

## How Healthy Are Your Not-for-Profit Family Relations?

*This article originally appeared in the October – November 2007 issue of Association™ magazine and was updated in December, 2015.*

Not-for-profit organizations frequently establish close relationships or partnerships with organizations of different geographical, strategic or operational perspectives. National, regional, provincial, municipal and/or special interest partnerships are quite common. Family partners are often referred to as national, affiliates, provincial, branches, chapters, council, institutes, etc.

Partners in a not-for-profit family may be linked by a profession, trade, charitable cause or special interest. The key thing to remember is that the actions of one partner have the potential to affect others in the family.

The family arrangement is unlike typical business partnership arrangements. In business partnership arrangements, it is possible, by giving due notice, to terminate the arrangement at the end of, or even prior to, a fixed term. The family partnership arrangement is still implied or perceived to exist even if there is no agreement in place between partners in the family. It is therefore imperative that the arrangement not only be clear but that opportunities to consider ongoing improvement are provided for.

### **Are improvements necessary?**

It is unfortunate that recent discussions, surveys and networking with association executives reinforces that the “them and us” or “we and they” attitude continues to characterize a large number of not-for-profit family relationships. It also appears that concerns about “them” or “they” tend to get blown out of proportion.

When the “we and they” attitude presents itself, a greater number of personality clashes tend to occur, which ultimately results in a decline in the level of trust that exists between members of the family. I’ve heard a host of stories about the “bad guys” from not-for-profit boards - stories about the national dictator or the rebel provincial group abound. Many of these tales become myths within the family group. When these situations occur, many begin to seriously consider the value of the family itself.

How true are these stories? Some, unfortunately, are true, but often one particular incident or situation is blown out of proportion. When the level of conflict increases, the war of words and stories escalate. The originating incident that resulted in the conflict is often miniscule in terms of the big picture - if it had been addressed immediately in a meaningful way, it would have been better use of time and resources. Often, the cause of relationship fractures is uncertainty around strategic intent and values, roles and responsibilities, poor communication, use of resources, timing, performance and accountability, lack of or limited orientation, lack of agreements and operating principles, and the methods utilized to deal with differences.

During periods of disruption in a family partnership, it is not unusual for resources to be used ineffectively due to duplication of effort, unclear strategic focus, poor communication and overlapping roles and responsibilities.

Family relationships are not something that should be looked at every three years or when a big problem occurs. Ongoing attention and regular maintenance by all involved is a must. Existing or new core agreements between partners should include provisions that require ongoing maintenance.

Other activities of a family partnership may also require agreements. A separate agreement may be required to cover the development and delivery of products or services based on the shared services concept. Other agreements may relate to specific initiatives such as branding improvements within the family, related roles and responsibilities, the use of resources, and desired outcomes.

### **Why is national doing this, it is a provincial responsibility?**

One key reason for some of the confusion in a family is the fact that the national partner is often called upon to play different roles.

Activities of a national partner vary, but it is not common for a national partner to engage in three levels of activity. The first level relates to the specific national mandate which may involve national advocacy, standards, research, international relationships, and national products and services. The second level requires coordination support for the family groups. In the third level, the national partner acts as a business service provider, delivering back office or provincial services through a shared service arrangement to take advantage of economies of scale.

Potential economic benefits and quality improvements are resulting from increased outsourcing, and national and other partners are stepping beyond traditional roles to become business suppliers to the family. Some groups have a fear of changing service arrangements as they believe it will change governance structures - this however, is not the case.

It is not unusual to find volunteer leaders at the national and other partnership levels who believe members would benefit if operations were more centralized rather than decentralized. At the same time, others are trying to go in the opposite direction.

It is therefore important to ensure volunteers at the national level understand that national leadership is different and requires responsibility only to the national partner. Volunteers at the national level should bring to their role strong competencies in areas such as facilitation, coordination, communication, and developing common visions.

### **Keeping the Arrangement on Track**

If a family partner is looking to determine the level of success of the relationship, the short survey found in the sidebar can help identify areas for improvement. If you wish to determine how your not-for-profit family relationships measure up, check to see if the following are in place:

- There is a level of common understanding and acceptance of a shared vision and mission. It is possible to have more than one strategic plan; yours, theirs and the family's.
- There is understanding and acceptance of agreed-to principles that set out what is valued.
- There is alignment of priorities and resources.
- The family is recognized by the same brand, and a strategy is in place to strengthen the brand with clear supportive activities by all partners.
- There is effective orientation and development for all partner leaders and clearly defined roles and responsibilities.

- There is succession planning to attract leaders with the necessary competencies to work within complex arrangements.
- Ongoing structure and processes are in place to support improvements to the effectiveness and efficiency of the partnership.
- There are agreements to support core principles and shared service arrangements.
- Agreed upon methods are in place to address and deal with conflict as soon as it arises.
- There are no clear winners at the expense of others and all weak links are supported.
- There is a strong national group coordinating information exchange and facilitating proactive initiatives.
- Expected outcomes and performance indicators are in place to help establish direction and support accountability to family partners.

Students in the Certified Association Executive® program often discuss these types of relationships. There is no shortage of stories. Friction is real and members are losing out. Some have noted that the cost of duplication in their association family may be as high as twenty percent of resources. Member surveys indicate where these resources could be better applied.

What is the cost of duplication? Groups sitting down to determine this should use outside assistance as distrust, control and other issues can make it difficult to achieve a win-win situation. Even with outside support, some situations may have deteriorated to the point where some partners will simply not share information - they believe it is their right not to cooperate and to continue to do what they always have been doing. They have no intention of looking at possible improvements to reduce duplication.

Duplications in the area of technology have cost some family partnerships over \$100,000 in one-time costs alone. In this digital age, all partners need to adapt to new ways. Adapting to serve members, regardless of governance arrangements or the box that exists, should not override making the best use of members' money.

Leaders of Canada's management accounting profession are serious about improving relationships in their family. A major improvement exercise resulted in the development of a three-constituency governance model. The model has a reconstituted national Board of Directors, a Council of Chairs consisting of the chairs of the national, provincial and territorial partners, and a team consisting of the national, provincial and territorial chief executives.

The national board is now able to focus on matters for which the board is accountable. The Council of Chairs represents the "governance" of the partnership and will focus on strategic matters related to improving congruency, convergence and performance measure targets for the partnership. The national board is recognized as a partner on the Council.

The Chief Executives now have a formal role within the partnership governance structure and report to the Council of Chairs. This group is responsible for the long term plan of the partnership, implementation of partnership initiatives, assessing partnership performance measures against established targets, and addressing other common issues that affect the partnership.

These improvements will result in more attention to the arrangement, greater focus and a better use of resources.

There will always be a need to engage in more effective initiatives to build nation-wide consensus and cohesiveness. If this does not occur, groups will be locked in the past and will not be as responsive and proactive as markets and members wish.

While governance arrangements tend to be locked in stone, an opportunity exists to engage in shared service arrangements and move beyond the limits of turf and jurisdiction to a higher level of integrated effort.

Now is the time to engage others – to help them understand the importance of family relationships and how to get those arrangements in order. Perhaps your organization and others in your family group are ready to make improvements. Share this article with members of the decision-making groups in your not-for-profit family – perhaps it will identify a few champions for change and long term improvements that will help all members of your family achieve their goals.

**What's the Quality of Your Not-for-Profit Family Relationships?**

	Strongly Agree	Agree	Disagree	Strongly Disagree
There is good communication between the partners.				
There is no mutual suspicion and disrespect between partners.				
All staff of the partners feel they are working towards a common vision and values.				
Orientation for volunteers and staff includes enough information on the various partners' roles and responsibilities, plans and performance.				
The national partner understands the needs of the other partners and coordinates information.				
All partners understand the importance of working with the national partner to support the best use of resources.				
The national partner understands that partners differ from one another and adjusts communications and working styles accordingly.				
A method is in place to support ongoing improvements with the partnership arrangements.				

If you have noted one or more “Disagree” or “Strongly Disagree” responses, opportunities exist for improvement in your not-for-profit family relationship(s).

*Jim Pealow, MBA, CPA, CMA, CAE, CMC is Managing Partner of Association Management, Consulting and Evaluation Services (AMCES). A researcher, writer, instructor/coach, author, speaker, knowledge broker and consultant in not-for-profit leadership and management, Jim's books, articles, and practices and tools are referenced by association leaders worldwide. His domestic and international consulting practice addresses some of the most challenging association leadership and management situations. Reach him at [jim@amces.com](mailto:jim@amces.com).*