

V. WORKING IN THE SCHOOLS

Boundless Readers (\$500k budget) Merges with WITS (Working in the Schools, \$1.4m budget) in a Transfer of Assets/Programs (2015)



Industry

Literacy/Teacher Development/Volunteering

Significance

Trading Competencies and Honoring a Legacy Program

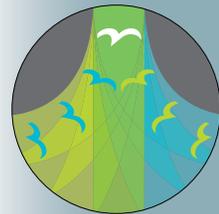
Mission

Working in the Schools (WITS) promotes literacy and a love of learning in Chicago Public School elementary students through a volunteer-powered, outcomes-based portfolio of programs. WITS endeavors to bridge the achievement and opportunity gap for underserved students through building connections with positive adult role models. Alongside our teachers and school administrators, WITS works to provide the critical support that our students need to set them on a path toward academic success.

Background

Boundless Readers (BR) was formed in 1988 as the “Rochelle Lee Fund to Make Reading a Part of Children’s Lives” by a group of visionary parents and colleagues to commemorate the retirement of Rochelle Lee, an inspirational Chicago public school teacher and librarian. Lee became a legend within education circles because of her ability to develop in children a love of books and a lifetime habit of reading. BR’s founders saw both the need and the opportunity to extend Lee’s work to Chicago’s teachers and children throughout the city.

BR worked in schools to ensure that students had access to high-quality children’s books. BR also worked with teams of teachers and administrators to build sustainable literacy and leadership practices. Its signature program, the Rochelle Lee Teaching Awards (RLTA), was bestowed on teachers who wished to develop their knowledge of best practices in literacy instruction. In addition to obtaining high-end professional development, award-winning teachers received a small stipend to stock books in their



classroom. The in-class library enabled students to borrow books as well as to read them at school.

Working in the Schools (WITS) promotes literacy and a love of learning in Chicago public school elementary students through a volunteer-driven, outcomes-based portfolio of programs. These included: WITSummer in the Parks, WITSummer Early Childhood, Classroom Reading Tutors, WITS Kindergarten, Workplace Mentoring, Mid-day Mentoring, WITS on Campus, and WITS on the Weekend. WITS centers its activities around training, placing, and transporting volunteers into Chicago Public Schools (CPS), where most of its programs focus on one-on-one literacy mentorship.

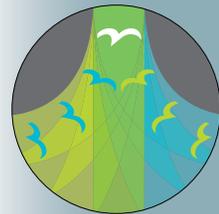
Civic activists Joanne Alter and Marion Stone founded WITS in 1991 at Byrd Elementary near the former Cabrini Green housing projects. Recognizing the importance of individualized classroom support, the two women soon carried their vision of improving literacy outcomes for students all across Chicago. They recruited volunteers from corporate, community, university, and government circles, expanding the volunteer network to 1,850 individuals throughout the Chicago area.

Over the years, WITS generated data showing improved literacy skills and attitudes among WITS students. Partnering with Loyola University, WITS conducted a multi-year assessment of program outcomes. With data collected from teachers, volunteers, and parents and directly from the tutored students, WITS tracked its students' quantifiable and nonquantifiable achievements over time. The resulting favorable outcomes led to endorsements from educators and public officials.

Rochelle Lee led BR until 2003. Her successor, Mary Hicks, built on Lee's training programs by partnering with local universities and expanding teacher outreach. Lee's reputation for raising the reading bar for teachers and children reached sufficient levels of recognition that her methods were adopted by the CPS and its then-CEO, Arne Duncan. Duncan sought to scale up Lee's program and encouraged BR to start its own charter school based on Lee's methods.

Duncan promoted BR by establishing a fee-for-service experimental program, Building Exemplary Schools through Teams (BEST), which engaged entire schools in professional reading development. But the BR model faltered when Duncan left CPS to become Secretary of the U.S. Department of Education. Soon thereafter, CPS budget cuts impacted the public schools where BR was most active. Duncan's successor failed to extend support for the program. In turn, the Chicago Community Trust, whose support then constituted one-third of BR's operating budget, dropped its support.

BR became caught up in a downward financial spiral. Spending on the Rochelle Lee Teacher Awards and teacher training exceeded its annual fund-raising. Key personnel left. The board chair departed, followed by the chairs of finance and board development. BR ended the 2010–11 fiscal year with a deficit of \$391,000. Consequently, a new slate



of board officers led by John Martin took over. Unable to reverse the slide, the organization decided to outsource its fund-raising activities. It also searched for a new executive director to replace Mary Hicks, who resigned in 2012. Dorne Eastwood became the new executive director.

Pre-Merger

Weakened by organization turnover and declining revenues, BR's board faced reality. It would be unable to provide adequate financial support for the annual RLTA, which supported 150 to 200 teachers at an annual cost of more than \$100,000. This program was the heart and soul of the organization. Upon completing a board-led strategic planning process, board members acknowledged that the current business plan, built upon foundation support, was not sustainable. Something had to happen and soon.

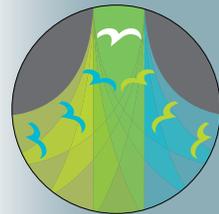
The board's strategic planning exercise included compiling a list of "competitors," which became the list of potential merger partners. Two prospects emerged. The Chicago Foundation on Education (CFE), like BR, worked with Chicago teachers on a variety of projects through application-based small grants made directly to teachers. However, CFE worked with a variety of projects, not just reading. Would BR's mission and its annual RLTA be diluted in a CFE merger? During the exploration, the CFE executive director announced her departure, ending consideration of that prospect.

Working in the Schools was a well-known literacy organization with a similar mission to BR. It, too, was volunteer-driven, with programs operating in many of the same schools as BR. Well before merger discussions, the two groups knew of one another. They worked in the same communities and the same schools, and they were funded by some of the same foundations.

The missions of the two organizations were compatible, but what of their programs and activities? Both focused on early childhood students. WITS served 2,605 students in 31 schools, working with 225 teachers and 1,900 volunteers. Its evaluation process was conducted by an internal, full-time evaluation team. Its measures of success included improved student performance in reading fluency and increased self-confidence. BR's programs included the RLTA and a Summer Institute. Its programs served 5,500 students in 63 schools, working with 198 teachers. Its measures of success included student improvement in reading scores and student motivation.

Merger Process

The BR and WITS merger timeline progressed rapidly, beginning in January 2014 and finishing with signed merger agreements in January 2015. The merger process began when BR Executive Director Dorne Eastwood reached out to her WITS counterpart, Brenda Palm. Three months later, the executive committees of the respective



organizations met over merger discussions. Following extensive conversations regarding mission alignment and other considerations, the boards formally voted to proceed with a merger agreement. As part of due diligence protocol, they exchanged documents and confirmed their sacred “non-negotiables.” Reportedly, a few WITS founding members expressed concern that its mission might change with a BR merger. These concerned members dated from the early Cabrini Green days when board members had assisted teachers by reading to the students who lived there.

Once convinced of mission integrity, the boards formally approved the merger in July 2014. Legal support was provided pro bono to BR by Loyola Law School and, to WITS, by Jones Day, the law firm of its board chair, Jeremy Cole. The merger agreement specified that BR would transfer programs and assets to WITS, and then the corporation would dissolve. The Chicago Community Trust provided support for the merger. The Polk Bros. Foundation, a common funder of both WITS and BR, agreed to stay with the enhanced WITS and increased its funding.

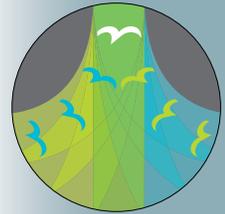
At the start of the merger, BR’s board members were interviewed by WITS. Eight BR members joined the WITS board, and BR’s entire associates board was asked to join the WITS associates board. For those BR board members who did not join the WITS board, WITS created a program advisory committee, which all BR board members were invited to join. All parties signed the final merger documents on January 21, 2015, almost a year to the day that the two executive directors began their merger discussions. BR’s staff knew that merger was likely to occur when they first saw the EDs meeting. Staff was kept informed as the boards progressed to the final merger vote. BR’s staff joined WITS. Dorne Eastwood stepped down as the executive director when BR was dissolved and became a WITS board member. There were no surprises.

Post-Merger

Post-merger planning began well before the final merger agreements were signed. Outgoing Board Chair John Martin, with the help of BR’s executive team, made sure that an integration task force was created to develop and manage the integration roadmap from BR’s perspective.⁴⁸ This included key activities, timelines for major decisions (e.g., mission/vision statements), and a communications roll out. The tasks and activities were taken up by five committees that dealt with operations, program, finance, fund-raising, and marketing. Operations focused on final legal requirements, organization and board structure, space, and IT.

Program integration dealt with strategies for combining BR and WITS programs and sustaining the integrity of RLTA and the Lee legacy. Program integration involved volunteer support and how to use BR’s teachers in WITS programs. A strategy team

⁴⁸. John Martin, “Nonprofit Merger Lessons Learned,” power point and lecture presentation at the Kellogg School of Management, Northwestern University, February 25, 2015.



made up of WITS and BR board, staff, and advisers was formed to integrate BR's programs and operations with WITS' strategic growth plan. The strategy team began integrating WITS programs with schools currently implementing BR programs. Through the integration, WITS programs would proliferate in schools where there were BR teachers and, conversely, teachers in schools where there were WITS programs would be encouraged to apply for BR's RTLA Awards.

Integrating BR into the WITS program portfolio, WITS would maintain its commitment to a comprehensive program evaluation. That included the RLTA program which, when evaluated over a ten-year period, had demonstrated a cost-effective and scalable model for change.

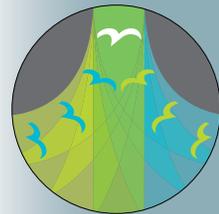
Fund-raising was the more difficult challenge: how to keep BR donors engaged and what to do with their separate fund-raising events. WITS had two major fund-raisers—a lunch sponsored by the board and a gala sponsored by the associates board. BR had one large spring event. WITS decided, in conjunction with its 25th anniversary celebration, to have a large gala in late 2016 with the hope that BR donors would fully support the event.

Marketing developed a communication plan with a merger announcement with the headline, "Two of Chicago's Literacy-Focused Nonprofits Agree to Combine Programming." An Integration Roadmap, a one-year, month-by-month plan, marked activities and events as set by the strategy teams. It was followed from beginning to end.

Success?

Once BR's board decided a merger was necessary, the process moved expeditiously. Having settled on WITS, the two EDs and board chairs worked together to make the merger happen. Brenda Palm, WITS ED, and Jeremy Cole, WITS Board President, get particular credit from BR board members for being respectful of the Rochelle Lee legacy and keeping alive the annual teacher awards, the program that mattered most to the outgoing BR board, teachers, and donors/foundations. Early feedback from Lee Teacher Awardees and teachers who benefited from WITS mentoring programs indicated that complementary programs were taking hold in 12 to 15 schools where both programs operated.

The new synergy of the combined and integrated programs provided a more holistic support approach within the classroom. It also helped volunteers obtain better professional development and a deeper understanding of student reading problems. Program quality was enhanced. On a financial front, it is too early to tell whether combined resources will lead to more donors and increased foundation support but early indications are that it will. Greater impact and improved programs provide a compelling selling point to attract additional support.



Takeaways

- BR's board members agreed that the merger hunt and process should have started earlier, dating from when the Chicago Community Trust support lapsed. Board Chair John Martin noted that it would have started earlier but for the fact that too many organization changes were taking place at once. BR's financials suggest that the downward spiral, if continued, would likely have depleted BR's remaining assets by 2015–16.
- BR's hunt for a merger partner produced a good cultural fit for the organizations, boards, and staff. Both organizations gave considerable thought and care to promoting mission enhancement and collective impact through the merger.
- Strong leadership kept the boards talking and moved the process to eventual merger. BR's ED Dorne Eastwood had made it clear at the start of merger discussions that she was not interested in being the ED of the combined organization. This removed her from a possible contentious search.
- For BR, the key to the merger arrangement (and its deal breaker) involved continuing Rochelle Lee's legacy and the Rochelle Lee Teacher Awards. WITS leaders were most respectful of continuing these under the merger agreement and clearly saw the long-term benefit for the WITS organization in maintaining this focus and integrating the awards program into WITS. The strategy team, in turn, integrated WITS programs with schools implementing BR's programs and increased the pool of teachers applying for RLTA.
- Both parties agreed "no egos were involved" from beginning to end. Both boards acted to further their missions through the merger process. The takeaway from this merger case is the recognition by all parties involved that a merger would result in more mission and a greater collective impact. The case also provides a testimony to post-merger planning and efforts to expedite a seamless integration of programs, boards, staff, and volunteers.