



Photo: Courtesy of AIDS Action Committee

AIDS Action Committee & Fenway Health

A New Vision for HIV/AIDS Services and Advocacy

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Nonprofit Mergers That Made a Difference Case Collection

Three mission-driven rationales can guide successful nonprofit mergers: an aim to grow scale (e.g. broaden reach), to increase scope (e.g. broaden services), or to streamline operations (e.g. increase efficiencies). Each comes with its own set of challenges and lines can blur among them. The merger of [AIDS Action Committee](#) and [Fenway Health](#) illustrates how a merger of like-minded organizations with different programmatic approaches was driven by all three rationales.



The Rationale: A Changed Landscape

In 2012, AIDS Action Committee (AAC) was in the midst of a strategic planning process. As New England's largest AIDS service organization, with an annual operating budget of \$13.6 million and a staff of 200, AAC had developed a close working relationship with the Massachusetts Department of Public Health and other AIDS service organizations in the state. These partnerships allowed for coordinated public health interventions, which reduced new HIV diagnoses in Massachusetts by 52 percent since 1999. The interventions included: dramatically expanding access to care and treatment; community-based support services; and robust, evidence-based programs that reduce risk, such as pharmacy access to sterile syringes.

Despite this success, Massachusetts has continued to see hundreds of new HIV diagnoses annually, along with a growing number of people living with HIV. Indeed, during the period when new HIV diagnoses fell dramatically, the HIV positive population increased 44 percent. Over that same period, the state's investment in HIV prevention programs declined by nearly 40 percent, challenging the long-term viability of the very programs that had led to so much success in fighting AIDS in Massachusetts.

This uncomfortable reality pushed AAC's leadership to think differently about how best to position its programs and services to continue to meet the needs

Cover image: An AIDS Action Committee health counselor conducts a nutrition workshop to help his client improve his chances for treatment adherence through improved diet.

of Massachusetts residents living with HIV/AIDS. In recent years, AAC had successfully merged with two smaller HIV/AIDS service providers to deliver programs with greater efficiency over a larger geographic area. As its strategic planning process unfolded in 2012, AAC began to consider taking on a partner deeply engaged in HIV/AIDS care and prevention to ensure that the state's growing population of people living with HIV would continue to have access to community-based support services.

The Catalyst: Convening a Dialogue Among Peers

As part of AAC's strategic planning process, CEO Rebecca Haag brought together leaders of state health and human service agencies whose missions were aligned with her organization. She and her team shared their vision of the shifting HIV/AIDS service environment and their objective to identify organizations that could help expand and fulfill AAC's vision. The dialogue resulted in follow-up meetings with several organizations. In November 2012, AAC began merger conversations with a strong potential partner, but the two quickly learned it would not be an optimal match due to various factors, including insufficient mission alignment, different operating models, tricky cultural fit, and incompatible funding sources. AAC then focused on another prospective partner: Fenway Health, a federally qualified health center and research institution that provides clinical and community-based health care services to the lesbian, gay, bisexual, and transgender (LGBT) community and the area surrounding Boston's Fenway neighborhood. The organization, with a \$60 million budget and 450 employees, had a history of collaboration, and with AAC it rapidly developed a shared vision and set of outcomes for a partnership that would benefit Fenway constituents.

The Challenges: Building Trust and Creating Organizational Structure

The challenges were relatively straightforward and typical of nonprofit mergers: building trust and holding difficult conversations. The leaders of AAC and Fenway Health held detailed conversations around how AAC would ensure that its community-based support service approach to care would not be subsumed by Fenway Health's medical-centered approach to HIV/AIDS. Meanwhile, Fenway Health leaders needed to make certain that the merger would contribute in measurable ways to its mission to enhance the well-being of the LGBT community and all people in its surrounding neighborhoods by providing access to high quality health care. Haag and Stephen Boswell, the CEO and president of Fenway Health, established relatively quickly that the combined expertise of both organizations could result in a model of care that integrated medical and community support services applicable not only to HIV but also to all chronic and behavioral diseases. But the challenge of deciding what that structure would look like and what leadership team would guide the organization remained.

Ultimately, the commitment to holding difficult conversations helped guide both organizations to decide: 1) to keep the AAC brand for advocacy, awareness, and fundraising efforts; 2) to structure AAC as a controlled affiliate of Fenway Health with a mirror board; and 3) to predetermine the roles of each organization's CEOs.

Integration Tactics: Dedicated Capacity, Low-Hanging Fruit, and a New Budget

First, AAC and Fenway Health both designated teams to lead and manage the integration process. As the smaller of the two partners, AAC needed additional capacity to process its side of the merger. AAC and Fenway Health sought and received support from the Catalyst Fund for Nonprofits to pay for a consultant who knew AAC well and could manage the integration with a counterpart from Fenway Health. AAC and Fenway Health incurred no substantive merger-related costs because of internal resources and external pro-bono support (e.g. legal support, human resources, communications, etc.). The integration team identified short-term and longer-term opportunities. Short-term integration opportunities gave the organizations the chance to work together at various staff levels, while building new relationships and trust. These projects included joint services at a community clinic and an assessment of integrating evaluation functions. In terms of longer-term opportunities, a unified budgeting process for fiscal year 2015—currently underway—will bring the two partners under one fiscal umbrella, with a distinct budget for AAC.

Early Results: Complementary and Evolving Services

Less than a year has passed since AAC and Fenway Health signed their alliance agreement and only six months since the official closing date. The true impact of integration on their HIV/AIDS services will unfold over the coming months and years; however, there are some early and promising results on the program side. HIV prevention programs at both organizations that target men who have sex with men will soon be scaled across the Greater Boston area without a concurrent increase in resources. Fenway Health's medical expertise has been leveraged to provide on-site medical care to AAC clients, utilizing services such as nutrition, peer support, and mental health counseling. On the operations side, the human resources, finance, and marketing and communications functions of both organizations have been integrated to ensure greater capacity at reduced cost. Although community and client benefits, not cost savings, drove the merger strategy and there have been no merger-related layoffs, an estimated \$400,000 will be saved on AIDS Action's average annual budget. Savings will come from natural attrition in some overlapping administrative positions and lower costs of finance and HR systems.

The fundraising and policy operations remain separate and robust. The brands of both organizations remain strong. There will be changes ahead, but by all accounts the original objectives of the new relationship are being met—and services to those affected, infected, and at risk for HIV/AIDS are stronger and more integrated.

Case Collection: Nonprofit Mergers That Made a Difference

A series curated by The Bridgespan Group, La Piana Consulting, the Catalyst Fund for Nonprofits, and The Lodestar Foundation

A number of nonprofit organizations are strengthening their fights against poverty, disease, and other social ills by turning to mergers and collaborations that increase their scope and scale of impact as well as streamline operations. This case is part of a series of studies and blogs that explore effective nonprofit mergers, looking specifically at their rationales, catalysts, and results as well as the challenges of due diligence and integration.

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