

United Way of Greater Philadelphia and Southern New Jersey Merger Update Successes and Challenges

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United Way of Greater Philadelphia and Southern New Jersey (UWGPSNJ) was formed by merging seven local United Ways — NJ: Atlantic, Burlington, Camden, Cape May and Greater Cumberland Counties and PA: Southeast Delaware County and Southeastern Pennsylvania (comprised of eastern Chester, Delaware, Montgomery and Philadelphia Counties). These United Ways recognized that by leveraging their collective strengths and developing a more cohesive message, they could develop and deliver a common donor experience and more strategically and effectively move from being a grant maker to engaging local and regional partners in making real community improvements across the region.

The ability to scale up while maintaining local presence and meeting local community needs evolved through initial exploratory conversations into a collaborative process that resulted in a decision to merge. While each was individually successful at meeting their local needs, delivering on the collective brand promise of improving

the region with separate and independent locally governed and run 501c3's was difficult. After months of thoughtful conversation and planning, the groundwork was laid, meaningful trust was established and it became possible to merge seven United Ways into one large regional organization to collectively deliver one cohesive and consistent message, while meeting local community needs and capitalizing on local relationships. UWGPSNJ's mission is to harness, leverage and strategically invest the collective power of donors, advocates and volunteers to drive measurable results that improve the lives of people in our region. Through this unique collective process, their successful merger and expected trajectory towards sustainability makes it a promising model for national replication.

Our merger has demonstrated that a positive union can result from financially and programmatically viable organizations when approached from a position of strength, collaboration and trust. The new regional United Way continues to focus on strategies that drive lasting change in the areas of education, financial stability, while working towards providing stronger and more consistent programming through leveraged partnerships and shared staffing expertise for our region's most vulnerable communities.

Success began with very thoughtful, deliberate and strategic conversation, considering varying factors such as local decision-making processes and key volunteer,

donor and corporate relationships. As a result, we were more prepared to prosper once the merger was completed and can provide insight for other organizations interested in learning and/or designing effective mergers aimed at increasing organizational efficiency, improving programs and delivering on collective and collaborative results.

The Official Agreement

With Dechert, LLP as the pro bono lead and each local United Ways having its own pro bono legal representation, the team put together a non-binding Letter of Intent that outlined all of the issues and concerns that needed to be addressed if a Plan and Merger Agreement were to be successfully executed by the end of April preceding the July 1, 2012 merged date. Seven United Ways signed the formal Plan and Merger Agreement, began execution and officially became United Way of Greater Philadelphia and Southern New Jersey (UWGPSNJ) on July 1, 2012 with fully integrated Regional Bylaws that govern the new United Way Board of Directors.

Early Results

The initial value proposition (i.e. why go through all this work?) was to recommend the best alignment of financial and personnel resources for the most consistent, competitively priced donor experience to generate and leverage the greatest impact on local community needs

that improve lives throughout the Greater Philadelphia market.

Out of the gate, back-office functions were consolidated, creating a more consistent system across the new United Way footprint. While initially the overall administrative costs were slightly higher, it set the stage for cost redeployment and restructuring down the road. Early focus included regionalizing and streamlining the finance, pledge processing, human resource and marketing and communications functions throughout the greater region, providing a seamless United Way brand experience both at work and at home. Ultimately, our goal was to create a more strategic and lean agency that could attract additional funding and volunteers by expanding our reach to a broader region with greater impact on community transformation.

The first year of integration also included a focus on resource development to include all of the pledge materials and collateral to create a seamless donor experience both at home and in the workplace. As one of the lead South Jersey Executives stated, "A dollar donated will now make a footprint from Pottstown to Cape May."

Finally, through the merger, United Way would have a greater voice in raising community awareness around the areas of income, health and education disparities both at the local and state level.

Current State

Today, UWGPSNJ operates centrally from the 1709 Parkway location (serving the region with impact focus on Philadelphia, Montgomery and eastern Chester Counties) with local offices in:

- Delaware County: Aston
- Camden County: Camden City
- Atlantic County (serving both Atlantic and Cape May Counties): Galloway
- Burlington County: Rancocas
- Cumberland County: Vineland

All offices have upgraded operations and infrastructures to include consolidated payroll systems, benefit structure, general ledger, budgets and financial statements, pledge processing systems AP, consolidated technology platform and a fully integrated team covering the region.

Through intentional redeployment of communication and marketing staff by geography and function, we have achieved a fully integrated staff to deliver on consistent messaging across the media market through a new web platform, integrated social media and one online community platform with localized content. We have common campaign materials with standard design and consistent branding to include our pledge form, printed materials (with local messaging), case for giving, workplace campaign brochures and leadership solicitation and recognition materials and approach. All local communities have increased media coverage and we

publish an Impact magazine that highlights events and impact throughout the region. Our single-minded value proposition, "United Way is your local partner to drive measurable lasting impact that none of us can achieve alone" is consistently used and implemented across our footprint.

Our resource development department was reorganized with a centralized operations function and a regional account structure for a consistent donor experience across markets and geography. This approach still accommodates local flavor including specialized events like the Wildwood Ducky Regatta or the Cumberland County Bone Run. Our major giving initiative, as well as incentives and thank you programs, have been regionalized, driving a comprehensive approach to our strategic fundraising and tracking work.

At the governance level, we have an integrated and engaged regional board that includes representation from each local operating board. Regional resource development and impact strategy committees of the board oversee the policy and strategy work for each of those respective groups.

At the outset of the merger, we committed to zero job loss as a result of the merger so cost savings weren't fully realized until FY 15. Over the last year, our organizational costs have been decreased by 11% with increasing productivity. Results have been growing stronger and

overall community responsiveness continues to grow.

Ultimately, these savings were realized following a board-led introspective review of our new organization, cost structure and opportunities for improvement. The savings were, in part, due to a temporary hiring pause during which time all vacancies were examined closely and when determined necessary, were filled through existing staff with new responsibilities either in skillset or increased leadership. Overall, internal feedback on our approach to achieving the new regional United Way "right size" has been very positive.

Lessons Learned

Cost: Our merger confirmed this work is not cheap and cost savings often aren't realized at the outset. We needed an initial financial investment to upgrade infrastructure, payroll and benefits across the new organization, evaluate processes and renovate spaces to accommodate centralized functions. Integration of duties and functions took some time. Real progress in eliminating redundancy takes anywhere from three to five years, depending on the functional area and number of agencies/offices merged.

Culture: Consistent and ongoing communication within the organization is key leading up to and through the merger. Increased hierarchy following a merger can exacerbate challenges and miscommunication but may be unavoidable to integrate other locations and positions into

an existing larger structure. Allow time for organizations to flatten. Cultural diversity and inclusion as an organizational priority is also critical throughout the merger process and is key to fostering a strong organizational culture

Mission related work: Lastly, the hardest aspect of integrating multiple organizations is often the mission related work. For United Way, it's the work related to local community. Staff, agencies, key partners, volunteers and local government officials are tied to local culture, process and language so it has taken time for us to learn what's important to preserve and what we can streamline. We approached this work in phases with an initial goal of having one regional investment process as defined by: health and human service agencies apply to the FY 15-17 general operating process one time (rather than to each local UW office) and if selected, receive one payment. We met that goal and are building on the strengths of the new regional process while addressing the challenges for the upcoming process with an ultimate goal of achieving a fully integrated regional agenda with fewer, broader strategies and an investment framework that includes general operating funds and other identified pools of funds to drive our impact work.

Celebrate progress and plan for what's next: We also learned that following a merger, it's prudent to take a pause and do some in-depth board-led reviews of all major functional areas to ask where we've been, what

we've achieved and the strategic vision, direction and cost structure goals over the next five years. With that process almost complete, we are poised to achieve great things over the coming years through one regionally driven and locally based United Way, achieving lasting change none of us can achieve alone.