



Summary: The Case for Change

‘Toward Building the Nation’s Best Leadership Experience for Girls’

In 2004, Girl Scout leadership engaged the services of Willie Pietersen, a professor in the Practice of Management at Columbia Business School, to help us develop a strategy to focus more on what we do best—provide excellent leadership programs for girls. In doing so, we took a hard look at our organization. That assessment demonstrated that our membership was lagging, our volunteer system was outdated and our program model needed to address specific outcomes for girls. Unless addressed in a bold way, these “brutal truths” would seriously compromise our ability to deliver on this commitment to girls. After much internal and external analysis, GSUSA, in partnership with council leadership, concluded that to revitalize the Girl Scout Movement, a complete transformation was necessary.

Realignment is a key component of the Core Business Strategy and vital for building an even stronger network of councils with the capacity to deliver a meaningful leadership experience to millions of girls. The realignment process can be wrenching but nothing meaningful is accomplished without a great effort—and only by working together will we achieve this worthy goal.

We encourage you to continue to ask questions, challenge assumptions, make suggestions, and share your successes—we have much to learn from you. By combining our diverse resources and knowledge with a consistent focus on strategy, we will be prepared to build, deliver, and maintain an unparalleled experience for girls.

The following summary specifically addresses five categories:

1. Research Findings as a Foundation for Realignment
2. Measuring Capacity and Performance through Realignment
3. Financial Impact
4. Council Support and Resources
5. Realignment Status

Research Findings as a Foundation for Realignment

GSUSA contracted with consultants and demographers for expertise in realignment to evaluate our structure and advise a course of action.

External Research

National Collaboration, Local Best Practice – A Report with Recommendations to Girl Scouts of the USA (2004) —Grant Thornton

Grant Thornton, one of the nation’s leading consulting firms specializing in the nonprofit sector, was commissioned in 2003 to study our council structure and performance. Their recommendation was that through alliances and mergers, GSUSA would create stronger councils with increased fund-raising capability.

The Nonprofit Mergers Workbook: The Leader’s Guide to Considering, Negotiating, and Executing a Merger, by David La Piana

Research conducted by David La Piana, a leading expert in nonprofit mergers, indicates that mergers or “strategic restructuring” can result in measurable positive outcomes, such as increases in services, administrative capacity, and market share. According to La Piana, this effort can also result in greater ability to pursue the mission, increase organization stability, reduce duplication and lessen competition.

The real benefits of merger are not short term and tactical, but medium to long term and strategic, and include:

- better marketing positioning
- creation of a continuum of services under unified control
- economies of scale
- greater political influence
- higher profile
- larger market share
- larger staff, allowing greater specialization of functions and the provision of more service
- more strategic fund-raising

La Piana’s research of nonprofit strategic restructuring shows:

- 74% increased program collaborations
- 67% increased services
- 64% increased administrative capacity/quality
- 60% increased market share/competitiveness

Effective Capacity Building in Nonprofit Organizations (2001) by McKinsey & Company

Through their work in the nonprofit sector, McKinsey identified seven elements essential for high-capacity organizations (aspirations, strategy, organizational skills, systems, infrastructure, human resources, and organizational structure.) GSUSA adapted these elements to its own strategy and planning process. In defining a high-capacity council, it specifically adapted the infrastructure, human resources and organizational structure components.

Internal Analysis

The Strategy Gap Team, consisting of national board members, GSUSA staff and council representatives, carefully evaluated the internal and external analyses. Though several organizational design options were considered—including a single national 501(c)3 with local chapters, shared services/administrative alliances, parent-subsidiary or holding companies and mergers—the research supported, and the consultants recommended, that realignment would achieve the most effective change.

Historical Precedents

1950's-1970's

During the Green Umbrella period there was a strong correlation between the decreasing number of councils and increasing girl membership. When the number of councils decreased (from 1,300 to 370), girl membership increased from 2.5 million girls to almost 4 million. This increase no doubt also reflected the nation's overall growth.

1993-1999

Performance tracking for the five years following the merger of 24 councils to 11 councils shows the following:

- Ten councils achieved consistent girl membership growth each year.
- Ten councils increased net assets ranging from 1.3 percent to 128.8 percent.
- Seven councils increased operating reserves ranging from 6.8 percent to 1,200 percent. (Four councils experienced decreases in operating reserves; however two maintained reserves of over six months.)
- Through 2005, all 11 councils received charters without qualifications.

1999-2002

- The largest 20 percent of councils serve 50 percent of the total national Girl Scout membership.
- The smallest 20 percent of councils serve 5 percent of total membership.
- Councils with 12,000 or more girls had a 9 percent increase in girl members

compared to a 2 percent increase in smaller councils.

- The cost per girl increased for all councils, but the amount varied according to council size. In 1998-2001, councils serving 16,000 girls or more averaged increased costs of \$25 per girl compared to an average \$43 increase for councils serving fewer than 8,000 girls.
- In councils with 13,000 or more girls, 64 percent were above our national market share of 10 percent. In councils with less than 5,000 girls, 60 percent were below 10 percent market share.
- Councils with 10,000 or more girls averaged 11.9 percent membership share among rural girls; membership share of smaller councils averaged less than 10 percent.

Measuring Capacity and Performance through Realignment

With council participation and input, GSUSA developed 10 criteria as the baseline for nationwide realignment. The National Board of Directors then used the criteria, quantified by demographers, to approve new council jurisdictions.

	Criteria by Rank	Quantifiable Measures
1	Resources to deliver a consistent outcomes-based, girl-centric Girl Scout program.	<ul style="list-style-type: none"> • Population base of at least 100,000 girls ages 5-17 • Adequate local financial resources (See #2)
2	Provide a funding base to support hiring an effective CEO, COO, CFO, Directors of IT, PR, HR, and Fund Development and offer professional salaries to all staff.	<ul style="list-style-type: none"> • Local economy with at least \$15 billion in total aggregate household income • At least one substantial population center • Individual charitable giving • Gross receipts by nonprofits
3	Unite areas that have a regional identification	<ul style="list-style-type: none"> • Current councils • States and urban areas • Geographical features that divide/unite people • Time zones • Indian Reservations
4	Provide contiguous coverage.	<ul style="list-style-type: none"> • Counties/ZIP codes used as building blocks for new councils. • No "holes" or overlaps in new map
5	Incorporate a diverse population.	<ul style="list-style-type: none"> • Did not configure map to create diversity. • The U.S. population is increasingly diverse, and will become more so.
6	Anticipate population growth.	<ul style="list-style-type: none"> • U.S. Census Bureau population counts, estimates, and forecasts by state.
7	Align with established transportation patterns and state boundaries	<ul style="list-style-type: none"> • GIS (computer mapping) system shows transportation as well as state boundaries.
8	Facilitate optimal utilization of property.	<ul style="list-style-type: none"> • Demographers did not assess property holdings.
9	Respect natural, geographic barriers.	<ul style="list-style-type: none"> • Reflected in #7
10	Incorporate entire media markets.	<ul style="list-style-type: none"> • Metropolitan areas used as a proxy for this measure.

Performance

Historically, council performance was evaluated through the Council Performance Assessment (CPA) with 114 measures. Anticipating the impact realignment would have organization-wide, the National Board approved a simplified method, the Council Performance Indicator (CPI). The CPI includes 14 core performance indicators in three categories: Girl Membership and Program, Adult Leadership, and Finance. Indicators range from market share, retention, diversity, operating reserves, to public support as a percent of income.

These performance indicators were identified based on past experience, recommendations from the Grant Thornton report and dialogue with Jim Collins.

For now, the CPI will be the tool for measuring performance, whether a council is realigning or not. A new measurement tool will be ready in 2009.

Financial Impact

At the April 2007 Realignment Training, we will share information being gathered by early adopter councils reflecting actual direct realignment expenses in comparison to their budgets. By June, we will share an even more complete report with all councils.

- There are, and will always be, budget variations by council groups given what each includes as direct costs and whether or not councils hire consultants. For example, a total of less than \$200,000 in expenses was reported by an early adopter group that included cost of severance, retention and hiring an outside consultant for one portion of the work. Many early adopter councils have projected budgets of approximately \$100,000.
- Using a base of \$100,000 for direct realignment costs, the total cost would equal \$8 million. When compared to the \$660 million annual consolidated operating budgets for Girl Scout councils nationwide, this figure represents just 2 percent of total annual expenses. (Note: These are approximate costs; we continue to gather actual expenses from realigning councils.)
- The cost per girl in smaller council (16,000 girls or less) is approximately \$45 more per girl than the cost in larger councils—a total additional cost of approximately \$12 million nationwide. Realigning offers an opportunity to redirect some expenses to services to girls.
- Some councils have secured funding from community foundations, corporate donors, private foundations, and their local United Way ranging from \$1,000 to over \$100,000. One early adopter group has actually raised funds to cover almost all of their realignment costs.