



Photo: Courtesy of Pine Street Inn

Pine Street Inn and hopeFound Combining Resources to Provide Long-Term Homes to the Homeless

By Peter Kramer, Nonprofit Finance Fund

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 between them. The merger of Pine Street Inn and hopeFound shows how a plan to increase scope resulted in both expansion of services and increased scale.



The Rationale: A Single Strategy

Every night, more than 9,000 men, women, and children in Greater Boston are without a home. In Boston, [Pine Street Inn](#) and hopeFound were widely recognized as top organizations dedicated to ending homelessness. Both ran highly effective agencies, serving occasionally overlapping populations, but they used different programmatic approaches. The two organizations came to believe that longer-term housing, rather than just emergency shelter, could be a critical component for solving homelessness. Under this reframing, Pine Street Inn devised a strategy to deliver more stable housing for homeless individuals and families. Meanwhile, hopeFound determined that, to achieve similar goals, combining forces with another agency that already developed and managed real estate would be crucial.

The Catalyst: Imagining the Future Over Breakfast

After working with consultants to conduct an environmental scan of potential partners in 2010, Mary Nee, then executive director of hopeFound, decided to approach Pine Street Inn. She recounted, “Of the 12 organizations we looked at, only three were viable options, and of those, Pine Street Inn was above and beyond the others in terms of alignment. It had 700 units of housing and a plan to double that.” Pine Street Inn, with its solid housing portfolio and strategic plan to direct more focus and resources toward housing, was a promising prospective partner. Not only was there a match in housing focus, but both organizations were financially strong, shared similar missions, served some of the same populations, and offered some complementary services.

After discussing with the hopeFound board the potential benefits of a merger, Nee reached out to Lyndia Downie, president and executive director of Pine Street Inn, for a breakfast meeting. There, Nee suggested that a merged organization could be more effective in achieving mutual goals, especially with regard to moving

more clients into longer-term housing. She also offered to step down after the merger and serve as a consultant to the combined entity during the transition. Shortly after this meeting, Nee and Downie brought key board members into the conversation and began working with consultants to explore the merger with support from the [Catalyst Fund for Nonprofits](#).

The Challenges: Communication and Due Diligence

Managing the demands of clear communication and due diligence in a complex and high profile local merger proved challenging on several fronts. The organizations quietly conducted a feasibility assessment to better understand the implications of merging. They then mapped out a communication strategy. In conversations with some state government funders, senior staff at both organizations realized reassigning contracts from hopeFound to Pine Street Inn would take longer than anticipated. The due diligence process of sharing detailed financial, legal, human resources, governance, and other information also proved time consuming. As difficult conversations arose, the parties often relied on individual relationships across staff and boards to help navigate challenges. The demands of due diligence were particularly difficult for Nee, as hopeFound senior staff had key vacancies left unfilled due to the impending merger. Continuing to deliver day-to-day services with a limited senior team, while balancing a merger vetting process, added strain to the hopeFound team. Even with the Pine Street Inn team intact, due diligence also added substantial work. Some Pine Street Inn staff, such as the chief financial officer and director of human resources, worked 70 hours a week through the process.

Integration Tactics: Consultant Support and Implementing the Plan

Pine Street Inn and hopeFound worked with two independent consultants, who guided the merger process. As negotiations for the final agreement drew near, both organizations decided that having their own legal representation was crucial for achieving an optimal merger. In February 2012, nearly a year after the conversation began, the merger agreement was signed, and Downie and her Pine Street team immediately set about implementing an integration plan that was developed with Alice Howard, one of the consultants. The plan called for creation of a merger monitoring committee that could report back to Downie on how implementation was progressing. Each manager developed a set of short- and long-term integration priorities, including IT alignment, consistent program policies and goals, and consolidating the finance, volunteer, and development operations.

Results: Better Job Placement Rates and Progress on Long-Term Housing

Although the full impact of the merger will not be known for several years, there are promising early results. In 2012, the first year of the newly combined Pine Street Inn,

its job training and placement programs saw nearly 50 percent of graduates gain employment. The prior year's employment rate for Pine Street Inn's jobs program was approximately 35 percent. As part of a pilot program developed by hopeFound, Pine Street Inn created a control group that did not get employment services. The data showed that the group engaged in employment services doubled the rate at which they got jobs when compared with the control group. Pine Street Inn also performed some early financial analysis of the merger; it appears to be neutral thus far. However, the original impetus for the merger—creating stronger alignment and a greater focus on housing—appears to be working: there is a 90 percent retention rate for formerly homeless people placed in long-term housing.

Sources:

"US Department of Housing and Urban Development, 2011 Annual Homeless Assessment Report to Congress." https://www.onecpd.info/resources/documents/2011AHAR_FinalReport.pdf

Peter Kramer and Farhan Latif, "Merging for Greater Impact: A Case Study of Pine Street Inn and hopeFound , supported by Catalyst Fund for Nonprofits," Nonprofit Finance Fund, 2013. http://nonprofitfinancefund.org/files/catalyst_fund_case_study_1-30-13.pdf

Katie Johnston, "Job-training Program Helps Homeless Find Work," *Boston Globe*, April 20, 2013. <http://www.bostonglobe.com/business/2013/04/09/pine-street-new-program-helps-homeless-find-work/VUNkW2MkLrpoJ38JCarj8M/story.html>

Peter Kramer email exchange with Lyndia Downie, president and executive director, Pine Street Inn, January 21, 2014.

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.

BOSTON
535 Boylston St., 10th Fl.
Boston, MA 02116
Tel: 617 572-2833

NEW YORK
112 West 34th St., Ste. 1510
New York, NY 10120
Tel: 646 562-8900

SAN FRANCISCO
465 California St., 11th Fl.
San Francisco, CA 94104
Tel: 415 627-1100

