
Photo: John Rich Photography

Crittenton Women's Union

Merging to Move More Women to Economic Independence

By Katie Smith Milway, The Bridgespan Group

Nonprofit Mergers That Made a Difference Case Collection

Collaborating to accelerate social impact

March 2014

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 Crittenton, Inc. and The Women's Union is a strong example of how a bid to grow scale created an opportunity to transform services.

The Rationale: Transform Strategy & Organization

By autumn 2005, two venerable Boston nonprofits serving disadvantaged women, The Women's Union (TWU) and Crittenton Inc., were facing organizational distress. TWU, a research and advocacy organization, was losing its executive director at a time when it had a windfall of cash to invest.

Crittenton, a direct service provider, also was losing its ED at a time when the organization was asset rich but cash poor. Such conditions—leadership vacuums and financial pressure—can drive nonprofits to nonstrategic mergers. But TWU and Crittenton used their distress as a motivator, to transform their strategies and organizations. What was their aim in seeking to combine boards and senior staff? It was to reset their sights from creating safe havens for disadvantaged women to facilitating their economic mobility and independence. The merger gave both organizations greater economies of scale: one headquarters building, one back office. But more important, it transformed their approach to addressing poverty for women and children, which called for new investment. "We could go from delivering services to the poor to innovating new pathways out of poverty," said the eventual CEO of the combined organization in a La Piana write up.

The Catalyst: Board Chairs

In late 2005, the board chairs of TWU, founded in 1877, and Crittenton Inc., founded in 1824, bumped into each other in an elevator. It turned out they both had approached the same candidate to fill their impending vacancies at the top, a nonprofit executive named Dr. Elisabeth Babcock. The trouble was, Babcock didn't find either role enticing. After the chance meeting, however, the board chairs, who knew each other socially, met in earnest and began to set their sights on merging into a new entity with an evolved and ambitious mission: to move women and their families to economic independence. It was a vision that Babcock found irresistible. She signed on as CEO of both organizations in 2006, and in June of that year merged them into the Crittenton Women's Union (CWU).

The Challenges: Staff-led Restructuring, Board Interviews, Brand Research

Between TWU and Crittenton, the merged organization would have a strong balance sheet and strong income statement, so due diligence focused primarily on issues related to restructuring staff and programs and blending boards and brands. The restructurings, which can be the hardest part of a merger of equals, were led by staff and carried out before the legal merger. As recorded in the La Piana write up, "When board members reached a point at which they could not further analyze the implications of a merger without involving staff, they invited their senior teams to assess the potential risks and benefits and to present a case. Staff leapt at the opportunity, convening jointly in an off-site work session to map out the idea in greater detail. The senior staffs' efforts demonstrated both the merit and feasibility of a merger." Recalled the then board chair of TWU, "That's when it became real." The organizations hired a market research firm to test the viability of the current brands versus a rename. And Babcock herself interviewed board members to understand how supportive they would be of the merged entity.

Integration Tactics: Board Dilution, Program Triage and Investment, Blending Brands

"The board merger was the hardest part," recalls Babcock in a 2014 Bridgespan article in *Stanford Social Innovation Review*, "Why Nonprofit Mergers Continue to Lag." "We had two organizations with different board cultures and different perspectives on what was needed in the new organization." Babcock and her chairman then turned to the hard work of aligning the merged board to CWU's mission. Each board chose seven members for the combined CWU board, and the new entity could add up to seven new members. "We created a shared mission and vision," said Babcock. "We worked hard on how the board role should lead and support that vision, and transitioned off the board members who couldn't realistically be a part of the new vision and role of the board." By January 2014, six of the original 14 members were still on the board, along with 12 new members. The new entity shed $1.5 million of programs that weren't focused on economic mobility and—thanks to incremental administrative savings, expanded government contracts, and new philanthropy—invested $2.5 million in programs that were. Meanwhile, market research found strong recognition and support for both brands, and recommended compounding the name.

Results: Budget Growth, Evidence-based Program

CWU's assessment and refreshment of its program portfolio paid off. The organization identified programs it wished to let go and transferred several of these to nonprofit partners, minimizing impact on the community. This freed up CWU resources to develop new programs in line with the merger vision, including its award-winning Mobility Mentoring® program, now proven to move poor women to independence, defined as holding a job with a salary of at least $45,000, having $10,000 in savings, and an educational degree that supports one's chosen vocation. In making these shifts, CWU grew its budget steadily through the economic downturn, from $9.4 million in 2008 to $11 million in 2012. Babcock credits growth in revenue and program quality to the strategic restructuring: "That never would have happened had we not merged."

Sources:

"Crittenton Women's Union: Models of Strategic Restructuring: Merger Policy Research Meets Direct Services: Why Merger Made Sense," La Piana Consulting, 2010, http://www.lapiana.org/insights-for-the-sector/insights/collaboration-and-strategic-restructuring/crittenton-womens-union.aspx.

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

www.bridgespan.org