THE HAUSER CENTER
FOR NONPROFIT ORGANIZATIONS
at HARVARD UNIVERSITY

Adaptation and Change in Six Globalizing NGOs: Drivers, Tensions and Lessons

March 2010

A set of case studies and snapshots (and accompanying synthesis) produced for discussion at the April 2010 NGO Leaders Forum

Table of Contents

All authors are staff or students affiliated with the Hauser Center for Nonprofit Organizations at Harvard University. To visit the Hauser Center's Humanitarian & Development NGOs blog, go to http://hausercenter.org/iha/

Adaptation and Change in Six Globalizing NGOs: Drivers, Tensions and Lessons

The experiences of six NGOs – Save the Children (STC), Oxfam, MSF, World Vision, CARE and Mercy Corps – were analyzed to help frame a discussion on structures and governance of globalizing NGOs at the April 2010 NGO Leaders Forum. The diversity of terms describing their global organizations (e.g., confederation, alliance, movement, partnership, federation) and national organizations (e.g., affiliate, section, associative, member, national office) indicate distinctive cultures. All these NGOs originated in industrialized countries and have, over the years, sought to become global organizations advancing missions that reflect universal values.

Every international NGO seeking to become more effective and relevant constantly confronts external/internal challenges that demand adaptation and change ("drivers), weighs trade-offs and manages tensions to make forward-looking decisions ("tensions"), and learns from their and others' experiences ("lessons"). This paper highlights some major drivers, tensions and lessons that emerge in the six cases.

KEY DRIVERS

Increasing Impact and Efficiency – In all six NGOs, increasing impact (better fulfilling the organization's mission) is central and leaders are seeking structures and governance systems that best enable effectiveness, given their organizational context and culture. In Oxfam, this takes the form of increasing coordination among affiliates in the field by putting in place a single management structure (SMS). In STC, a more dramatic transformation will vest more power in the center to assure unified strategy, program management and advocacy.

Managing Growth and Risk – All six NGOs have grown substantially (in terms of budgets, staffing and global presence) in past decades and have ambitions for further growth. Several rounds of reform at World Vision have sought to build effective structures/systems to manage continued growth aligned with the organization's principles. Humanitarian work puts NGOs in insecure settings, where aid workers are increasingly at risk. These risks can be heightened by lack of coordination in a global organization. At MSF, a compelling driver of change has been recognition that the lack of strong, rapid decision-making capability at the movement level, and compliance at the operational level, could expose MSF staff to security risks.

Enhancing Diversity and Equity – Many of these NGOs seek to enhance diversity and equity in two senses: first, they want more meaningfully to reflect perspectives from developing countries in their efforts, including in organizational governance; and, second, they seek a sense of equity and joint ownership among all affiliates or members. There are both principled and pragmatic reasons for this: for one, a "Western" identity is a mixed blessing in many developing countries these days. A principled approach is clear in World Vision's *Declaration of Internationalization*, although the organization today is no doubt driven also by pragmatic considerations about diversity. Both principles and pragmatism are reflected in the efforts of CARE, MSF, Oxfam and STC to develop "southern" members/affiliates.

KEY TENSIONS

Affiliation and autonomy – In the Oxfam, MSF and STC cases, there is a strong push and pull between affiliation (what is gained by affiliating more closely with the larger organization or by giving the center more power) and autonomy (what is lost by ceding control over certain functions to central/shared mechanisms). In the case of STC, several reasons (including like-minded leadership in key members) have led to affiliation prevailing over autonomy out of a shared belief that such change was necessary to increase impact in the future. In Oxfam and MSF, that tension seems to be resolved in a way that balances efficiency with inclusiveness.

Money and power – The principle of equality that is expressed in a confederation, federation or associative can be in tension with the reality of each NGO's business model (e.g., World Vision US raising $1 billion annually, CARE USA and Oxfam Great Britain being the largest members of their confederations, MSF having five operational centers). No matter how strongly the principle of equality is embraced, these realities make it hard to decouple money/size/operational capacity from power/influence within the global organization.

KEY LESSONS

One thing leads to another – A certain structure and governance system might be the right answer for five or so years; but even if that structure serves well and the organization makes progress on its vision for change, those structures/systems will sooner or later be outmoded again. In fact, certain limited structural changes may build unremitting pressure for more extensive change (i.e., STC's move to unified field presence in the past few years).

Leadership is important – Leaders who can transcend the narrower interests of their national organizations and advance a bold vision for the global organization are critical in these change efforts (e.g., a former World Vision US president and the *Declaration of Internationalization*, CEOs of STC US and STC UK and the current transformation underway).

Focus on culture as well as structure – There are few formal mechanisms in global NGOs for inducing cooperation. Thus, effective institutional architecture must address both structure and culture. Given how cherished autonomy is in many NGOs, compromises are inevitably worked out between efficiency of structure and inclusiveness of culture.

Build confidence in cooperation – In NGOs with a history of strong affiliate autonomy, there are high barriers to increased coordination and integration. In this context, piloting coordinated efforts in areas like emergency response have successfully demonstrated the value of cooperation and built confidence in more extensive reform.

Confront the political issues – Institutional reform processes often focus on structural models and governance mechanisms that provide technical solutions to current challenges. However, the suitability of these options for the distinctive culture and aspirations of each organization must be worked out through a process that is inherently political.

Save the Children: Ambitious Reforms and a High-Stakes Implementation Challenge

Save the Children (STC) is in the midst of significant organizational transformation, moving from a confederation of autonomous members to a federation with stronger central authority. This transformation entails changes in governance, organizational structure and supporting systems. The ultimate objective of these changes is to enhance STC's ability to improve the lives of children around the world through increased effectiveness, efficiency and consistency.

BACKGROUND

The original Save the Children was founded in 1919 in the United Kingdom. The modern version of the organization emerged in the late 1970s, functioning as a loose association of members. In 1988, the organization became the International Save the Children Alliance ("the Alliance"), creating a central coordinating body while maintaining full autonomy of members. In the late 1990s and early 2000s, the Alliance developed a unified vision, mission, values, goals, objectives and brand across members, although these were not universally used. Cooperation between members intensified in the past five years with the adoption of four "Key Challenges," which covered programmatic collaboration (*Rewrite the Future* and *Alliance Cooperation in Emergencies*), organizational development (*Strong Members*) and structural unification at the country level (*Unified Presence*). These "Key Challenges," in turn, laid the foundation for STC's current transformation by providing a clear rationale and momentum for change.

The work on *Strong Members*—for example, the establishment of Save the Children Italy—developed a new model of members who act as participants rather than owners of programming in other countries, foreshadowing the future of the Alliance. *Rewrite the Future* showed that members could align on global program strategy. *Alliance Cooperation in Emergencies* demonstrated that working as a unified organization increased impact. *Unified Presence*, a process whereby multiple members working in one host country "unified" under the leadership of a single member, demonstrated the value of greater unity in the field.

The process of unification at the country level created pressure for faster, broader change within the Alliance. For example, in Myanmar, under *Unified Presence*, four STC offices that had been operating independently unified into one office that drove all programs and operations. This single entity was governed by a country leadership group consisting of all STC members in Myanmar, but led by one country director. However, because regional structures were not unified and key systems (e.g. financial reporting, HR structures) were not harmonized, a "unified" office still faced significant impediments to effectiveness. To address this problem, a harmonization process was launched, beginning with common financial systems.

THE DIMENSIONS OF CHANGE

The members of STC believed that, in order to achieve their vision and mission of being the "world's leading independent organization for children," greater integration was essential to achieving increased impact, effectiveness and consistency. Greater integration would give STC a stronger voice, broader and deeper expertise, and more collaborative relationships, and would enable STC to achieve more in terms of scale and innovation. Through harmonized systems—in areas including human resources, finance and IT—STC could operate more efficiently and effectively. Through harmonized metrics and reporting, STC could ensure greater consistency and quality of results and could articulate its global impact for children. Indeed, STC felt that without significant change, it could not achieve its desired levels of growth, while meeting intensifying demands for accountability and impact.

In the summer of 2008, STC began work on its 2010-2015 strategic plan. Given the learning from the "Key Challenges," the strategic planning process highlighted the need for greater structural change and for governance changes to support structural modifications. Accordingly, the transformation STC is now undergoing involves changes to governance, program strategy, organizational structure and supporting functions (see Figure 1 for an overview of changes) and final agreement across all members on a common vision, mission and set of values.

Governance

The International Save the Children Alliance was governed by an assembly of all 29 members (the Members' Meeting) as well as an International Board. In the new governance framework, the composition and responsibilities of these two bodies have changed. As well, instead of an International Secretariat with limited decision rights, there will be a global CEO with responsibilities over programming. Previously, the Members' Meeting—in which all members were equally represented—was the highest governing body of the Alliance. However, it only exercised control over the roughly $3 million budget of the International Secretariat. The International Board—comprised of the CEOs of members from the US, UK, Norway and Sweden; the Secretary General; elected representatives from three other members; and up to three independent directors—reported to the Members Meeting. The International Secretariat, reporting to the International Board, was responsible for coordinating among members and facilitating international activities.

In the new governance structure, the STC International Board is made up of appointed directors from the US, UK, Norwegian and Swedish member boards (where the number of seats per country is proportional to revenue raised), elected directors from the remaining members, and two external directors. The new structure is accompanied by a stronger center with an international CEO, who will be appointed by and report to the International Board. An International Program Director and Campaign/Initiatives Directors will report (at least partially) to the CEO. The Members' Meeting remains. However, the distribution of decision rights over the $800 million annual budget of STC International between the Members Meeting (where representation is equal) and the new International Board (where representation is proportional) has yet to be decided.

Organizational Structure

The new organizational structure will have a much more significant center. Previously, "operational" members raised funds and made all programming decisions related to these funds; country directors reported to regional area directors, who in turn reported to member headquarters. Even in countries with *Unified Presence*, country directors reported to a country leadership group comprised of area directors from various members present in the region, and those area directors reported to their separate headquarters.

Figure 1: Comparison of Changes

		Previous International STC Alliance	Proposed STC
Governance	**Scope**	• Authority over $3m USD of activity	• Authority over $800m USD of activity, growing in next 5 years to $2b USD
	Members' Meeting (MM)	• 29 members, equal representation • Responsible for all key decisions	• 29 members, equal representation • Decision rights TBD
	International Board	• US, UK, Norway, Sweden CEOs • 3 elected reps of other members • 3 external directors, including Chair • Secretary General • Support decisions of MM	• US (4), UK (3), Norway (1), Sweden (1) national board members; appointed • 3 reps of other members; elected • 1 appointed external director, 1 elected • Decision rights TBD
	Executive	• Alliance Secretariat - responsible for member coordination • National members – responsible for line management of country programs	• CEO • International Program Director • Global Campaign/Initiatives Director • Line management of country programs outside of member home countries
Structure	**Responsibility**	• National members raise funds, run domestic programs, conduct advocacy, provide technical expertise • Some (11) members lead programming abroad (e.g., US in 50 countries)	• National members raise funds for all, run domestic programs, conduct advocacy, provide technical expertise for all • International Programming Unit leads programming outside of home countries
	Reporting	• Countries report to Region • Regions report to national member HQ	• Countries report to Region • Regions report to Center (Executive)
Support	**Systems**	• Diverse supporting functions (e.g., different HR benefits, pay scales, IT) • Diverse measures and metrics	• Harmonized support functions • Harmonized measures and metrics

In the new model, all international programming will be led by an International Program Unit—headed by the International Program Director—that oversees regional and country offices and deliver programs on behalf of all members. All field staff will be STC International employees. For countries with *Unified Presence*, the country-level structure remains unchanged; but instead of reporting to a country leadership group, country directors will report to a regional director, who will report to the International Program Director. As a result, the regional level will be streamlined from 21 to approximately seven offices. Countries without *Unified Presence* will move directly to this new structure. Similarly, in the new model, emergency response activities will be managed at the global level.

Members will retain responsibility for fundraising, donor management, domestic programs, program strategy and advocacy. Members will work closely with the center, regions and countries to allocate funds raised and to provide technical expertise to programs. They will have direct contact with the field and work with country directors on proposal development, program design, grant management and technical assistance. Members will also interact with regional and country leadership through regional forums on strategic implementation issues.

Supporting Systems
Instead of multiple support systems that may be misaligned (e.g. UK HR system applicable to all UK-managed field staff, Swedish HR system applying to all Swedish-managed field staff), all support functions, including human resources, finance and IT, will be harmonized. Likewise, program evaluation metrics and methods will be made globally consistent.

LESSONS LEARNED

Although the genesis of STC's current transformation was gradual, specific factors allowed STC to make this revolutionary change from a highly-autonomous, member-driven organization to the proposed new structure in the span of some 18 months. In essence, this change process represents a voluntary concession of powers from members to the center. STC is a global organization where nearly 80 percent of revenues comes from the US, UK, Norway and Sweden. Members like the US and UK run programs in dozens of countries, but others like Italy and Lithuania primarily raise funds for programming. Meanwhile, members in Scandinavia focus on capacity building and institutional change as key to improving children's lives, while others like the UK focus more on advocacy, and still others like the US focus more on direct field-level interventions linked to advocacy for programs at scale. Some members work in a consensus culture and others in a more directive culture. Given this context, what was at stake in this voluntary concession process differed vastly from one member to another.

The US and UK were initially skeptical of the new model, which would result in their control over field-level activities being significantly reduced. Scandinavian countries were open to exploring the idea. At first, smaller member countries did not pay close attention because they were skeptical that real change would take place. They soon realized, however, that the possibility of change was not only real but also high. A key turning point was when field staff around the world from a wide variety of members began pushing for what they saw as a much better model of an International Program Unit. Some smaller members such as STC Italy, which had always believed in the merit of greater unity, reacted positively. Others were more ambivalent about the magnitude of change proposed. Nevertheless, when it came to the November 2009 vote to approve the new structure, only one voting member abstained. All others voted in favor.

STC did not move as quickly or as far as it has without difficulty: there were intense and heated debates along the way. But when the going got tough, participants came back to "doing the best for children" as a way of re-establishing common ground and as a beacon for change. This paramount concern simultaneously unified the organization and provided enough common space to develop a vision, mission, values and theory of change that accommodated different ways of achieving their ultimate goal. In addition, four other factors accelerated the pace of change: (1) grassroots pressure from field staff who had experienced the benefits of greater unity first hand and wanted more; (2) leadership at member headquarters that seized the field's challenge and transcended national interests; (3) external consulting support providing structure and forward momentum; and (4) extensive communication, horizontally and vertically, across the organization that transmitted the field's push for change and transformed this energy into a blueprint for change.

Unified Presence demonstrated the tangible benefits of greater unity to field staff, but also revealed the need for greater harmonization. As *Unified Presence* progressed, there were insufficient resources to meet the demand for unification from countries that had yet to be unified. At the same time, countries that had been unified were asking when unification at higher levels would occur. Field staff sent repeated messages up to the CEOs. A regional gathering in Africa sent a message advocating greater unity to the former International Board. The momentum created by the successful experience with change through *Unified Presence* cannot be underestimated.

Leadership at the top of the organization, including the key member CEOs and the Secretary General, took up the field's challenge, but leapfrogged this demand for greater program and operational unification to propose changes to STC's global governance. Some leaders had been advocating for greater unity for years. Appointments of some new leaders helped to build consensus among key stakeholders that change was needed. External consulting and facilitation also played an important role throughout the change process. By putting data and analysis against a variety of options and identifying concrete solutions, external consulting helped move decision-making forward.

Finally, throughout this entire process, communication was crucial. Initially, an open culture of communication brought messages from the field to the top. As changes were being debated and fleshed out, proactive communications led by the Secretary General helped obtain the input and buy-in of various stakeholders. Input was solicited at regional meetings, and national boards, some of which had been vehemently opposed to these changes, were engaged. These communications up, down and across the organization amounted to a global campaign for change.

THE CHALLENGES AHEAD

Although momentous decisions have been made, the change process has just begun and STC faces three types of challenges as it embarks on this journey: (1) decisions that have yet to be made; (2) making the new model a success; and (3) advancing and resourcing the complex change process.

In terms of decisions yet to be made, STC must determine the right balance of power within the governance structure—for example, whether members should have proportional or equal representation, the degree of member control over the center, and the extent of power the new center will be given. In the quest for greater efficiency and global coherence, some believe that the center will inevitably gain more oversight, while others believe that the power of the center must be limited in order for members to retain relevance.

The challenge of these remaining decisions underlies a more fundamental difficulty of whether and how the new STC will be successful, with success defined both from member and global perspectives and manifest as a symbiotic relationship between members and the center. In the area of governance, this is a dilemma of how to ensure the fiduciary responsibility of member boards without direct oversight of country programming. Operationally, this is a dilemma of how to ensure that members still have a relevant role. Since members no longer own programming outside of their home countries, how do they remain effective fundraisers, advocates and campaigners, and how do they effectively feed their technical expertise into programs and provide assurance to their donors? From a cultural perspective, given differences of philosophy toward programming and different styles of working, will STC be able to develop a coherent global culture to support collaboration among members, and between members and the center? For the whole to be successful, members must be successful. And for members to be successful, the whole must be successful. But given differing priorities, perspectives and preferences, how do these various parts develop into a symbiotic entity?

Finally, even when decisions are made and even if the model seems intrinsically right, the change process itself is an enormous challenge. At the most granular level, as the organization changes, how will it ensure that it retains the best talent? At a higher level, how will STC ensure that member countries continue to commit the investment and resources needed for change? And at the highest level, in a consensus-driven organization with member autonomy, how will STC ensure that change continues and the organization remains cohesive?

Oxfam International: Building a Single Management Structure for Field Operations

Oxfam International (OI) is in the midst of a change process that will transform how its field presence in developing countries is organized. The move from multiple, autonomous Oxfam affiliate programs in the field to a deliberately crafted single management structure (SMS) is intended to help OI achieve greater impact, and become more agile and efficient.

BACKGROUND

The Oxford Committee for Famine Relief – eventually to be known as Oxfam – was founded in Britain in 1942. OI was created in 1995 to enhance collaboration and coordination among Oxfam affiliates and develop a shared brand identity. OI has led four consecutive strategic planning processes that provided a shared set of strategic priorities for Oxfam affiliates. While these strategic plans have helped affiliates coalesce effectively around advocacy campaigns, there is currently little collaboration among affiliates' field programs. Previous attempts to "harmonize" the work of affiliates in the field have had little success, except in the case of emergency response.

OI is a confederation of fourteen autonomous organizations working on development programs, humanitarian action, global campaigns and policy advocacy in some ninety countries. The largest affiliate, Oxfam Great Britain, raises some 40 percent of the confederation's revenue. OI continues to grow its membership: current "observer members" like Oxfam Japan and Oxfam India can work toward full affiliation. Each affiliate has a Board of Directors; OI's Board of Directors is comprised of the chief executive and one Board member of each affiliate.

THE IMPETUS FOR CHANGE

Oxfam's brand as a campaigning organization – and its body of work in the policy and advocacy arena – has been a rallying point for the OI confederation. Over time, global campaigning has helped unify Oxfam affiliates around shared objectives and has demonstrated the value of coordination and collaboration. Likewise, in 2002, a consortium system was established to better coordinate humanitarian response among OI affiliates, and this has provided a model for structured coordination within the confederation. Under this system, five Oxfam affiliates with a high level of competence in humanitarian response are pre-identified as lead affiliates. The Board of OI designates a lead affiliate for humanitarian emergencies in each country in which Oxfam works and, when an emergency hits, other Oxfam affiliates work under the leadership and coordination of that affiliate.

These two positive experiences with collaboration and coordination – and the widespread realization that having multiple affiliates operating separate programs in the field was an impediment to optimal impact, efficiency and learning – created a latent energy for more extensive change. In addition, as Oxfam began advocating for aid effectiveness, its own model of field operations came under greater scrutiny and its lack of field coordination became a greater liability. Against this backdrop, in November 2008, the OI Board decided to develop a mechanism for management of field programs by a single entity. This triggered the process now underway to put into place a single management structure (SMS) in each country in which Oxfam has programs.

THE DIMENSIONS OF CHANGE

The November 2008 decision gained strong momentum over the ensuing months. Oxfam Great Britain seconded a staff member to OI to serve as Project Director for the change process. He now leads an SMS Project Team, composed of staff seconded by affiliates; this team has led the design of the SMS. An initial stocktaking of concerns and expectations of affiliates regarding SMS indicated diverse perceptions. Most affiliates believed that, if successful, SMS would enhance the impact of Oxfam overall. However, there was also worry that moving too rapidly might paper over critical differences among affiliates rather than resolving them – and there were fears that SMS could squeeze smaller affiliates out of program roles and thereby undermine their legitimacy in advocacy.

SMS is intended to help OI meet three goals: (1) to increase impact; (2) to become more cost effective; and (3) to enhance Oxfam's brand identity and constituency. Under SMS, each country in which Oxfam works would have a single Oxfam country strategy, and every field program would be expected to meet global program quality standards established by OI. SMS is designed to provide all affiliates a meaningful role, encourage mutual accountability and foster a sense of joint ownership of the all Oxfam field programs. It is intended to create conditions for moving information, people and resources across affiliates with an agility that would increase the effectiveness of affiliates and the broader confederation.

SMS allows affiliates to play three roles with respect to program operations: management, implementation and governance. Each country would have one *managing affiliate* and up to three *implementing affiliates*. Managing affiliates and implementing affiliates would be represented on the *Regional Program Governance Body.* Other affiliates could raise funds for field programs and channel them through managing or implementing affiliates. *Funding affiliates* could also serve on the regional bodies.

The design of SMS reflects the desire for coordination, efficiency and alignment as well as for preservation of each affiliate's control of its field staff and operations. Thus, managing affiliates' staff would report to the regional body on country strategy and program quality, but their affiliate headquarters would retain line management. Likewise, implementing affiliates' staff would be accountable to the managing affiliate for advancing the country strategy and meeting OI standards, but would formally report to their affiliate headquarters. All affiliates working within a country would be co-located in one office, which would be headed by the country director of the managing affiliate. The country director and the heads of implementing affiliates in each country would constitute a Country Leadership Team.

Regional bodies would have oversight of regional programs and country programs in each of Oxfam's twelve regions. The regional bodies would oversee the execution of country strategy, hold managing affiliates accountable for performance and help resolve disputes that arise at the country or regional levels. These multi-affiliate regional governance bodies are intended to foster a sense of joint ownership of field programs among all Oxfam affiliates.

MOVING THE CHANGE PROCESS FORWARD

In the summer of 2009, OI coordinated a "bidding process" that required each affiliate to declare their interest in managing, implementing and/or governing roles in specific countries. Affiliates completed a self-assessment for each country in which they wanted a role. There was no competition for many of the roles, partly because some affiliates were retrenching geographically in the wake of the financial crisis. In these cases, roles were designated to the only "bidder." Some roles were hotly contested but these cases were narrowed down by affiliates' chief executives and were designated according to a formal assessment process, based on capacity criteria and involving external views.

In November 2009, the OI Board tentatively designated managing, implementing and governing roles among affiliates. A total of eleven Oxfam affiliates secured managing affiliate roles. Because in some forty countries only one affiliate declared an interest, the managing affiliate will be the lone Oxfam affiliate present in those countries. This will be known as the *single affiliate model*. A managing affiliate and up to three implementing affiliates have been designated in another 40 countries. This will be known as the *consortium model*. Whether the single affiliate or the consortium model, each country office will be identified as being under the aegis simply of Oxfam (rather than under that of the specific Oxfam affiliate – e.g. Oxfam Great Britain).

The implementation of SMS calls for Oxfam affiliates to relocate to shared facilities. In the mid-to-long term, cost efficiencies are expected as a result of organizing shared services and eliminating redundant roles. Co-locating offices and forming a coordinated country team also calls for alignment of a variety of policies and practices, including human resources. It also underscores the need for a cost sharing system; managing affiliates are likely to incur higher management costs and a cost-sharing system is being worked out. These are complex processes that are in various stages of development.

LESSONS, RISKS AND CHALLENGES

Despite a history of independent operations at the country level – and several unsuccessful attempts at "harmonization"– the November 2008 decision triggered a change process that pursued SMS very determinedly. There is some worry about whether this sense of urgency is sacrificing good diagnostics and sensitive change management. However, there is broad recognition that this is an historic opportunity for Oxfam and that it must be seized to ensure that Oxfam structures itself effectively for the future. Internal champions for change have been bolstered by external critiques of Oxfam's lack of coordination in the field; the need to protect Oxfam's reputation has helped to make a compelling case for change.

The implications of SMS are broad and absorbing considerable time and attention. SMS gives rise to the need to align human resources, finance, information technology, fundraising and other policies. In some areas, alignment might erode a long-held principle. For example, Oxfam America's emphasis on protecting its independence by not accepting U.S. government funding might be undermined by having to oversee programming of government funds (secured by other Oxfam affiliates) in countries in which it is managing affiliate.

The combination of the financial crisis and the move to SMS will lead to retrenchment in field operations that will cause some staff to lose their jobs. This could affect staff morale. As some Oxfam leaders have recognized, attending to the "soft side" (staff capacity and morale) of the change process is as important as getting the "hard side" (structures and governance) right. This is easier said than done in the midst of a complex, rapidly-moving process.

There is a tendency to see the change process in structural and efficiency terms, but enhanced learning and information sharing among Oxfam affiliates is an important part of what the changes will enable. Affiliates that were not familiar with each others' work would now have mechanisms that help them reflect, strategize and fundraise together. Thus, SMS can be thought of as a structure that would enable continuous peer review, optimize the comparative advantages of multiple affiliates and leverage synergies to deepen Oxfam's impact.

As they move away from a system where field programs were a bastion of affiliates' autonomy, most Oxfam affiliates hold firm to a vision of a confederation that balances coordination with autonomy. OI has taken on an increasingly significant role in the past decade and the successful implementation of SMS is likely to require that it become still stronger. The idea of a strong center or federation is opposed by some Oxfam affiliates, who might resist reforms perceived as leading to that outcome. In addition, there is a concern that SMS may lead to larger affiliates consolidating their influence in the field and smaller affiliates withdrawing their field presence entirely. The tension between unity and diversity must be carefully managed to keep the confederation motivated and growing.

The SMS design, in its attempt to both achieve a better coordinated field presence and preserve the autonomy that Oxfam affiliates cherish, would create many new roles and complex relationships. New structures would be created to enable shared ownership at various levels. These team structures would have dual accountability: one team would report to another team at a higher level, while each member of the team would report to their affiliate headquarters. This could confuse lines of accountability. If the SMS unintentionally creates confusion and bureaucracy, it could impede creativity and innovation and, as a result, undermine the goals of increasing impact and achieving efficiencies. This may well be the major risk in the reforms underway. The implementation of SMS will be accompanied by a process that measures whether the changes are producing the desired results and enables recalibration, if necessary.

Médecins Sans Frontières: Laying the Groundwork for Extensive Reform

Médecins Sans Frontières (MSF) is currently revisiting the structure and functions of its global governance and is committed to deciding on a new governance model by mid-2010. This will set the stage for further reforms to executive management across MSF's national sections and to how field operations are structured and managed.

BACKGROUND

MSF was established in 1971 by a group of French doctors who had worked with the Red Cross in Biafra and were deeply dissatisfied with the Red Cross' role and positioning there. The organization has remained focused on providing medical assistance in humanitarian crises and has sought to preserve its original character as a private association of individuals. By the late 1980s, MSF had five *operational sections*, including MSFs in Belgium, Holland, Switzerland and Spain, with the capacity to run field programs. In the early 1990s, several *support sections* had been established – including MSFs in the USA, Germany and Hong Kong – to recruit volunteers, raise funds and advocate globally. The MSF movement is now composed of 19 sections and several other entities. (In recent years, MSF has established offices in Brazil, Ireland and South Africa; not yet sections, these offices are referred to as "other entities" in MSF lingo.)

Most sections and entities were created by an operational section, which formed these sections and entities into "groups" with a certain level of delegation and coordination among themselves. For example, MSF France has formed a group with sections including MSF USA and MSF Japan. Each of the five groups implements its own operational plan, while allocation of resources (including human resources and funding for field programs) is agreed upon at the global level. Each operational center (representing a group) typically works independently of the others, even when in the same country. All MSF sections are unified by a common name, logo and principles. Through an increasing number of international agreements on resource allocation or policy harmonization, they have become increasingly dependent on one another.

Globally, MSF considers itself a *movement* that individuals join to volunteer in humanitarian crises. Returned volunteers become members of MSF sections (or associations) and each member has an equal vote in decisions made by the association. Each section elects a Board of Directors which nominates its Chair (President), appoints an Executive Director and ensures that the Charter and Principles of MSF are respected. Presidents of the 19 sections make up an International Council, which appoints an International President. An International Office in Geneva coordinates activities common to the operational centers.

In 2005-2006, MSF went through a period of intense self-reflection and lively internal debate to take stock of the organization's growth and the increasing complexity of its work. This led to the La Mancha Agreement, which articulated a shared vision and recognized the need for a clearer, stronger governance structure that reflected MSF's mission and associative nature. Although the La Mancha Agreement stopped short of dealing with institutional architecture, it laid the groundwork for the reforms being considered today.

THE IMPETUS FOR CHANGE

The rationale for reform emerged from the La Mancha process. It had become clear by then that MSF's international governance mechanisms were poorly designed to respond to the increasingly complex and insecure world in which MSF worked. MSF faced challenges that required timely, well-executed decisions on a movement level. However, the locus of decision making was still at the section level and the International Council's decisions were not implemented consistently. Decisions made at the section level – for example, to suspend field operations in a country – sometimes conflicted with the decisions of other sections. This inconsistency was becoming problematic: the lack of coordination was increasingly understood as a risk to staff security and a liability in terms of MSF's reputation. In addition, efforts to coordinate sections and field operations had led to a growing number of executive bodies whose roles were undermined by the lack of clear decision making mechanisms. Even though sections, especially operational centers, were wary of giving up their sovereignty, there was broad recognition that it was time to fashion clearer, stronger international governance.

Over the years, MSF had grown and proliferated – with new entities in countries like Argentina, Brazil, the Czech Republic and South Africa – and MSF needed a mechanism to provide greater coherence. In addition, the growth of various section headquarters was perceived by some in MSF as excessive. The organization's structures and governance systems had evolved organically to the current state, but further organic evolution would be unhealthy. These structures and governance systems urgently required deliberate reform. This collective realization coincided with the openness of the President of the International Council and the head of the International Office to support a reform process and move it forward.

THE DIMENSIONS OF CHANGE

Translating this collective sense that "something needed to be done" into concrete action has been challenging. The need for reform was widely recognized, but there was little agreement on the scope and scale of change required. The task of developing options for reform was delegated to a Governance Working Group (GWG) composed of executive directors and presidents of various sections. The GWG reflects both management and governance perspectives, and both operational and non-operational sections' interests. Meeting regularly and engaging the feedback of MSF staff worldwide, the GWG has worked over the past year to develop options for new structures and governance systems at the movement level.

The GWG identified key internal and external challenges and agreed on principles to guide reform. Many questions were considered. Should the highest international governance body reflect the interests of each section? Or should this body be independent of sections and require that individuals step down from their section? Should the top-level body be more inclusive of the newer MSF entities? How should international governance relate to executive management to ensure the timely execution of decisions?

Tactically, the GWG decided to focus first on movement level governance, on the assumption that MSF's associative nature should be reflected at the highest level of the organization. This would then provide a framework for reform at the executive management and field levels. The reform process is sequenced in the following way:

1. *Reform at the movement governance level* – The GWG has recommended changes in top-level governance structures, roles and relationships. These recommendations include: replacing the International Council with an International General Assembly which is more inclusive of other entities, and creating an International Board (appointed by the International General Assembly). In one option, members of the International Board maintain their affiliation with their original section, and in another option, they give up their section affiliations and serve in their individual capacities. The powers of the International Board would include approving a movement-wide strategy, ensuring coherence of operational plans with this strategy, and arbitrating conflicts.

2. *Reform at the executive level* – Based on the International Council's decision on movement level governance in June 2010, the GWG is expected to recommend a new model for executive level structures and roles by late 2010. A key question to be considered is whether an international executive body will be accountable to the International Board exclusively or whether its members (currently appointed by their sections) should remain accountable to their national boards of directors.

3. *Reform at the field level* – Key issues under consideration by a sub-group of the GWG are: how to better coordinate among sections in the field while preserving the spirit of volunteerism and healthy competition that are hallmarks of MSF, and how to rationalize MSF operational centers and groups without sacrificing responsiveness and capacity in the field. Some options to be considered are: designating a lead section in some countries; developing shared infrastructure (back office) that promotes efficiency without creating bottlenecks; devolving responsibility away from section headquarters to the field; and combinations of these options. Designating lead sections in the field would mean that MSF would have more consistent in-country representation and security-related decision making, addressing a feature of MSF's field presence that has become more problematic as MSF's work in dangerous and unstable settings expands.

The reform process is in a relatively early stage and it is not possible to know exactly what will emerge, but key opportunities and dilemmas are worth noting here.

LESSONS, RISKS AND CHALLENGES

The GWG has been adept at addressing the technical and process issues related to structure and governance reform, but it has avoided confronting the harder political issues within MSF. After a year of building mutual trust, GWG members are now putting sensitive political issues on the table. Would governance reform curb the sovereignty of sections? Would the model be so centralized that it would stifle the innovation that came with internal competition? Should the groups be dismantled? Operational centers want to continue the system of five operational centers working in competition, but acknowledge that existing groups need to be rebalanced. Smaller sections see room for rationalization and other ways to encourage innovation.

Given this backdrop, the structures chosen at the governance, executive and field levels must be aligned with what is cherished about MSF's distinctive culture, but they must also promote changes in that culture to promote greater consistency and coordination. On the one hand, it is likely that some degree of inefficiency and non-alignment will have to be accepted in order to have a system that feels inclusive. On the other hand, the autonomy of MSF sections must be circumscribed, to some degree, if MSF is to work effectively in increasingly complex settings. Decision making at the highest level must focus on the interests of the MSF movement. The decision making process must be both inclusive and efficient, and decisions must be executed consistently across the movement. This mix of structure and culture change is likely to be challenging, but successful change could yield significant dividends for the MSF movement.

Sections are accustomed to being autonomous and hold that autonomy dear. A successful new model must foster an interdependence in which one section looks to others for certain functions, services or capacity, and those sections deliver predictably and effectively. If this happens, mutual trust can be institutionalized – and sections do not see a downside in the loss of autonomy, but see a benefit in terms of the effectiveness of the broader MSF movement.

Since structural and governance reform directly relate to how power is distributed across the MSF movement, large and small sections – operational and non-operational sections – have very different interests at stake in the reform process. Small sections stand to gain from the changes being considered. One of their main roles is fundraising and they believe reform will enable them to raise funds more strategically. Large sections stand to lose some power in the reform process, and they are supportive of reform only to the extent that it can improve operations and advance MSF's mission. Substantively, there could be powerful intersection among the interests of large and small sections, if the reforms are artfully framed and focused.

MSF has put considerable emphasis on making the reform process inclusive. A website was created for the GWG to post analyses and preparatory documents. This year's annual Field Associative Debate focused on the reform process to provide an opportunity for field staff to weigh in. Various associations have had meetings and webinars for their members. There is strong support for change coming from the field – even though field staff typically do not have the time to engage extensively in discussions about reform – and this has dovetailed with the commitment of key international leaders to push through reform they feel is long overdue.

The fundamental risk in the reform process is that the decision of the International Council will not be ratified by some sections which would either protest the decision while remaining in the MSF movement or cut themselves loose from it. Either of these scenarios would undermine the reform process, and care is being taken to bring all parts of the movement along so that there is broad (even if begrudging) understanding of the need for specific reforms by the time the International Council makes a formal decision in June 2010.

World Vision International: Building a Global Organization on Federalist Principles

World Vision is an "early mover" among INGOs in advancing reform to build a truly global organization. World Vision's *Declaration of Internationalization* dates back to 1978.

BACKGROUND

Founded in the United States in 1950 by the Reverend Bob Pierce, World Vision is an international partnership of Christians working to help the world's children. By the 1960s, World Vision was working in Asia, Latin America, Africa, the Middle East and Eastern Europe. In the 1970s, World Vision embraced a community development model focused on reducing poverty. With 40,000 staff and a combined budget of $2.6 billion, World Vision International is today one of the largest NGOs in the world. Of the 98 World Vision offices globally, some 55 have their own governing boards. World Vision refers to its global alliance as "the Partnership."

THE JOURNEY TOWARD A TRULY GLOBAL FEDERATION

In its early years, World Vision was largely controlled by a handful of "northern" offices. They operated independently and raised almost all funding for field programs. In the late 1970s, the then president of World Vision US was inspired by conversations with religious leaders in developing countries to set forth, in a *Declaration of Internationalization*, a vision of a more equal partnership among "northern" and "southern" members. World Vision International (WVI) was established as a new corporate entity to coordinate the organization internationally.

By the early 1990s, World Vision had grown rapidly – both financially and geographically. Existing systems were overstretched and outmoded. Despite World Vision's intent of becoming a true partnership, founding members still controlled the organization. Against this backdrop, a WVI Task Force mapped out the next stage of internationalization. It conducted surveys among staff, WVI and national board members and leaders of peer organizations. Based on the results, the Task Force recommended changes in governance and management. First, it defined a clear model for the Partnership. Inspired by management guru Charles Handy, WVI chose a *federalist model* built on four key principles: empowerment, interdependence, twin citizenship and accountability. Subsequent reforms have all focused on putting these principles into practice.

Until the mid-1990s, World Vision offices were still referred to as *support offices* (which raised funds) or *field offices* (which programmed funds). To de-couple money from decision-making power and to recognize the equality of all partners, the Task Force advised moving toward a single type: the *national office*. Each national office could raise and allocate program funding, and have its own board. World Vision's by-laws and governing structures were modified. The *Global Center* would provide strategic leadership and ensure accountability and quality. The *Council of World Vision*, where every office is represented, would safeguard the overall purpose of WVI. The *WVI Board* was restructured to be a truly international Board – representing the seven regions within the World Vision partnership – with governing authority over operations.
In ensuing years, WVI deepened its commitment to federalism. Rapid growth renewed dissatisfaction about the inadequacy of systems and decision making. This led to further reforms, including: *strengthening national boards* (by, for example, enhancing WVI's capacity to provide

guidance on recruiting board members and develop effective board procedures); *strengthening accountability systems* (by WVI's developing accountability tools to foster effectiveness and build a culture of transparency); *defining "reserve powers" of the Global Center* (including setting strategic priorities, promoting the World Vision brand, providing global stewardship of resources and promoting best practices); and *clarifying decision rights* among various governance and management bodies including the Global Center and national offices.

DISTINCTIVE FEATURES OF THE WORLD VISION MODEL

Committed to *federalism*, WVI regularly reviews its governing bodies and processes to ensure alignment with the principles of empowerment, interdependence, twin citizenship and accountability. WVI's *operating design* seeks to put these principles into action. WVI's Global Center allocates resources, sets overarching strategy and manages risk, while national offices contextualize strategy locally and manage field operations. Each national office, the Global Center and the WVI Board are subject to *peer review* every three years. The *role of faith* in World Vision's governance cannot be underestimated: faith drives World Vision's commitment to a governance structure that would give equal voice to "northern" and "southern" offices.

CHALLENGES: THE ROAD AHEAD

Despite WVI's sustained focus on internationalization, challenges remain. Even though all offices are officially designated as "national offices", the terms "support office" and "field office" are still widely used internally. The principle of regarding all offices equally is challenging in the face of the huge imbalances in budgets: World Vision US now raises more than $1 billion a year, and the seven largest offices together account for some 90 percent of WVI's resources.

WVI has sought to tease out management and governance roles, but this creates tension in a context in which most national offices have their own boards. For example, national directors in offices that have field programs report to a WVI regional vice president in order to ensure coherence and program quality; however, this can leave national boards feeling marginalized. This tension is inherent in the principle of twin citizenship and must be managed carefully.

In order to advance the vision of all national offices being independently governed and mobilizing resources, WVI needs to invest more in leadership development and capacity building. In countries like Somalia, developing a national board may not be realistic. However, entities like advisory councils are being considered as an alternative in most settings. Offices in Tanzania or India, originally "recipients," now raise funds locally. As China and other countries become significant fundraisers, changes to WVI structures and systems will likely be required.

There is an ongoing dialogue within the organization about the balance of power between the Global Center and national offices. Does the Global Center have too much power? Could smaller national offices be swallowed up by the larger WVI system? Does the autonomy of national offices undermine efficiency? Are structures and systems capable of linking grassroots learning to national, regional and global advocacy, which are increasingly important to WVI? These are ongoing tensions that World Vision continues to wrestle with.

CARE International: The Challenges of Fashioning a Global Organization

For more than two decades, CARE International has sought to become a more global, inclusive organization, believing that its impact and legitimacy would be strengthened by such change.

BACKGROUND

CARE was born in the wake of World War II when 22 American organizations joined forces to send emergency rations (or "CARE packages") to war-torn Europe. In the 1950s, CARE's work expanded to developing countries. CARE International (CI), now a confederation of twelve autonomous members, works in more than 70 countries. CARE's field programs in each country are managed by a single member ("lead member") on behalf of CI. CAREs USA, Canada and Australia are the three major lead members within CI.

THE IMPETUS FOR GLOBALIZING

With the establishment of CARE members in Canada, Europe and Japan, the CI secretariat was created to help coordinate CI members. A confederation structure allowed each CI member to develop its own identity and approach to programs. The end of the Cold War and intensifying globalization accentuated the need for a unified vision, mission and brand – and for shared program principles that would enhance legitimacy and impact of the confederation. CI's vision of being part of a worldwide movement dedicated to ending poverty, articulated in 2000, galvanized the confederation to work in closer coordination and find ways of better reflecting a worldwide movement. This raised dilemmas for the organization. How could global governance be structured to foster both real inclusiveness and increased efficiency? What activities could be centrally coordinated, despite resistance to the CI secretariat taking on an operational role? How could CI invest in developing vibrant "southern" members given the limited amount of unrestricted revenue it raised?

CI's governance structures have been reformed several times to respond to the confederation's evolving needs and aspirations, and CI has made slow progress toward fulfilling its aspiration to have more "southern" members. Five years ago, CI members committed to establishing a CARE Emergency Group within the CI secretariat. Reflecting on CI's experience in these three areas – global governance, organizational evolution and emergency response – reveals interesting lessons.

EVOLVING EFFORTS AND LESSONS LEARNED

Global governance – In late 2008, a set of reforms addressed inefficiencies in global governance by folding the National Directors Committee into the CI Board and eliminating the CI General Assembly. These reforms sought to avoid disconnect and redundancy among the various governance bodies and accelerate decision making. In the new model, an Executive Committee of the CI Board – a smaller group of national directors and the CI Secretary General – addresses operational issues that arise between CI Board meetings. The new CI Board provides a forum for the perspectives of national directors and volunteer Board members to come together in deliberations. This leaner structure enables more meaningful discussion and quicker, better-grounded decisions. Changes in national director positions in key CI members – and a new CI Secretary General who had previously been national director of CARE Australia – facilitated these reforms. With more key leaders ready to engage in fresh thinking, CI was able to restructure governance systems and foster a more open, collaborative governance culture.

Organizational evolution – This engages the question of how an organization with aspirations to be truly global should be composed in order to most effectively fight global poverty. Added to this internal impetus, changes in global context (that India, China, Brazil and South Africa are increasingly influential on the world stage, that having a "western" identity can be a security risk, or that developing countries increasingly want NGOs to register locally) provide external impetus to have more "southern" voices and representation within NGOs like CARE.

CI currently has only one "southern" member: the Raks Thai Foundation in Thailand. CARE Brasil was set up in 2000 with the goal of its becoming a CI member, but the challenge of its becoming financially self-sufficient has slowed the process. Recognizing the need for an intermediate status on the path to full membership, an "affiliate" category will soon be developed. CARE India and CARE Peru are expected to become affiliate members of CI this year. Given financial constraints, progress on increasing "southern" membership is expected to be slow. Thus, CI will look for other ways to imbue the confederation with "southern" perspectives and identity. Advisory councils at the country level or a special status that allows long-term local partners to engage at the CI governance level are possibilities. Evolving regional management units away from CARE USA ownership to be effective, shared ownership (among CI members) could also be important.

Emergency response – Recognizing that the system of lead members responding to large emergencies in "their" countries resulted in uncoordinated response operations, CI members established a CARE Emergency Group (CEG) within the CI secretariat. Five years ago, this was a leap of faith, given that the CI secretariat was a small coordination body with no operational capacity. Now, this effort is seen as a success. The CEG is composed of a dozen staff who can be deployed on the ground within the first 48 hours of an emergency. Its director can draw down from a common emergency fund to support a rapid response, and staff ensure that communications and fundraising are coordinated. Emergency preparedness planning efforts lay the groundwork for rapid, coordinated response. Together, this has created joint ownership of CI's emergency work. It has also built confidence in the CI secretariat's capacity and demonstrated the value of CI members unifying around a priority area of the organization's work.

Key dilemmas – The reality of CI is that CARE USA, by virtue of its budget and its role as the major lead member, is the dominant force. CARE USA raises more than 70 percent of the confederation's unrestricted funding and CI is highly dependent on this for investments that can make the confederation more unified and effective. Does this reality provide an opportunity to rationalize functions in CI member HQs to reduce redundancy (e.g., shared finance and procurement) and promote specialization (e.g., centers of excellence)? Given intensifying challenges in raising unrestricted funding, does this reality mean that investing in a more unified and global confederation will become an increasingly difficult trade-off for CARE USA?

Mercy Corps: Growing and Globalizing Through Mergers

Over the years, Mercy Corps has expanded using strategies and models that are uncommon in the NGO world: it has chosen a global corporate model for the agility and responsiveness it allows, and it has increased its outreach and diversified its technical capabilities by conducting a series of mergers.

BACKGROUND

In 1979, the Cambodian refugee crisis catalyzed a relief effort that operated under the name Save the Refugees Fund. In 1982, this effort was transformed into an organization that combined humanitarian relief with long-term solutions to hunger and poverty. That organization was called Mercy Corps. Beginning with one development project in Honduras, Mercy Corps has built a global program platform that now enables it to deliver a range of community-led, market-driven programs in more than 40 countries.

Mercy Corps's strategy is to work in countries in transition – where communities are facing disaster, conflict or economic collapse – to help communities organize for change, catalyze civil society interaction with the private and public sectors, and promote economic opportunities so that positive social change can be sustained. Mercy Corps' approach to relief and development is grounded in the principle of social entrepreneurship. The organization has a relatively flat structure and prides itself on being a "field-driven organization." Staff are encouraged to innovate and take risks.

A CORPORATE MODEL FOR AN EVOLVING ORGANIZATION

In the mid-to-late 1990s, Mercy Corps had grown to the point that it needed to make a deliberate choice of a model for governing and managing the organization. Mercy Corps' leaders did not believe a confederated or federated model of international affiliates was suitable, and chose instead a corporate model which reflected a unified approach to programs, structures, and planning and budgeting processes. This model was seen to be most closely aligned with Mercy Corps' aspiration to be a global organization and to reflect the increasingly globalized world order. To foster efficiency and entrepreneurship, many management practices were borrowed from the corporate world. Today, Mercy Corps' operations are governed and managed by support offices in Portland, Oregon, Washington D.C., and Edinburgh, Scotland.

A distinctive feature of Mercy Corps' evolution has been its strategy of expanding its global presence and technical capability by merging with other organizations. The first (and the most significant) merger was with Scottish European Aid, a small NGO operating out of Edinburgh, Scotland. This merger allowed Mercy Corps to establish a presence in Europe and gain access to European funding sources. Subsequent mergers have focused on: acquiring key technical skills (i.e., the merger with Conflict Management Group provided expertise in conflict resolution and peace building); mobilizing greater resources (i.e., the merger with Pax World Service, the charitable arm of Pax World Funds); and enhancing the organization's web presence and engaging young people (i.e., the merger with NetAid, an organization formed by the UNDP and Cisco). These mergers have all resulted in the smaller organizations being subsumed under the Mercy Corps brand.

Over time, the mergers have enabled Mercy Corps to diversify its technical capabilities and enhance its reach. For example, its 2004 merger with the Conflict Management Group, a think tank established by Roger Fisher (whose renowned book *Getting to Yes* is a classic in conflict resolution theory and practice), bolstered Mercy Corps' ability to implement peace building and conflict management programs worldwide. The 2007 merger with NetAid has enabled Mercy Corps to establish a web-based youth program, Global Citizen Corps, which later linked to an online Action Center where individuals can "train" to do humanitarian work (by working through an interactive case study as a member of an assessment team in countries including Afghanistan, Indonesia and Niger) or learn about a variety of advocacy actions (on issues ranging from global hunger to violence against women).

Mercy Corps in the U.S. and Mercy Corps in Scotland have interlocking Boards: several Board members serve on both Boards. Although Mercy Corps has separate legal status (and boards of directors) in Scotland, Canada and some other countries – mostly to facilitate fundraising in those countries – Mercy Corps, for all functional purposes, operates as one global entity, with the CEO based in Portland, Oregon, the president based in Washington D.C., and the Executive Director of Europe in Edinburgh. Program support teams are located in all three locations.

LESSONS LEARNED AND ISSUES FOR THE FUTURE

With its first merger, Mercy Corps learned the hard way that the change management required to make a merger successful demanded significant time and resources from senior managers. This experience highlighted the very real challenges of: blending cultures, systems and people; transferring assets; and managing intangibles like organizational pride. Subsequently, some Board members raised questions about the need for mergers, asking whether mergers were necessary in order to advance Mercy Corps' mission and whether the consequences of mergers were too much of a diversion from mission-related activities. Based on lessons learned from the first merger experience, the subsequent mergers have been better managed and today these three organizations have been well integrated into Mercy Corps.

Mercy Corps' leaders believe that, by having built a global organization along corporate lines, Mercy Corps is now at a point that it is capable of responding to the complex and rapidly changing demands of the contexts in which it works. They feel that this model gives Mercy Corps the agility to constantly adapt, reshape and consolidate itself based on local needs and contexts, and that an alternative model would not have given them the same responsiveness to an increasingly dynamic and diverse global context. However, Mercy Corps' rapid growth and its expansion through mergers have not been without challenges. Some feel a need to strengthen and decentralize program support systems, and clarify decision making authority and accountability within the relatively flat organizational structure.