

# Acting Above Self-Interest

*Sandra Wilson*

An essay contribution to  
*Conversation 2014*

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## GHC Conversations

Annually, Gary Hubbell Consulting convenes and hosts a small hand-picked group of social sector professionals for three days of intense dialogue and critical thinking. We strive to create a thought-provoking, mind-opening, and stimulating conversation about the social sector, philanthropy, and leadership. This deep exploration of the nature and challenges of the environment is intended to engage, inform, and inspire senior leaders to be catalysts for change in their own organizations and communities of influence. With each GHC Conversation, we seek to establish the seeds of a continuing and enriching network that nourishes us as individuals and helps each of us change how we converse, inspire, and seek new dimensions of impact.



## Participant Bio

### **Sandra Wilson, CGA**

Chief Financial Officer, Vice President Philanthropy,  
Hamilton Health Sciences Foundation

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Sandy is CFO, VP Philanthropy of the Hamilton Health Sciences Foundation which includes Hamilton General Hospital Foundation, Juravinski Hospital and Cancer Centre Foundation, McMaster Children's Hospital Foundation, St. Peter's Hospital Foundation and all of their associated programs. Through the generosity of our donors, we fund capital redevelopment projects, purchase medical equipment and technology, and invest in research and education. Our mission is to raise funds and manage donor gifts to support outstanding clinical care and research for the communities served by Hamilton Health Sciences; our goal is Health Care, Transformed.

Sandy is a Certified General Accountant (CGA) with over 24 years of day to day financial accounting experience and more than 13 years of not-for-profit management experience. Strategic vision and growth have been a key area of responsibility in both the for-profit and nonprofit sectors. She has a strong emphasis on analyzing and identifying organizational efficiencies and inefficiencies with a focus on developing and implementing a plan to realign and strengthen the organization and realize cost reductions while maintaining and improving operational integrity.

Sandy is married to Michael and very proud mother to Connor and Shirley-Ray.

This is Sandy's first GHC *Conversation*.

## Acting Above Self-Interest

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In order for us to achieve social and community betterment it will necessitate collaboration with others, and it will require us to act above our own organizations, and more importantly our own base self interest. Wise Action will be to wholeheartedly accept the teachings of the past, learn from them, and move forward in the best interests of our community.

### **Pursuing Organizational “Realignment” as One Path Towards Wise Action**

The nonprofit sector faces many challenges not dissimilar to every other sector. Economic downturns, competition for market share, attracting talent at all levels, and acquiring and retaining senior leadership are just some of the competitive factors that nonprofits are facing. Donors and funders continue to scrutinize organizations expecting more impact for the cause and reduced operational costs.

These challenges have spurred a myriad of ways to deal with them. Whether strategies for marketing, creative funding models, talent acquisition or enhanced organizational sustainability setups, the discussion of consolidation comes up. However the discussion should not be so narrow as to whether to consolidate separate entities. The discussion should be – what are the reasons for consolidation; what is the end goal; is consolidation the only option; have we honestly examined the intent of the need. Are we truly prepared for the change and are we prepared to give-up control?

As a certified accountant with more than two decades in the accounting world and more than 13 of those years in the nonprofit sector, I can attest to the reaction of consolidation in both the for profit and nonprofit sectors. Accountants are generally black and white ruled folk with the best intentions for their organizations within a framework of accounting rules. In researching and framing my thoughts on the Wise Action for an organization or an aligned group of people with an intention to do good, I was pleasantly surprised by the vast amount of forward thinking groups and individuals in our sector.

Merge Minnesota defines “Realignment” as a broad term that describes multiple kinds of organizational collaborations used as a strategy to address economic pressures and also as a natural process that occurs as the nonprofit sector grows and matures.<sup>1</sup> Consolidation is one of the eight defined options for organizations to consider in the realignment of an organization within the sector (Appendix 1). Deciding among the choices requires senior management experience with the organizations and acknowledging the multiple layers of affect of a realignment option will produce for the affected organizations. Without proper investigation and true consideration of the possible benefits and pitfalls will lead to an unsuccessful realignment of the organizations involved.

<sup>1</sup>Merge Minnesota

## Factors to Consider in Realignment

The nonprofit sector is a unique arena. In the United States, with the change in policy, any 501(c)(3) organization is considered a nonprofit, which includes associations set up to collect and support political organizations. Reporting of data at this time is not advanced enough to discern what is political versus what is social benefit, which raises concerns to the metrics that are published regarding past consolidation metrics and the increase in current nonprofit organizations. The data doesn't support making a rational and informed decision. However, anyone within the industry with the right heart and an open mind is aware that the need outweighs what the sector can provide for the true purpose of the sector.

In preparing for a Board Retreat presentation, I was introduced to the article "When Good is Not Good Enough"<sup>2</sup> to provide perspective to our Board where our organization was in relation to our own 2030 vision and to open discussion on where we felt our organization was in relation to the four scenarios that we had defined three years ago. The article addressed "collective impact" as an approach for solving problems, defining bold goals that change the game and lead to different decisions that would set your organization on a new trajectory that could ultimately lead to greater and accelerated impact.

In reading the article, both featured organizations had amazing results. Since 1984, Share Our Strength raised and invested more than \$376 million with no previous philanthropic experience. KaBOOM was very similar, with more than 15,000 playgrounds have been built, more than 1 million volunteers and service to more than 6 million children since 1995. However both organizations felt they had shortchanged themselves and those they were meant to serve.<sup>3</sup>

In reviewing various articles and organizations that have focused on transformational change, a major factor in all of these organizations is the strength of the leader and the conviction of the organization. Do we have the experienced leadership in our sector to move the needle on social change now and in the future? In 2006 Thomas J. Tierney and the Bridgespan Group carried out an extensive study of leadership needs for U.S. nonprofits and determined that the sector has little choice but to think and act in new ways to recruit and retain the best leaders.<sup>4</sup> Based on the forecast prepared in this study, which included a growth rate similar to 1995-2004 and a retirement rate constant from 1996 to 2016, the study projected that nonprofits would require 78,000 new senior managers in 2016 alone, up from the 56,000 in 2006.

Will the future quality of leaders be enough to move social change to the forefront? For profit organizations invest heavily in developing current talent into future leaders. Nonprofits have very little bandwidth to cultivate future leaders with on-going budget constraints and increased social need. Will recruitment from the for profit sector delay the progress of the sector in social change? Will realignment plans be the knee-jerk reaction to bringing profit-based senior managers into the sector? Will Wise Action and presence be in the forefront of the interview process in the future for nonprofit senior recruitment? Will we have the experienced senior leadership in the right positions in order to effectively analyze realignment options and provide the necessary guidance for the right path?

As I consider Wise Action for our sector, I worry that a leadership deficit of seasoned professionals will impact our sector in more than a financial manner. I believe that the

<sup>2</sup>When Good is Not Good Enough, *Stanford Social Innovation Review*, Bill Shore, Darrell Hammond, & Amy Celep Fall 2013

<sup>3</sup>When Good is Not Good Enough, *Stanford Social Innovation Review*, Bill Shore, Darrell Hammond, & Amy Celep Fall 2013

<sup>4</sup>*The Leadership Deficit*, Thomas J. Tierney

advancements in social change and organizational development will be significantly impacted and or regressed to a much earlier development phase. How can a business manager effectively assess the impact of combining organizations with different social mandates and missions when they are relatively new to the sector and/or possess only business acumen? I strongly feel that there are many more layers of social and environmental implications in a nonprofit realignment than in a for profit business combination. Advance investigation of the loss of donors due to a consolidation of entities needs to be considered, as certain grant funders have material limits for consideration while other donors will consider the organization not needing their support if they are larger. Critical to the success of any realignment is communication of the desired outcomes to all funders and donors.

David La Piana reported that the urge to merge shows no signs of abating.

“Underlying this trend is two core beliefs: The nonprofit sector has too many organizations, and most nonprofits are too small and are therefore inefficient. Mergers, the thinking goes, would reduce the intense competition for scarce funding. Consolidating organizations would also introduce economies of scale to the sector, increasing efficiency and improving effectiveness.”<sup>5</sup>

The article provides some very insightful examples of successful and unsuccessful mergers and the considerations that should be explored prior to deciding what option an organization should take. Reduced operating costs cannot be the driving factor in nonprofit consolidations. Mission, vision, and values need to be forefront. Seasoned leaders need to be able to work with boards to promote or defend their operations and clearly identify all of the possible pitfalls and successes of a merger. All possible scenarios need to be brought forward for consideration and the risks weighed appropriately. At times, it may be in the organization’s best interest to close the doors.

La Piana points out that

“Casual observers often perceive costs savings after mergers. But a closer inspection usually reveals that a merger itself did not save the money. Instead, it created a structure within which management was able to make the tough decisions that ultimately led to better financial footing – decisions such as instituting layoffs, restructuring contracts, and launching new fundraising programs, any of which could also have been undertaken without a merger had the organization’s leadership been willing or able to do so.”

### **A Barrier to Effective Collaboration: Living Systems Continually Recreate Themselves**

During my tenure at Hamilton Health Sciences Foundation, there have been two foundations consolidated into the main Foundation. Both of these consolidations were significantly different and had very different and similar challenges. Each foundation’s needs, current donors, programs and Board of Directors had to be intimately researched in order to achieve the objectives set out for the merger of the entities. Strong leadership, defined policies and processes, and a focused leadership team are integral to a successful consolidation. Consolidation of the operational aspects of the foundations is the easy part. Defining an aligned mission and vision and living and daily leading the values of the organization is the challenge that has to be overcome for a consolidation to be successful.

When I reflect on consolidations, I am brought back to thinking about the relationship

<sup>5</sup>*Merging Wisely*, David La Piana, Spring 2010

between and among parts and wholes as discussed in *Presence, Human Purpose and the Field of the Future*.<sup>6</sup>

As the old adage goes, the whole is greater than the sum of the parts. We cannot continue to focus only on the “part” that we have the ability or the desire to change, we must focus on the greater good and the impact that our “part” is able to make in our society and to work collectively with others.

“We cannot solve problems with the same kind of thinking that created them.”  
—Albert Einstein

We as leaders must think beyond self interest, ego and easiest path to the betterment of society as a whole. Buckminster Fuller pointed out,

“A living system continually recreates itself. But how this occurs in social systems such as global institutions depends on both our individual and collective level of awareness. An organization’s members become vehicles for presenting the prevailing systems of management because those systems are most familiar. As long as our thinking is governed by habit – notably by industrial, ‘machine age’ concepts such as control, predictability, standardization, and ‘faster is better’ – we will continue to re-create institutions as they have been, despite their disharmony with the larger world, and the need of all living systems to evolve.”<sup>7</sup>

I am reminded of political science - balance of power terminology; you must look beyond packaging to see what true policy is.

An article brought to our Management Team recently and explored at a previous GHC Conversation entitled “Ten Things to Do In A Conceptual Emergency”<sup>8</sup> reaffirmed the need for evolving and for “living more deeply and consciously in the present” – Re-Perceive the Present.

“We underestimate the importance of living more deeply and consciously in the present. To make sense of the confusion around us we need to draw on our full capacities, extending our habits of what counts as “knowledge”. In an age of boundless complexity plausibility is as powerful as truth. What drives the system is belief.

Our reliance on numbers and objectivity has downplayed other ways of knowing that are more subjective; knowledge gained from experience, from intuition that we cannot justify from emotional response, from esoteric levels of consciousness, from the science of qualities rather than the science of quantities. The aesthetic arts, poetry, music, are powerful forms for generating and communicating knowledge, including conceptual knowledge and insight. We once knew this instinctively – we have forgotten. Today we learn from the future that we can no longer neglect traditional sources of wisdom, and that we cannot know everything. Knowledge lives in the darkness and the mystery, as well as the light.”

Traditional giving helps one person at a time by providing charity for immediate short-term needs. Strategic giving focuses on change and builds for the future.

William Schambra of the Hudson Institute issued a sweeping challenge

<sup>6</sup>PRESENCE, *Human Purpose and the Field of the Future*, Peter Senge, C. Otto Scharmer, Joseph Jaworski, Betty Sue Flowers

<sup>7</sup>PRESENCE, *Human Purpose and the Field of the Future*, Peter Senge, C. Otto Scharmer, Joseph Jaworski, Betty Sue Flowers

<sup>8</sup>*Ten Things to Do In A Conceptual Emergency*, International Futures Forum

during a speech to the staff of the Hewlett Foundation: “After a century of strategic philanthropy, involving untold billions of dollars, we have in fact failed to solve even one social problem once and for all, by penetrating to its root cause.” The speech and questions were captured in a riveting article by Chris Cardona – *What’s Strategy Got to Do With it?*<sup>9</sup> In this article, Schambra states “there are many institutional incentives for each foundation to pursue its own insulated and prideful way, and very few submit to a larger collective.” I believe that he is referring to Wise Action of our sector and of philanthropic donors. “Just because you have money to invest in philanthropic causes doesn’t mean your ideas are good. Rigor and humility are necessary guides.”

In reading the article *Philanthropy and the Social Economy: BLUEPRINT 2014*,<sup>10</sup> I was intrigued by the “social economy frame” to capture the full set of options for both donors (those with the financial resources) and doers (entrepreneurs and organization executives). I am in complete agreement and awe of the digital civil society as outlined in this report. It further supports the work that the Rockefeller Foundation supports with their partnership with InnoCentive that links together a network of 150,000 engineers, scientists, and entrepreneurs around the world.<sup>11</sup> This article speaks to innovation and how it will take all forms of innovation, public, private and governmental to solve social problems. The collaboration from around the world will be the breakthrough for social chance and impact.

“If I have seen further it is only by standing on the shoulders of giants”  
—Sir Issac Newton

There is unlimited knowledge available to anyone that desires. Interpreting the knowledge for the betterment of self and others can be the challenge. Wise Action for our sector will be to accept the teachings of the past and move forward from them. Expand on the already known, test the boundaries that society has put around us. Change the lens that we look out of on our everyday lives and interactions and be willing to accept. Collaboration with others will require us to ‘act above’ just our own organizations for the betterment of a great audience and impact, but in the end will be the reward that we are aiming for.

<sup>9</sup>*What’s Strategy Got to Do With It?* Chris Cardona, August 2013

<sup>10</sup>*Philanthropy and the Social Economy: BLUEPRINT 2014*, The Annual Industry Forecast by Lucy Bernholz

<sup>11</sup>Q&A Judith Rodin, by Eric Nee, Summer 2009

## APPENDIX 1

### Merge Minnesota – What is Realignment?

Administrative consolidation	Restructuring that includes the sharing, exchanging, or contracting of administrative functions to increase the administrative efficiency of one or more of the organizations involved. Such functions may include accounting, human resources, information and technology systems, marketing and purchasing, among other.
Consolidation	Combining separate organizations into a single one. Consolidation differs from a merger in that a new entity is created in the consolidation.
Joint programming	Restructuring that includes the joint launching and managing of one or more programs to further the programmatic mission of the participating organizations. For example, a domestic violence shelter and a rape crisis services organization got together to form and manage a domestic violence offenders' program, while continuing to operate their existing organizations and programs independently.
Joint venture corporation	An integration that includes the creation of a new organization to further a specific administrative or programmatic end of two or more organizations. Partner organizations share governance of the new organization.
Merger	The integration of all programmatic and administrative functions of multiple organizations, to increase the administrative efficiency and/or program quality of one or more of the partners. They can also integrate to increase geographic reach or achieve synergy between programs. Mergers occur when one or more organizations dissolve and become part of another organization's structure. The surviving organization may keep or change its name. A merger also occurs when two or more organizations dissolve and establish a new structure that includes some or all of the resources and programs of the original organizations.
Parent-subsidiary	An integration that combines some of the partners' administrative functions and programmatic services. The goal is to increase the administrative efficiency and program quality of one or more organizations through the creation of a new organization(s) or designation of an existing organization(s) ("parent") to oversee administrative functions and programmatic services of other organization(s) ("subsidiary"). Although the visibility and identify of the original organizations often remain intact in a parent-subsidiary relationship, some organizations involved in such restructurings consolidate to the point where they look and function much like a merged organization.
Program transfer	Occurs when one organization spins off or transfer administration of one or more of its programs to another organization.
Strategic restructuring	Occurs when two or more independent organizations establish an ongoing relationship to increase the administrative efficiency and/or further the programmatic mission of one or more of the participating organizations through shared, transferred, or combined services, resources, or programs. Strategic restructuring ranges from jointly-managed programs and consolidated administrative functions to full-scale mergers.



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