

Community Housing Coalition of WA

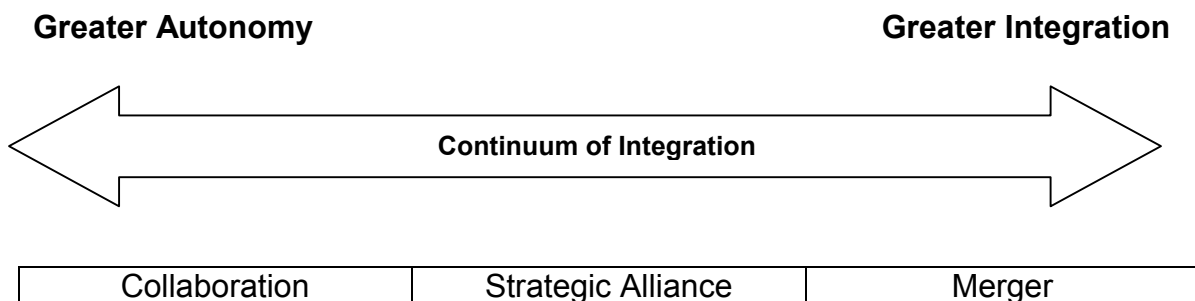
1st Floor, Claisebrook Lotteries House, 33 Moore St., EAST PERTH 6004
PH: (08) 9221 7933 FAX: (08) 9221 7944 FREECALL: 1800 35 7933
EMAIL: reception@communityhousing.com.au WEBSITE: www.communityhousing.com.au

Template for Negotiation Between Community Housing Providers Considering Strategic Restructuring

Throughout the community housing sector individual organisations are considering what the strategy of 'consolidation', identified in the Community Housing Strategic Plan 2003 – 2008, could mean for them, and what their organisation might look like in the future.

This template has been prepared to guide organisations through the process of considering whether they are ready to form a strategic alliance with another organisation, and how to progress that relationship – in whatever form it may take.

Organisations should consider a 'continuum of integration' and form a relationship that meets the needs and expectations of both groups, and minimizes the costs involved in coming together.



Never lose sight of the Potential Benefits

- Greater ability to pursue mission
- Clients served more effectively
- Increased stability
- Reduced duplication
- Less inappropriate competition
- Economies of scale
- Services that are complementary
- Increased access to funding
- Greater political legitimacy

TEMPLATE FOR NEGOTIATION



Step One – Take a look at yourself

Research has identified a number of factors that indicate whether an organisation is ready to engage in strategic restructuring. The greatest potential for successful partnerships, alliances or mergers is found when organisations have:

\$ Consider the potential costs \$

- Time and energy diverted from other work
- Consultant to facilitate the negotiations
- Travel and meetings
- Implementation/integration of programs and systems
- Severance for departing staff
- Human resources
- Communication and marketing
- Relocation

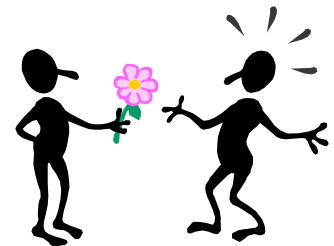
- A strong mission-focus – does everyone agree what the mission is?
- A strong relationship between the board and the Executive Officer
- A deliberate growth orientation
- Flexibility in the way the mission is pursued
- Identified why they are seeking a partner – is everyone comfortable with the decision?
- Identified critical issues – is the organisation strong or in crisis

Step Two – Assessing a potential partner

Unfortunately, it is not possible to really know what it will be like working with an organisation before actually doing so. However, before embarking on negotiations ask the following questions about the potential partner organisation:

- Do we trust them?
- Do we know them, and have we worked successfully with them in the past?
- Are our organisational cultures compatible?

If the answer to these questions is YES then the negotiation process is more likely to be successful.

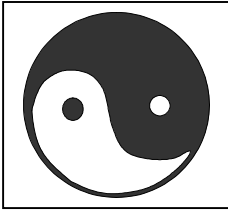


What kind of a relationship?

- Long term commitment or a 'torrid affair'
- Consider all the possibilities, review the types of potential partnerships
- Clarify legal issues – seek advice

Step Three – The Negotiation Process

Organisations should enter this phase aware of the challenges they face, and of the tools and resources that can help them succeed. The main challenges are likely to be:



- **Cultural integration**
- **Board integration**
- **“People” issues**



Cultural Integration

Culture in organisational terms encompasses the way work is organised, how authority is exercised, how people are rewarded, how conflict is resolved, how success is celebrated. When a new organisational culture is developed, it should represent a balance of what existed previously in each organisation.

Board Integration

People join a nonprofit board because they are concerned about an issue. Getting their support for a change means they have to re-invest in something new. This can be very hard for people to do.

Board members must be prepared to devote significant resources to a strategic restructure.

People Issues

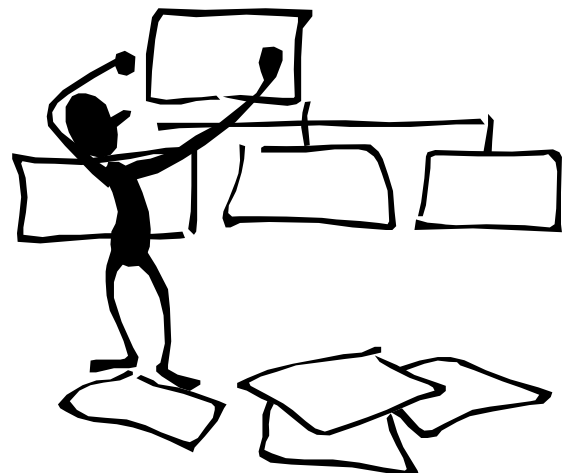
Clear, honest, and frequent two-way communication is vital for success. Being open and honest helps to ensure that good employees stay.

Articulate the strategic intention and translate it to what it means for the individuals involved. Address rumours early on.

Planning

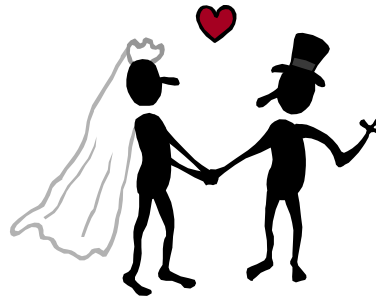
Each of the organisations appoints representatives to a negotiations committee who – possibly with the help of a consultant – identify the key issues that have to be resolved in order to proceed.

Once there is a negotiated agreement, individual boards must vote to approve it, and then put together a timetable for implementation.



**Marriage made in heaven or
shotgun wedding!**

Neither organisation should
make promises it can't keep!



Step Four – Integration (For better or worse)

Success Factors

- A figurehead – whether this person is a staff or board member, ideally they need excellent communication skills and the ability to motivate others and model a positive and forward-looking attitude
- An integration team – to plan what happens and when. The team does not do everything – rather ensures that everything gets done.
- Leadership focused on mission and vision, and able to move quickly and make difficult decisions – does not get ‘bogged down’ with detail.
- Focus on the future: honoring the past histories and cultures of the organisations, and creating a new ‘shared culture’
- Clear, honest, open, frequent, respectful, and two-way communication throughout the organisation – manage rumours and gossip
- Celebrating successes early on, and on an ongoing basis

Resources

**The Department of Housing
and Works**

The DHW has an important role to play in resourcing and supporting organisations considering undertaking strategic restructuring. The Department can provide advice on how to handle JV Agreements and the portability of leases.

**The Community Housing
Coalition of WA**

CHCWA will assist organisations by providing information to support the decision-making and integration processes involved in strategic restructuring.