **contextualized to avoid misinterpretation**, and less knowledgeable participants should have their outlooks weighted differently
  - On a scale of 1-5, where 1 is not familiar at all and 5 is extremely familiar, how much do you know about the merger that Old West church is currently engaged in?
  - If you rated your satisfaction with the merger below 3, what factors have contributed the most to your perspective?
- III. Lack of engagement should be considered not as a strictly negative outcome, **sometimes no news is good news**
- IV. If things are going badly, questions that ask what is going poorly should be posed explicitly to try and identify potential solutions

# Personnel Considerations

Leaders are invaluable resources that set the tone and maintain the values of the organizations they lead; replacing or reducing the role of a leader should be done thoughtfully and prudently to avoid more disruption than necessary

- I. Discussions with the congregation must be carried out to understand their perspective about the planned reduction in Sara's pastoral role
- II. A survey that touches on these themes is the most practical approach to measuring this need:
  - How would a reduction in Sara's pastoral role affect your attendance and attachment to church?
  - Is your attendance at church dependent on Sara herself or the values that Sara preaches?
  - What can we do to a potential pastoral transition easier for you?
- III. Messaging around the planned reduction of Sara's pastoral role needs to be tailored to emphasize that will the main pastor may be changing, **the values that inform services are very much one and the same**
- IV. Similar to values, questions about the congregations familiarity with Union's pastoral style should also be asked

# Personnel Recommendations

Questions for these surveys will be very similar to the questions used to determine the values of Old West, but more focused on the pastoral style and Sara's influence on it

- I. What about the pastoral services and style of Old West Church is most important to you? Why?
- II. Do you think that the presence of Rev. Dr. Sara Garrard is important to your patronage of Old West Church?
- III. If Rev. Dr. Sara Garrard is important to your patronage, why?
- IV. Can it be replaced by someone or is it intrinsic to her?
- V. If it cannot be replaced by someone else can you think of an acceptable compromise?
- VI. Do you have any familiarity with Union Church? If so what do you think about their pastoral style?

These questions directly target the importance of Sara as a leader, and while it may seem like an exercise in vanity, **understanding how important Sara is will be key to ensuring a smooth transition** from the pastoral style of Old West and Sara to the pastoral style of Union and Jay

Gauging the **congregations familiarity with Union is also critical** to understanding how much the congregation will need to be educated about Union

# Fundraising Considerations and Recommendations

While recent infusions of cash have alleviated financial concerns, understanding and planning for a reduction in fundraising ability is critical to maintaining achievable goals and managing expectations

Unlike the other considerations which focus on what the congregation thinks, fundraising focus on how Old West will sustain operations for their congregation through and after the merger

- I. Old West and Union will **need to decide how funding for the new organization will be attributed**, and what percent comes from the current savings that Old West has accumulated
  - Determine what is fair and reasonable for both parties through discussion, and come to an equitable compromise to avoid unwanted surprises or arguments down the line
- II. Having a war chest of savings from grants should not be taken for granted, and a **plan needs to be created to manage spending** in the first few years of the merger
  - Decided if grant related funds will be used to cover operating costs or be saved for future investment
  - A financial expert should be engaged to understand the overall effect on the new merged churches operating cost, and how long current cash on hand could maintain these costs
- III. Make a **plan to restate the grant writing mechanism** Old West currently has to include the values, strengths, and draws of Union
  - Distill the current message of the grant writing system and either focus on values shared between the two churches or how differing values augment each other

Congregation Considerations

# **Union Congregation Foreseen Considerations**

# Gentrification

Given current circumstances in the South End, and the history of white washing and displacement in the African American community, gentrification is a critical concern to address

- I. As a small, rich, white organization, Old West Church is associated with all of the stereotypical hallmarks of a gentrifier
- II. Any perceived or actual overstepping on OWC's part will exacerbate existing gentrification concerns within Union's congregation

In general, the congregation is worried that **gentrification is eroding the traditional patrons** of Union Church

Explicit publicized steps will need to be taken throughout the merger to assuage the congregation of their concerns

# Demographic Dilution

While similar to gentrification in the sense that it deals with the tradition and culture of the church, demographic dilution has a couple key differences in its driving factors

- I. Demographic dilution focuses specifically on the **cultural and racial distribution** of the congregation instead of the overall environment and power structure of the church
- II. While gentrification tends to change culture and environment at a macro scale, demographic dilution creates change at a micro scale

Demographic dilution **replaces the traditional patrons** of an organization with a new, and often unfavorably looked upon, group which the congregation could **view as a corrupting influence**

# Representative Leadership

Representative leadership is less of a general concern and more of a byproduct of the other two main issues

- I. Having a demographically un-representative leadership for the church is a **stereotypical effect of gentrification**, and would serve as a visual reminder to the congregation that their leaders may not represent their cultural and ethnic background
- II. Race and ethnic representation are apparent extensions demographic dilution, but less apparent is ensuring that the professional and pastoral background of the new church's leaders is **proportional to the demographic makeup of the combined congregations**



## While seemingly distinct, the three main concerns of Union's congregation all boil down to concerns about cultural integrity and the effect a merger would have

Gentrification	Demographic Dilution	Representative Leadership
<ul style="list-style-type: none"><li>○ The congregation is worried that gentrification in the South End is eating into the <b>traditional values and ethos</b> of Union Church</li><li>○ Some may view the merger with Old West as an extension of this gentrification</li></ul>	<ul style="list-style-type: none"><li>○ As a historically black church, Union's congregation may be concerned about an infusion of non-black congregants</li><li>○ Do not want to lose their <b>tradition and values</b> as new people come into the church</li></ul>	<ul style="list-style-type: none"><li>○ Byproduct of gentrification and demographic dilution</li><li>○ Similar to demographic dilution, the congregation will likely have objections to their leadership not being <b>representative of the congregation</b></li></ul>

All of these issue touch on values, tradition, or representation, all of which deal with the constitution and representation of the congregations current culture. Essentially, there is a concern that a merger will negatively change or replace the traditional culture of Union

# Given that these issues stem from concerns about the cultural direction the newly formed church will steer towards, the best solution is to find ways to give the congregation of Union a meaningful and lasting voice

## I Advisory Board

Involve influential community members by creating a volunteer based advisory board

- I. Allows for direct combating of gentrification and lack of representation in the leadership of the church and deepens buy in to the merger by utilizing the power of word of mouth
- I. In order to be effective, **the advisory board must have real power** in the strategic and operational vision of the church
- II. Ability to control finance needs to be monitored so that potentially unqualified individuals do not inadvertently ruin the financial status of the church

## II Cultural Management

**Decouple concerns about tradition and culture from the racial makeup** through active listening and cultural management

- I. Identify the core traditions and values that Unions church is afraid of losing by holding town halls and focus groups
- II. Determine if those values are linked to demographic factors or if they can be fostered through cultural management
- III. For the concerns that can be mitigated through cultural management, inform the congregation what the plan is to assuage them of their concerns

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Restructuring & Reorganization

# Operational Model

## While the staff of Old West almost perfectly covers holes currently present in Unions organization, ensuring that redundancies are treated equitably will be key to a successful merger

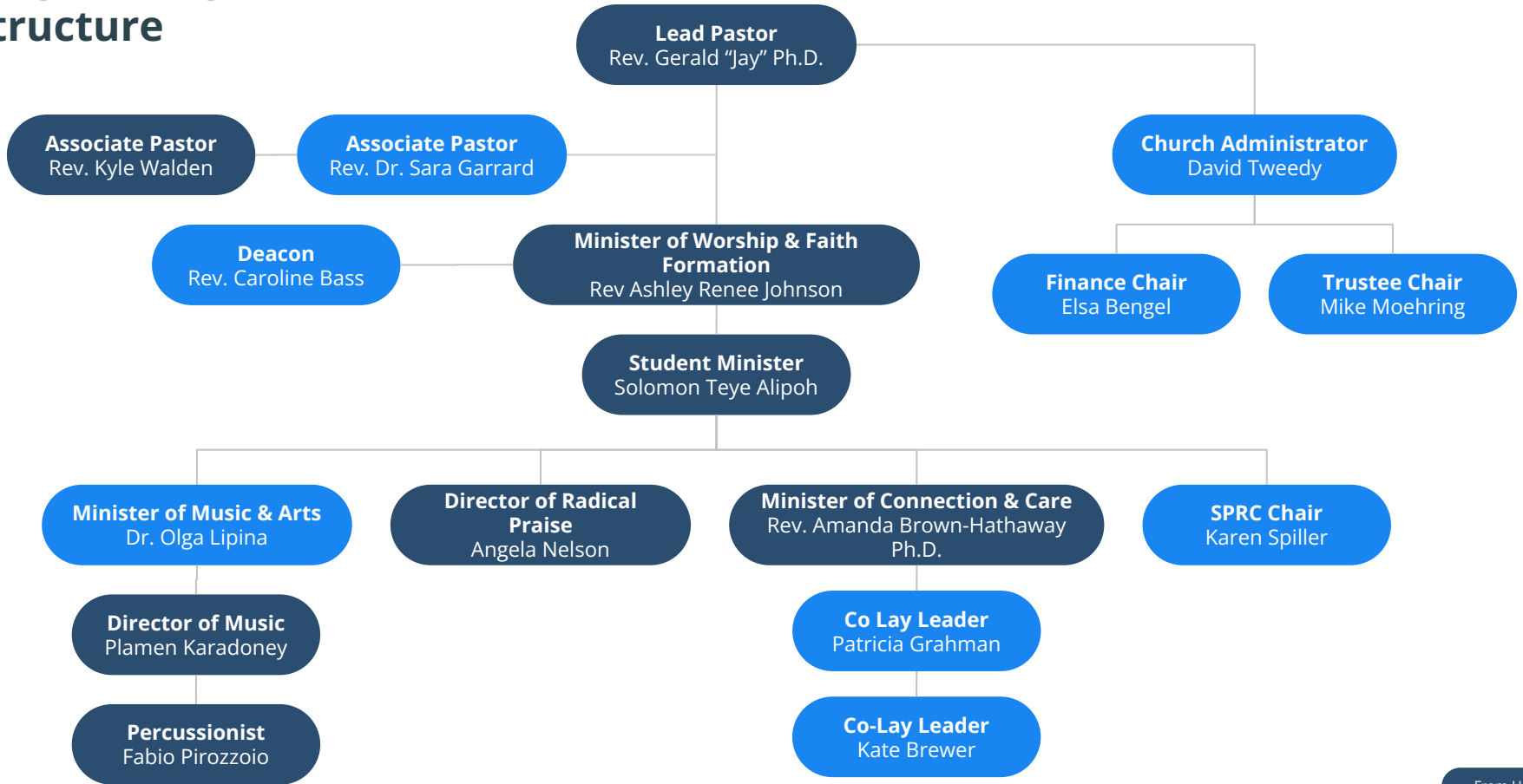
Method	Implementation	Concerns
<ul style="list-style-type: none"><li>○ Deference in given to members from Union as they are the parent entity</li><li>○ Staff of Old West fills in gaps within the current structure of Union perfectly</li><li>○ Old West pastoral staff will take a backseat to Union's staff</li></ul>	<ul style="list-style-type: none"><li>○ Start with the proposed structure as a "trial run" to allow for iteration</li><li>○ This will help assuage any concerns that the staff might have and allow for more flexible approach to operational restructuring</li></ul>	<ul style="list-style-type: none"><li>○ Some roles may be redundant in which case personnel should either be moved to a new role or deference should be granted to the Union personnel</li><li>○ Administrative staff from Old West should have counterparts whom they will work through the merger at which point one will be appointed officially</li></ul>

The new operational model need to give deference to Union members in order to solidify the hierarchy of the two churches without taking away too much power from the Old West staffers

Administrative staff needs to diversified properly to avoid any internal bias and to avoid throwing Old West staffers into the deep end of Unions complexities

# Proposed Operational Structure

Hierarchy flows were based off both Old West and Union Church's role descriptions in their respective websites



From Union

From Old West

Restructuring & Reorganization

# **Board of Trustees Action Plan**

# Board of Trustees

The board of trustees should be composed of major shareholders and current board members from both churches, with the potential addition of one seat occupied by the advisory board as a collective

- I. The composition of the **board should reflect the general proportions of the congregation**, with Old West getting less of a voice than Union
  - A. Doing so maintains Union as the main decision maker and helps alleviate concerns the congregation may have about gentrification and demographic dilution
  - B. Old West's share of the board can also be adjusted up slightly to account for the capital that they contribute to the merger
- II. Research suggests that **a diverse board is more effective in decision making**, thus maximizing diversity in gender, age, ethnicity, and sexual orientation should be prioritized whenever possible
- III. As the role of the board is to serve as a check against the leadership of the church, the board and all of its members **must have strategic and operational authority**



# Board of Trustees cont.

Below is a list of guidelines distilled from the information and best practices available on *The Attorney General's Guide for Board Members of Charitable Organizations in the Commonwealth of Massachusetts*; bear in mind these are suggestions an actual plan would need to be worked on with legal council

- I. Board members **must fulfil specific responsibilities** during their tenure
  - A. Duty of Care: a duty to not ignore problems if they arise
  - B. Duty of Loyalty: a duty to be available and willing to help when needed or required
  - C. All matter should be voted on in meetings
  - D. Members have a responsibility to make informed decisions
  
- II. All board members have the **right to access information** pertaining to the church, and should be informed of any major developments
  
- III. The board **should be diverse, representative, and engaged**
  - A. The board should be made up of people who have an interest in the organization's mission, represent diverse viewpoints, and have willingness to learn
  - B. Board members should have term limits and be subject to periodic review
  - C. Members should have the opportunity to renew their terms
  
- IV. The board should have a **dedicated policy for dealing with conflicts of interest**
  
- V. The board should be made aware of and have **a role in major financial decisions**

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# Financial & Legal Council

Multiple outside entities need to be contacted to ensure the general, operational, and governing structure of the new church entity are in compliance with Massachusetts state requirements

- I. **Attorneys**, preferably those specializing in charitable or corporate governance, and contracted to each firm independently or collectively
- II. **Accountants**, specializing in mergers, contracted to each firm independently or collectively
- III. **Financial Advisors**, specializing in long term viability and operational plans, contracted collectively

Maintaining independent legal counsel may be the best option to ensure that Old West and Union are both covered in case the relationship breaks down

Financial advisors can be hired more collaboratively, but an arbitrator may be helpful in ensuring a fair and neutral perspective is at the table

## Below is a breakdown of potential resources and local business that Old West and Union Church and leverage

Current Network	The Boston Foundation	Massachusetts NonProfit Network	Lawyers Clearinghouse
<p>It may be beneficial to both organizations to reach out to their existing networks and determine</p> <ol style="list-style-type: none"> <li>I. If these professionals <b>work in the M&amp;A space</b> and have experience in this field</li> <li>II. If not, if they have <b>recommendations for professionals</b> in this field</li> </ol>	<p>The Boston Foundation is an organization that assists nonprofits in Boston with general grants and other resources</p> <p>The Foundation may be able to assist with <b>providing a network of professionals</b> that could benefit OWC and Union, and <b>issue grants and funding</b> to help facilitate and pay for the resources needed to complete this Merger</p>	<p>The Massachusetts Nonprofit Network, or MNN, is an organization that assists nonprofits in Massachusetts with finding <b>resources tailored to the nonprofit sector</b></p> <p>MNN could assist OWC and Union with finding legal and financial assistance to help with the merger</p>	<p>Lawyers Clearinghouse is an organization that helps nonprofits in Massachusetts obtain <b>pro-bono legal assistance and pro-bono legal consulting services</b></p> <p>It could be leveraged to help get a better <b>understanding of the scope of work</b> and potentially find a cheap or free form of legal advice</p>

# Questions for Potential Council

While finding prospects for financial and legal council is likely going to be an arduous process, asking them the right questions to determine if they can help in this particular circumstance is key to ensure no money or time is wasted

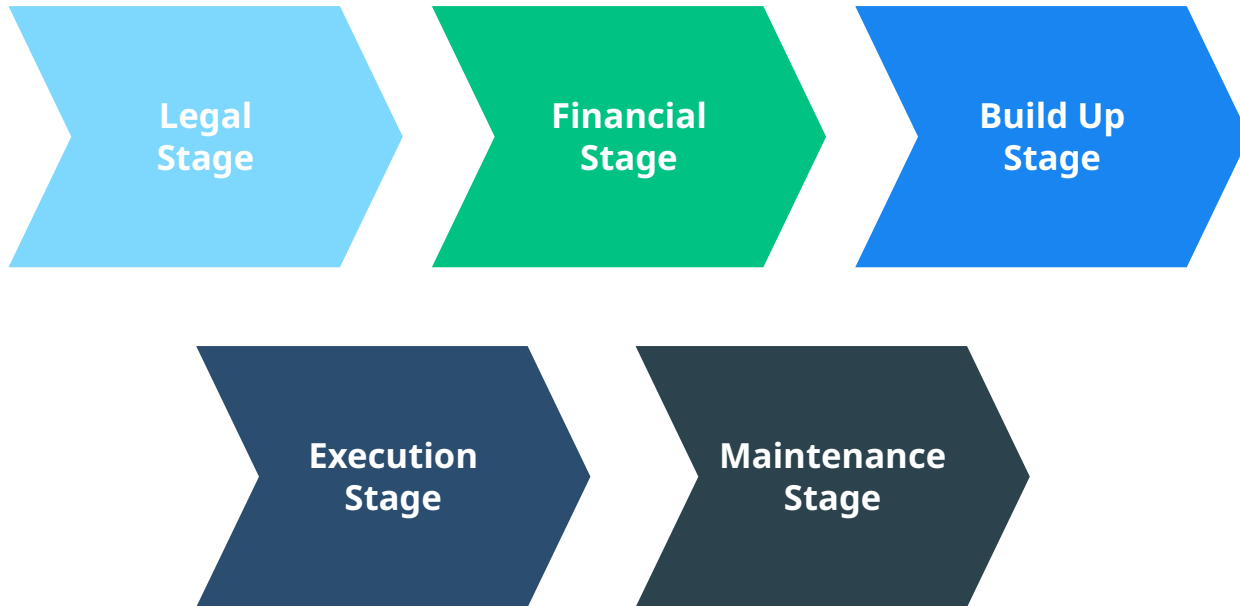
- I. What experience do you have working in mergers and acquisitions?
- II. Do you have experience working with nonprofits, more specifically religious nonprofits?
- III. What financial commitments do you require?
- IV. What is your general take of the situation at this time?
- V. What is an estimated timeline?

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# Stage-Gated Implementation Plan

A stage-gated implementation plan breaks a large process like a merger into stages and sets goals that “gate” each stage; to move onto the next stage of the process the organization needs to clear all the goals of the previous stage and open the “gate”



## Stage 1: Legal

Defining the legal restrictions and limitations of the merger needs to be the first step as it frames all future choices

**L** While the actionable steps of this stage are very straight forward, ensuring that the steps are done correctly and the results are defined clearly is critical

- I. Decide on an independent or joint council
- II. Select a legal council
- III. Engage legal council on requirements for merger process
- IV. Make preparations to meet necessary requirements

If the preparations for requirements are not made properly costly issues may develop down the line

## Stage 2: Financial

Financial considerations come next as the further restrict the list of options available to Old West and Union

**F** The financial stage defines how the finances of the two organizations will be joined together, and outlines a operational plan for the time period during and directly after the merger

- I. Decide on a joint or independent financial council
- II. Pick financial council
- III. Engage financial council on how and when funds can and should be distributed
- IV. Conduct a professional analysis of projected joint operating costs and how these costs will be provide for

Coming up with a plan is important, as it sets a general direction and tone for the merger process; if possible try to anticipate multiple cost scenarios to help avoid being directionless in the face of change



# Stage 3: Build Up

Build up is the final preparatory stage, in which both Old West and Union work with their congregations to ensure that they have enough buy in to carry through the merger process while also crystallizing and implementing the new operational structure

- I. Distill what the congregation sees as the values of both Old West and Union
- II. Both churches should have an understanding of their congregations knowledge and perception of the other church
- III. Average a somewhat or greatly positive perception of the merger in both congregations
- IV. Identify key figures in the congregations who can be used to guide the overall direction of the merger
- V. Set mechanism and rules for the advisory board and identify potential members
- VI. Determine the end operational structure of the new church and set transition and acquisition dates
- VII. Set a timeline for legal and financial action
- VIII. Determine what each physical location will be used
- IX. Set target dates for change in physical location usage to occur

These steps are designed to do the follow: define a path to success, build enough buy in to maintain momentum through the merger process, and set targets for all operational changes that must be made

# Stage 4: Execution

While this may be the stage requiring the least amount of goals and strategic thinking, the execution stage requires both organizations to stick the general plan while adapting to unforeseen changes which is a hard line to walk

The main goals in this stage can be hard to define as they mostly are based around meeting targets already laid out in the legal, financial, and preparation stages

Instead, the main focus is how to react when faced with unforeseen complications:

- I. Identify which part of the plan is compromised
- II. Understand what the compromising factor is
- III. Examine potential solutions to the compromising factor
- IV. Adjust plans accordingly
- V. Explain the change in the plan and its resulting implications to all relevant parties

Communication of any delays to stakeholders, and in more dire circumstances to the congregation at large, is key as transparency will help maintain the momentum built in the preparation phase while garnering loyalty

## Stage 5: Maintenance

Maintenance is simultaneously the most passive stage and the stage in which its easiest for things to regress; mechanisms that check the status of the merger must be periodically examined to ensure long term success

Surveys similar to those outlined in the Old West identity and process considerations section should be adapted to ask the new congregation how they feel about the merged church

- I. How satisfied are you with the church's current pastoral and service direction?
- II. Do you feel represented by the values of the church? Why or why not?
- III. What do you think is missing in the new church?

Periodically sending out surveys on quarterly or bi-yearly cycle that touch on these subjects will help sanity check and doubts that may arise in the leaders

These surveys will also help expose areas for improvement; in generally organizations need to constantly adapt to their customers in order to survive

# Capacity Considerations

While all of the suggestions above are helpful, they are useless without the necessary personnel to do the work of managing surveys, running open discussion, and operating the churches throughout the merger

In case of personnel shortages one potential option is to find passionate volunteers within the congregation who are willing to step up and help out

These volunteers can also be brought up through the process become the champions of the merger plan and potentially matriculating to the proposed advisory board

Another option would be to hire additional personnel who can serve both as options for permanent operational roles and help reduce the perception of demographic dilution within Union's congregation

**Questions?**