

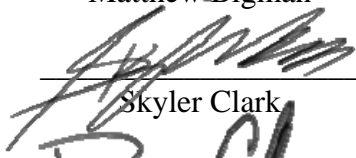
COMMONSIDE COMMUNITY DEVELOPMENT TRUST
Business Plan for the Merged Organization

An Interactive Qualifying Project Report
submitted to the faculty of
WORCESTER POLYTECHNIC INSTITUTE
In partial fulfillment of the requirements for the
Degree of Bachelor of Science

By



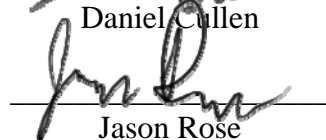
Matthew Bigman



Skyler Clark



Daniel Cullen



Jason Rose

Date: February 21, 2008

Approved:

Professor Constance Clark

Professor Malcolm Ray

Abstract

The objective of this project was to help two soon to be merged non-profit organizations, the Commonsense Community Development Trust and the Pollards Hill Community Centre, develop a business plan and internal monitoring techniques. These two organizations are currently housed in the same building, although they operate as two separate entities. Once merged, the unified organization will be known as the New Horizon Centre. Using research and data collected both on site and before arriving, a set of recommendations for the new business plan for the merged organization was compiled and presented to staff and board members.

Acknowledgements

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Introduction

Development Trusts are community sponsored charity organizations that aim to improve the socio-economic conditions of an area. In the United Kingdom there are numerous Development Trusts. Like all charities, these trusts struggle to survive and prosper due to issues that often plague non-profit organizations. For example, donors to charities in the UK do not receive the same tax deductions as donors in the US, and as a result find it more difficult to attract and maintain funding (Somers, 2003, p.51). In addition to the difficulty of attracting donors due to the tax status, it is crucial for a charity to establish a base of donors which varies enough in nature to avoid a sudden loss of all funding in case of an unforeseen incident or economic conditions. Charitable organizations often use mergers to resolve such problems. Mergers provide charities with opportunities to grow stronger; however the merging process may be fraught with pitfalls if not properly handled.

The Commonsides Community Development Trust (CCDT),¹ located in the Borough of Merton in London, is currently undergoing a merger with the nearby Pollards' Hill Community Centre (PHCC). The merger was officially announced in September of 2006, but will not be fully and legally finalized until March 2008. The new name for the merged entity is the New Horizon Centre. This is the name for this particular centre. The CCDT will remain a separate legal organization which oversees the Centre itself. Throughout this report the CCDT will be mentioned only when referring to the portion of the building that was run by CCDT prior to the merger. According to Naomi Martin², the ongoing merging process has presented a problem, namely, the lack of a viable business plan for either the joint organization or the separate entities. Some problems associated with a merger such as employee interaction, including management hierarchy, would be more easily dealt with in the presence of a proper business plan (Arsenault, 1998, p.89-90). Currently neither organization has an implemented business plan; and this has made it more difficult for the two organizations to integrate their respective objectives.

There is much that can be derived from the literature and history of other organizations, but what is learned must be customized specifically for the merged organization. The specific

¹ A full sponsor description of the Commonsides Community Development Trust can be found in Appendix A

² Chief Executive Director of the Commonsides Community Development Trust

needs of the CCDT and the PHCC are best determined on site, although a general spectrum of issues is known which need to be addressed. Specific techniques will be developed to find what will be best suited and appropriately placed within the current business to address these issues. This will be done by looking over firsthand accounts of people related to the two organizations.

The goal in working with the New Horizon Centre is to help in creating a robust business plan for the new joint organization. The objective is to offer suggestions for the improvement of the services they provide and their internal management of finances, personnel management, and customer satisfaction. In addition, work will be done with them to smooth out the process of the merger and supply them with tools to better assess their execution of the business plan. Some of the tools used to develop the business plan will be interviews, historical research, and a Balance Scorecard. In order to work towards this goal, techniques that have worked for merging other organizations in the past will have to be researched. This draws on information from both the for-profit and non-profit sectors of the business world. The team will use researched practices to interview current employees and patrons of the organization, in order to determine what their goals and perceptions for the future may be.

1.0 Literature Review

Mergers are often brought about to consolidate resources, cut cost, and better provide services to the public. In a merger of two groups such as CCDT and the PHCC, delivery of services and long term survival become key areas of interest for the newly formed organization. Non-profits need to develop sound and strategic business plans that ensure their ability to function in both the short and long term. Unfortunately, after a merger many non-profits find themselves struggling internally, especially if they do not have a proper business plan to support the merger. Merging may provide organizations with benefits, but the process of merging is riddled with pitfalls (such pitfalls will be discussed in the *Merger* section of the *Literature Review*), which can be avoided with proper consultation.

A strategic business plan containing both long-term goal planning and the appropriate techniques to measure and recognize the newly implemented goals is important. By having one, the Centre can make sure that all their plans for the merger are going smoothly. Most internal monitoring techniques in the business world are designed for for-profit institutions; these techniques must be tailored for the non-profit New Horizon Centre. In addition, to gain a better understanding about the non-profit business world, this literature review contains a number of case studies. These case studies provide insight on key ideas and concepts.

1.1 Non-profits and Development Trusts

A non-profit organization (NPO) is a legally chartered organization which serves to actively assist a public or private set of interests without making any monetary profit. Generally speaking, NPOs actively participate in a wide array of fields, such as: local support charities, the environment, humanitarian assistance, education, social issues, and scientific/medical research. NPOs categorized as charities can be organized in one of multiple ways such as trusts, not-for-profit corporations, cooperatives, or they could be informally arranged. In many countries, a limited number of NPOs are permitted to apply for tax-exempt status with their government. Tax-exempt status allows both the organization and its donors to claim back any income tax taken from the revenue. In the United Kingdom, any NPO which qualifies as a charity, such as the CCDT, must be registered with the Charity Commission. Non-charity NPOs such as trade

unions and special interest groups are regulated under separate rules. (Action Without Borders Website, 2007)

Most NPOs are governed by a board of directors. The board often consists of representatives elected by the members of the NPO, but in some cases the board comprises representatives chosen directly by the founder of the NPO. In this situation, the board members often are granted the authority to choose their own successors. One key aspect about the board is that it must act as a group only, making decisions through either a unanimous or majority vote depending on the bylaws of that particular board. No individual member of the board has power over the organization on his or her own. The only exception to this rule is if a specific member or members of the board have been designated the ability to delegate duties amongst the other members. The board's primary duties are to maintain the overall wellbeing of the NPO, maintain good relations with the staff, and, when necessary, bear the burden of any legal ramifications of actions taken by the organization. (Action Without Borders Website, 2007)

NPOs and for-profit organizations differ in many ways, while still maintaining several important similarities. Both benefit from the writing of a business plan in order to ensure a successfully run organization. In each case, the plan should be written in order to specify the main issues demanding solutions and should be written specifically for the audience which is intended to approve and execute the final plan. The similarities between the two end when the overall goals of their plans are brought into view. The overall goals of an NPO's business plan are centered on maintaining appropriate (neither too high nor too low) levels of finance for the organization while being able to deliver the product or service which is intended. This is in contrast with the overall goal of profitable organizations which is almost entirely to produce a profit for the owners of the organization. (Massarsky, 1987, p.10)

A key task of an NPO is to find the right donors amongst a list of potential individual and group sponsors. It is important for the organization to find sponsors whose personal interests coincide with the organization's mission statement. This allows for a healthy sponsor/recipient relationship, with donors seeing their money being spent in a desirable way (Newman, 2005, p. 71). While it is important for the donors to fit the mold, it is also crucial that this does not restrict the number and variety of donors utilized. If an NPO is funded by only one or two, or several very similar sponsors, it is very vulnerable to financial collapse. If a social or political change were to force the narrow spectrum of sponsors to entirely drop their funding, the NPO would be

cut off from its financial support and would fail. Having many diverse sponsors which still hold the same goals in mind allows much more flexibility in the area of financial support (Newman, 2005, p.3).

One of the most effective and commonly utilized methods to allow more flexibility in meeting an NPO's financial needs is the creation of an endowment. An endowment is a sum of money which has been invested in any sort of account that allows it to accrue interest. The endowment is managed over time in a way that allows the interest to supplement the NPO's financial needs, while any surplus funds are placed into the endowment to further allow the organization to support itself (Newman, 2005, p.3). The creation of such a financial system usually will warrant the drafting of an official protocol for the financial development of the organization. This also can entail the creation of a position for either one or several financial resource managers in the NPO. The manager's or managers' primary function is to work with the group to ensure that all of its financial needs are met while all sources of revenue are kept safe and, if possible, expanded. Some large NPOs which have strong methods for self-financing can become "foundations." These foundations oftentimes serve the purpose to give grants, or sums of money, to smaller NPOs. (Newman, 2005, p.91)

In the United Kingdom, a development trust is a community-run organization that is actively engaged in the development or rejuvenation of a specific community or region. These trusts operate independently but often try to develop partnerships with private and public organizations alike. While development trusts do not aim to achieve private profit, for the most part they are self-sufficient, or strive to be. A development trust may register with the government as a form of Community Interest Company, or register as a charity in order to utilize the benefits of declaring tax-exempt status. Development trusts are often closely involved in the running of local shops and services like the post office. Also they are very often active in forming public support groups and family development programs. Housing development and urban renewable energy projects are often important phases in the operation of many development trusts. There are over 400 development trusts in the UK, all of which are coordinated by the Development Trust Association (DTA, 2008). Established in 1993, the mission of the DTA is "to bring about a successful development trust in every community that wants one". (DTA, 2008)

Non-profit organizations possess a variety of different attributes and strategies for success in their particular fields. One way in which an NPO try to ensure their success is by merging with another NPO. The objective of such a merger is to create an entity with more resources and options than the two or more NPOs had on their own, allowing the NPO to achieve its objectives more easily.

1.2 Mergers

The merger of two organizations can create both problems and benefits. Most problems are easily avoided with proper planning and consultation during the merger. With different organizations come a range of ideas and opinions. These ideas and opinions can hinder the ability of the merged organization to serve the public. The goal of a merger is to take advantage of each organization's best traits. Pooling of resources such as staff, facilities and funding are fundamental reasons that non-profit mergers occur. The purpose of this section is to explore these pros and cons and present them as key points to encourage or avoid during a merger. The different types of mergers are presented in this section and the types which best fit the needs of the CCDT and PHCC merger are identified.

Serving the community is the goal of non-profits. Mergers would not occur if they did not help work towards this goal. From a study used in the "New Study of Charity Alliances," where two thirds of the participants' organizations had undergone mergers, the most frequent reason for merging was to "improve the provision of services to their clients" (Sommerfeld, 2000, p.1). In her work Hiland writes, "The primary drivers, however, are financial and include the desire to grow or to strengthen market share" (Hiland, 2003, p.11). On La Piana Associates, Inc.'s ³ website they state the reasons mergers occur as; "economics, social opportunities, leadership challenges, a tired board, to better serve the community or for reasons specific to the organizations involved"(La Piana Associates, Inc, 2005).

La Piana Associates, Inc indicates that the real goals of a merger are mid-to-long term and that many organizations forget this during meetings and they get caught up arguing about differences in opinions on small issues. They recommend listing the main goals on a white board

³ A Non-profit Consulting Firm

to be used during meetings to redirect the discussion if it goes astray. (La Piana Associates, Inc, 2005)

Jane Arsenault describes a true merger as; “when two corporations combine so thoroughly that neither of the participants survives legally” (Arsenault, 1998, p.77).⁴ There are many different types of mergers including: horizontal, vertical, conglomerate and concentric. A horizontal merger is “when two organizations in the same industry come together” (Arsenault, 1998, p.85). A vertical merger occurs “when two organizations from successive processes come together” (Arsenault, 1998, p.85). The difference between a conglomerate and concentric merger is that a conglomerate is when two organizations of unrelated fields merge and a concentric merger is when the two organizations are in the same or related fields (Arsenault, 1998, p.86). The types of mergers that are relevant to the CCDT and the PHCC are a concentric and horizontal merger. One entity will be absorbed by a larger, better-established entity and both organizations have similar objectives. In this case, legally, the CCDT is absorbing the PHCC. In this situation a vertical merger does not apply because there is no linear relation where one organization picks up where the first left off. An example of a vertical merger would be a nursing home and a hospital merging because of the roles they play in healthcare throughout the life of a patient.

The early stages of merging organizations are focus areas of this project. Setting up a strong foundation with good methods to achieve the goal of a functioning organization is the purpose of early planning. There are two pertinent stages of strategic planning according to Paul Nutt: formation and conception (Nutt, p.58). The formation stage sets up subjects that need further exploration such as accounting or staff. These subjects are normally problems within the organization or ideas for growth. These are then recognized as goals to be listed in order of importance for later stages of the planning process. The other major stage of early strategic planning, according to Nutt, is conception, which is used to find opportunities and look over internal reviews of the organization in order to determine what needs to change or be done better. These two stages work together and subjects of concern are evaluated in both stages until the explicit problem is found and a plan of action to resolve it is then formed. Each of these two stages includes many steps. (Nutt, p.59) Placing goals and concerns into different categories will

⁴ Arsenault creates outstanding work which can be considered highly reliable, as it is cited in several other works found during research, such as Mary L. Hiland’s and James E. Austin’s.

increase the likelihood that they are dealt with appropriately and expedite the entire process. This allows goals to stay at top priority while concerns are reserved as secondary to goals while planning. Nutt's planning process has different names for stages and steps but is consistent overall with Arsenault's process, which is described briefly later in this section.

Early in the merging venture, the roles and level of authority of each employee must be explicitly laid out. When one community center is absorbing another, the overtaking center's employees should have ultimate authority. For any type of merger a hierarchal power relation must be laid out to avoid managerial confusion. The way the authority chain is planned depends on the type of merger and circumstances. In the case of this merger, the CCDT is absorbing the smaller community center, the PHCC. A simple example is as follows: Organization number one is overtaking organization number two. The CEO of organization number one will have authority over the CEO from organization number two, because the overtaking body is organization number one. Explicit authority roles are not needed for all status levels of employees and certain positions from the different organizations will retain an equal level of authority to their former status.

One way to manage a merged organization is to have a parent corporation that governs all entities and to which they all report. This is a separate, outside unit that is set up to oversee all the sub-divisions of its encompassing organization (Arsenault, 1998, p.63). This method would be a viable way for many entities to function with a single governing body, but in the case of this merger, it would be unreasonable to create a parent organization because of the number of employees and scale of the organization.

Mergers have inherent problems that must be given attention. Three factors that can cause failure of a non-profit merger are autonomy, self interest and culture clash. 'Autonomy' is a concern of group members that have run the organization in prior years, who fear losing the control of what they have. 'Self interests' center on employees' concerns about job loss during restructuring. This can affect their decision making towards what is best for them and not what is best for the greater organization. 'Culture clash' is simply the inability of organizations with different operating methods to work together effectively. (La Piana Associates, Inc, 2005)

These issues must be dealt with while still pursuing the goals of the merger. For reasons concerning power issues there are several alternatives to mergers that allow for different degrees of control. These tactics include joint ventures, franchising, licensing and distributorships

(Sherman, p.254). These examples come from a for-profit explanation of mergers and therefore may not be precisely relevant to non-profit organizations. Although they may be slightly different, the idea of holding on to a certain amount of individual power holds true for non-profit mergers. An alternative to a complete merger could consist of sharing resources such as gym space, instructors, classrooms, and cafeterias. This would be similar to a joint venture in the business world where two parties partake in a separate entity equally and then share the expenses and revenue generated.

One of the main reasons that mergers of organizations often fail is due to the inability of the two organizations to assimilate on a cultural level. Respecting each other's goals and compromising to reach a unified mission is required for a merger to work and last. For example, Hiland notes that "one national study of nonprofit strategic restructuring has identified 'conflicting organizational cultures' as the fourth most frequently cited problem" (Hiland, 2003, p.13). This same article cited a simple example of two merging agencies. One had a very plain office and the employees were frugal and utilitarian about purchasing needed items. The second agency had well-decorated, personalized offices and made good use of their small space. The more decorative agency was taken over by the plain agency and they had to move their workplace surroundings into the other organization's offices. This caused problems amongst the employees because each had their reasons for the way the offices should feel. The heavily decorated group felt that underprivileged people did not want to be served in meager surroundings, while the frugal group felt that nonprofits should not spend scarce resources on anything that was not necessary. (Hiland, 2003, p.14) This would have been easily avoided had a consultant been involved that would be able to foresee such issues from an external view point. The identity of both groups must be protected throughout the merger so that the distinctive qualities are not lost (Arsenault, 1998, p.88). Great care must be taken in assessing whether the two organizations will be able to work together and join in a mutual goal while holding true to their prior missions.

Arsenault identifies a variety of concerns associated with each stage in the merger process (Table 1). Stage one of the merger will be most useful to the project group, as it has been conveyed through the project description as the entry point for the project. When the project group arrives on site certain concerns of Stage I may already be present, such as "fear

still apparent” and “new work groups.” The lists from Arsenault’s writing of potential problems in each of the three stages are in listen Table 1.

Stage I	Stage II	Stage III
<ul style="list-style-type: none"> -The reality of dislocation hits -Some people refuse to cooperate -Fear still apparent -Some benefit to employees may be evident -Posturing to increase individual visibility -Helplessness of line staff -Communication is limited -Easy to get out of the loop -Trust of supervision and management is low -New learning required -New work groups -Us-versus-them patterns can develop as the winners and losers become apparent 	<ul style="list-style-type: none"> - Frustration with new procedures - Comfort Level is rising for some -Need for acquisition of new learning will cause productivity to drop for some 	<ul style="list-style-type: none"> -New Culture emerges -Incremental adjustment in systems - Clear responsibilities -Settled down -Winners have a new career path -Disaffection of some -Increase in turnover as losers move on

Table 1: Exhibit 6.1. People and Mergers- How Problems Develop and Wane.

(Arsenault, 1998, p.92-93)

One aspect of mergers is that often the two entities involved have different plans and strategies for the future. As such, their conflicting business plans must also be merged. In the case of the CCDT and the PHCC, their original business plans must be developed before a new merged business plan can be created.

1.3 Business Plans

A business plan is normally used to promote or gain support for a new business, a new idea, or a new direction for a company to pursue (Lamb, 2007, p.17). This is applicable to the project because the ‘new direction’ being pursued is the merger of the organizations, and all the issues this includes. The concepts behind business plans designed for the for-profit world can also apply to the non-profit world and the New Horizon Centre specifically. The business plan may need to convince investors to fund the venture, or may need to gain the support of executives to put the plan into action (Lamb, 2006, p.17). Prior to writing the business plan, a lot

of planning and research must be done in order to adequately prepare. The most important part of a business plan is not the end result, but rather the planning that is done in the process. (Center for Non-Profit Excellence [CNPE], 2008)

The planning portion of the business plan includes several aspects. During this stage, one must examine the ideas for the new product or service that the business plan will promote. Those writing a business plan must ask who possible competitors are, how much it will cost, and how it will be promoted. Along the same vein, what resources are required must be determined, and overall goals must be chosen. (McNamara, 2007) As a part of the planning, a budget must be developed, a break-even point must be determined and financial projections must be made (CNPE, 2008).

Typically, a business plan incorporates a general business description, description of the management, market analysis, financial analysis, and an executive summary. The business description section includes statements describing the type of business for which the business plan is being written, the services it provides, a brief statement about the customer or client base, and reasons that the proposed plan is viable. In the financial analysis, the business plan shows how finances will be used to achieve success and describes the starting capital, investments, and possible debt. The financial analysis also includes projections for financial growth. The market analysis should demonstrate that the market is understood, as well as provide analysis of competitive or similar organizations. (Lamb, 2007, pp.17,18) The market analysis is the section where data the project team collects during the feasibility study will be discussed.

The executive summary is typically the last section. Its purpose is to summarize and to highlight the critical parts of the plan. This section should provide a concise overview of the entire plan, and according to the Center for Non Profit Excellence, may be the only portion stakeholders read. (CNPE, 2008)

Prior to writing the business plan, the feasibility study must be conducted. This is another aspect of the planning that goes into a business plan. The project team must determine who the New Horizon Centre's target market is, as well as if the market wants what the Centre provides, when they provide it, and how they provide it. On top of determining what the market desires, the team also must consider trends. They must ask themselves if the field or industry is growing or declining. The budget implications are another important aspect to the planning, as well as any laws or regulations that would affect the service. These all explore the market and

the feasibility from an outsider's perspective. It is also important to look at what other organizations do that allows them to be successful in similar ventures. (CNPE, 2008)

The team's preliminary research indicated several tasks can increase the effectiveness of a business plan. While setting goals, the goals should be projected precisely on a timeline, and should be realistic. Sandra E. Lamb advises that one should not be overly optimistic with the proposed goals. The goals should be realistic and conservative. (Lamb, 2006, p.17) The plan itself should also not be embellished. Stilted language should be avoided, as a conversational tone will help persuade the reader. All sources should be cited, and facts should not be used out of context or misinterpreted to support a point. Lack of evidence does not prove the counter point to be true. When writing conclusions, sound reasoning should be used to support them. It should be noted that an acceptable conclusion could be that there was no conclusion. Some things are inconclusive and in the plan it should just be stated as such if this is the case. (Lamb, 2006, p.21)

After writing the business plan, it is best to present the plan to the company in a face-to-face setting. Similar to most presentations, it is useful to present the content using a visual form, such as a power-point presentation. (Lamb, 2006, p.19) The feasibility study readies the organization for change. The study highlights the aspects of the organization that are creating dissatisfaction with the current state of affairs. By pointing out present dissatisfactions, an organization can be encouraged to accept the changes that a business plan will propose. According to Barbara Bennett, being dissatisfied with the present state is the first step of a formula to achieve change. This is because as long as the people running it are satisfied with its current state, they will oppose change. Only when they feel dissatisfaction with the current state will they be accepting of change. After dissatisfaction is recognized, the organization must have a clear vision of where it wants to go, as well as the necessary steps to get there. The final step in promoting the required change is to create enough energy or tension to overcome the cost required, both in time and money. (Bennett, 1989, p.77)

Aspects of a feasibility study should be used as a methodology for this project. Once all the necessary planning and research has been completed and assembled into the business plan, it will be presented to the organization. The information provided by Barbara Bennett may be useful in preparing a strategy for the presentation to promote the acceptance of a business plan that may call for some changes to be made.

Business plans are an important aspect of a charity, but equally important is the monitoring of goal progression and having techniques to make sure that the strategies of the business plan are implemented. As such, internal monitoring techniques need to be developed to ensure the constructed business plan is followed.

1.4 Internal Monitoring

After completion of the merger, the New Horizon Centre will need the ability to monitor its progress for a variety of reasons. They will need to make sure that goals are met and given strategies are implemented. A rigorous and thorough set of methods will allow them to determine if mid-course adjustments need to be made to overall plans or if a program is failing. Additionally, the proper methodologies will allow the Centre to monitor its employees and other charities in the area to see what can be improved. In order to do this correctly quantitative techniques need to be identified. In this section are the definitions of the different techniques considered for use in the final project as well as the strengths and weakness of each method.

1.4.1 Management Accounting

Management accounting is an extension of regular financial accounting, but fitted to look at an organization's goals and make sure they are met with utmost efficiency. The concepts used in for-profit management and financial accounting are regularly used in non-profit financial accounting. Both groups report to governmental and executive oversight bodies and need a uniform, familiar way to present their financial records so that they can be scrutinized. (Horngren, 2008, p.10) It is important for all managers and board members to have a firm grip upon finances so that a non-profit does not fall into financial debt.

Management accounting contains a few techniques which may be particularly useful in a non-profit, one of which is “management by objectives.” A manager or leader of a specific program of the non-profit negotiates a budget ahead of time, and then assigns goals that fit in the hierarchy of the non-profit organization’s objectives. This decentralized approach to management is balanced by the fact that managers are evaluated by the board members based on their ability to meet the goals within the budget. This technique forces project leaders to make

and track their goals and thus provides the non-profit with a built-in goal tracker. (Horngren, 2008, p.452-453)

Management control systems are an integration of techniques that allow for a quantitative and qualitative analysis of data used to make decisions for motivating and monitoring employees. (Horngren, 2008, p.386) In a non-profit, such a system is more difficult to implement due to the fact that goals and output can oftentimes be harder to measure. In addition, employees in a non-profit are not motivated by monetary rewards, which are the focus of management control systems, and may actually resent such offers of money and intrusive management. This makes techniques difficult to apply and control, but no less necessary (Horngren, 2008, p.409).

Systems for debit and credit entries, cost-behavior, cost-management relationships, pricing decisions, operational decisions and activity-based costing are all management accounting techniques with their roots in for-profit groups. These techniques can be used as a way to measure and plan goals financially for non-profit organizations. If the CCDT is not already applying such techniques, then their integration could allow for stronger goal tracking. These financial management implementations form the foundation for more goal measurement techniques. Having a strong basic knowledge of how these techniques work can be helpful in choosing how to collect and present data for the CCDT.

The basic forms of management accounting have a number of benefits when being used to measure financial milestones, but are much less effective overall when not working with tangible assets. Issues such as the social impact of the organization or its long term effects on the community seem to be overlooked and lost. Management accounting is an extension of standard financial accounting, and can only account for such social benefits as a form of “goodwill.” Conversely, applying proper management accounting is a relatively easy process for any accountant. The process merely requires the adaptation of techniques that are already known. However, this technique may not be useful for the New Horizon Centre’s needs due to the fact that it is not fitting for measuring social progress of a non-profit.

1.4.2 Social Accounting

A social accounting based financial account is a standard financial account, but modified so that it includes more than just pure financial values. The main argument of the social accounting

technique is that the “social value” of the deeds performed by non-profit organizations can be used as a tangible value to link non-profit accounting with for-profit accounting (Quarter, 2003, p.75). Non-profits provide benefits for communities which often have a real economic effect despite no cash exchanging hands. As such, despite the fact that non-profits do not sell traditional goods and services, the items that they do offer still provide financial benefits for the community and economy as a whole. For example, the economic result of vocational training for the unemployed may be reduced income assistance from the community, thereby creating a tangible savings of wealth in the economy (Quarter, 2003, p.82).

In essence, social accounting is a criticism of the standardized financial and management accounting techniques as presented in section 1.4.1. These techniques disregard non-monetized items and do not account for the value such organizations hold for their employees, their consumers, the environment, and other categories. (Richmond, 2003, p.309) As such, the techniques are an adaptation of the standard methods used in financial accounting, with room for non-monetized items.

Betty Jane Richmond, Laurie Mook, and Jack Quarter discuss two of the main models for the process of social accounting, “community social return on investment model and the expanded value-added statement—for nonprofits” (Richmond, 2003, p.308). They go on to say that “both of these models present examples of how non-monetized social outputs can be given surrogate values and included with financial statements” (Richmond, 2003, p.308). These models seem adaptable to the project needs, as they are easily implemented and can be modified to suit the needs of the New Horizon Centre.

The community social return on investment model looks at a comparison of incoming and outgoing resources as a technique to measure social value (Richmond, 2003, p.311). Expenditures are considered an outgoing resource because the benefits of employment and purchases return to the community, while revenues are an incoming resource from the community (Richmond, 2003, p.312). Meanwhile, volunteers are counted as both an incoming and an outgoing resource, as they both come from the community and provide for the community. These volunteers are assigned values based upon their hours worked and the level of skill they contribute to the job (Richmond, 2003, p.314). Then the technique assigns values to the goals and services of the non-profit and tertiary benefits (Richmond, 2003, p.315). If the ratio between outgoing and incoming resources is positive, then the non-profit is making progress. If it is

negative, then the non-profit is likely not making progress in the community. (Richmond, 2003, p.316)

“The expanded value-added statement builds on the community social return on investment model and organizes the data into a financial statement format,” is the definition set forth by Richmond (2003, p.308). Essentially, by combining value-added income statements with social value, the hope is to form a more complete picture of the value that a non-profit organization provides. Value added is defined as the value added to wealth that an organization creates by applying its resources to people and goods. (Richmond, 2003, p.321) By adding such a value to financial statements, the goal is that non-profits will be able to more readily display their social value and in turn be able to better assess their own capabilities.

Social accounting is less a method for goal tracking, and rather a tool for internal monitoring and auditing. By checking which areas of the non-profit have more inputs or outputs, the New Horizon Centre may be able to reallocate its resources more efficiently or be able to track troubled areas. The technique requires some work to begin using, as the user needs to assign values to non-monetized items, but with practice, the barrier of implementation can be overcome. Some problems with social accounting are that the values added and social values may prove to be controversial since the numbers are just guesses and as such the Centre may need a uniform way to assign values. Overall, this seems like a strong technique, one that is highly usable.

1.4.3 Balance Scorecard

The supporters of the balanced scorecard technique argue that more than just financial records and detailed books are needed to determine the health of an organization. Various detailed indicators about the non-profit organization are needed to assess its performance, ranging from its social impact to studies about how good its contacts are. (Niven. 2003, pg. 3-4) Paul R. Niven argues that, “Financial reports by their very nature are abstractions,” and often lack the details needed to properly run an organization and evaluate its long term goals (2003, pg.8). The 10-step process of the Balanced Scorecard is arranged to start with determining what the goals for the NPO are and ends with designing ways to achieve and measure those goals, which is similar to a normal business plan (Niven, 2003, p.70). Rather than focusing on the

planning process of the balance scorecard, the focus of this analysis is on what is recommended for performance indicators

The balance scorecard process suggests that there are three types of performance measures. Input measures track program inputs such as money, staff time, and donation materials. Output measures are the results generated from program inputs and outcome measures are tracked benefits received by those with an interest in the company, in this case the patrons of the New Horizon Centre (Niven, 2003, p.186-187). The text then goes on to suggest some key examples of what these items are and how they can be used.

Overall Niven's book talks less about how to record data for the balance scorecard and more about how to use it as a motivator to make progress in various program areas. The text places heavy emphasis on the barriers that have to be overcome in order to create a productive NPO, and lists techniques to overcome these barriers. However, the list of key indicators for the scorecard provides a guide on how to think about problems and where to focus the Centre's efforts (Horngren, 2008, p. 401).

The first problem with the balance scorecard is that it is still relatively new and may be seen as a "passing fad." The author of the system uses a large number of "buzzwords" in his description of the program and this gives it the appearance of being superficial. The technique is also designed to keep track of a large number of factors ranging from customer needs, financial needs, employee growth and learning and internal process (Niven, 2003, p.32). This broad array of categories to keep track of can be a bit confusing at first, but the techniques presented seem to be implementable. The focus on the technique of "outcome measures" as a way of tracking progress of milestones and similar goals will likely be the main idea brought away from the team's research.

The balance scorecard process also suggests methods of quantitative measurement, but does not give any explicit examples. This makes the technique hard to implement, because one has to derive the measurements from the ground up. The technique also seems to be built for goal tracking and seems to be easy to adapt for use in a business plan. In many ways, a balance scorecard is similar to a proper business plan. It is broken down into easily digested steps and each aspect is managed from all levels of the organization. (Olve, 2000, pg. 56)

1.5 Case Studies

In preparation for this project, the project team looked at a number of different case studies which discussed various tactics for internal monitoring through finances and other methods to see what may be useful for the New Horizon Centre. The case studies of various non-profit organizations ranged from locations in South Carolina, USA, to London, England, UK. Since every NPO is unique, it is very difficult to find a case that is directly comparable to the situation at the Centre; still, many good ideas were collected. These case studies illustrate how to approach internal monitoring on both social and financial progress and what mistakes to potentially watch out for.

1.5.1 Castle Hall Academy: A Case Study in Non-Profit Accounting Mismanagement

Castle Hall Academy is a small, highly competitive, private high school located in New England which had been, for a number of years, using poor financial tracking and improper record keeping. The head of the financial office was oftentimes more interested in helping with computer problems than keeping himself up to date on the latest financial management techniques. As a result, the school had very poor bookkeeping. Eventually, pressured by a number of board members, the school brought in outside accountants to give the books their first major audits in years. (Grippio, 2006, p.100-101)

The resulting audits uncovered accounting errors, especially in the areas of contributions and investments, two key sources of income for the school, which indicated that the school was operating closer to the red zone than previously believed. Although historically fundraising efforts and endowments had always exceeded the cost of running the school, in reality the school had less money to work with than they thought. (Grippio, 2006, p.103)

The case study ends there, but does point out the importance of having proper internal record keeping. The main argument gleaned from this case study is the importance of the internal monitoring as part of a business plan. Though the school was lucky in having secure finances, the New Horizon Centre may not be so lucky with its sponsors, and with the turmoil of

a merger, it is important for the survival of the new organization that such matters are looked at carefully.

1.5.2 Developing a Pilot Social Accounting Matrix for the United Kingdom

A social accounting matrix is essentially the same concept as an expanded value added statement described in section 1.4.2. The primary difference between the two techniques is scale. A social accounting matrix takes an expanded value matrix, and employs it in analyzing an entire sector of the economy. These sectors are then put together, resulting in the pilot social accounting matrix Nigel Stuttard created. Economic activity is further divided into secondary, primary and tertiary sources. (Stuttard, 2003, p.90)

The study showed that despite low primary and secondary benefits economically, NPOs produced a very large number of tertiary values added in comparison to their relatively small sizes (Stuttard, 2003, p.89). In fact, over half of the value added from NPOs comes from tertiary values. Though little raw data on how these numbers are calculated is given, the author outlines a process in choosing his figures similar to the process behind a value added statement.

The case study first shows that forming both a value added statement and value added matrix is an entirely feasible process for a NPO to do, allowing them to calculate the value of their work. It also illustrates that a large part of the New Horizon Centre's benefits for the community are likely going to be tertiary benefits, and as such the Centre's business plan and goals should reflect this fact. These tertiary benefits are those benefits which are not immediately seen by a program, but instead represented by smaller long term gains such as eradication of poverty and the resources such a process frees up.

1.5.3 Shaping the Balanced Scorecard for use in UK social enterprises

The balance scorecard has only been recently applied to non-profit and service organizations, and often with only a small set of modifications. (Somers, 2003, p.50) The author of the case study, A. Somers, argues that though one could apply a balance scorecard in an unmodified form and then see some improvement, alterations to the balance scorecard formula are needed because non-profit organizations inherently answer to different masters than for-

profit organizations (Somers, 2003, p.50). The author also argues that there are a number of differences between US and UK non-profits. One is that there is a tax exemption in the US for personal giving, which is absent in the UK. The ability to win and keep donors, therefore, is more of an issue for UK non-profits. To explain further, donating to charities in the US results in a tax break for the donators. US citizens are more likely to give on such an incentive, whereas private UK donors enjoy no such benefit. As such, they must be approached more aggressively in order to count on fresh donations, and such aggressive marketing takes resources away from other efforts, yet is still needed. (Somers, 2003, p.51)

Among several limitations of balance scorecard methods, Somers notes that they fail to look at the balance between generating social versus financial profit. By focusing on one aspect, the other is often overlooked (Somers, 2003, p.51). Somers proposed three main changes to amend the scorecard: “an additional layer was added in which social goals are articulated above the financial perspective; the financial perspective was broadened to focus on sustainability; and the customer perspective was widened to capture a larger number of stakeholder groups” (2003, p.52). The resulting balance scorecard is more complex, reflecting the hybrid nature of non-profits which often demand a more complex management system. (Somers, 2003, p.52)

Social goals drive non-profit groups, hence their inclusion in the balance scorecard final calculations. Somers cites the goal of increasing child care options and quality for a community based nursery (2003, p.53). Participants of the study were asked to speak about their goals and their words became part of the decision making process (Somers, 2003 p.53). Financial sustainability is also important to social enterprises; it’s the only way they can grow and continue to function. If an organization is not financially sustainable, no amount of donations or grants can help them to function. (Somers, 2003, p.54) Finally in a NPO, as the author said, the customer is any number of stakeholders in a NPO. Those paying for and immediately using services may not be the same as those who benefit in the long-term from the existence of a NPO. (Somers, 2003, p.55)

According to Somers the pilot study:

- Increased employee understanding about their organization as a business.
- Demonstrated the usefulness as a business planning tool for social enterprises.
- Showed the BSC was an effective means to engage staff and team members and could be used as an early-warning system for potential problems.
- Helped to redress the balance between purely financial gains and social purpose.
- Gave participants: focus, clarity, a big picture on one page and the ability to remove non-essential detail from strategic planning.

Table 2: Employee Feedback on the Balanced Scorecard

(Somers, 2003, p.57)

In addition, feedback indicated that it was important that the senior management take part in learning about the balance scorecard, that the technique was time consuming to learn, the learning process required the entire NPO's staff to be onboard and that the technique was applicable to a larger variety of NPOs (Somers, 2003, p.58).

The conclusions the group can draw from this case study is that the balance scorecard could take some weeks to apply. Most of the participants found the learning curve high and time consuming, and had a measure of difficulty with understanding the concept of a balance scorecard; once they did, however, they found the technique useful in the operations of their non-profit organization and discovered that it helped them create clearer goals and long-term objectives.

Effective mergers are the result of hard work, thorough preparation, and clear planning. The CCDT and PHCC have the potential to be stronger as a merged entity than they could be on their own. In order to achieve this growth, they will need to have a business plan that thoroughly depicts the distinct challenges posed by a non-profit merger and techniques to see that the business plan is successful.

2.0 Methodologies

The primary goal for the work in London with the Commonsense Community Development Trust (CCDT) and the Pollards' Hill Community Centre (PHCC) will be to create a strong business plan which may be used to enhance the likelihood that the two newly merged organizations reach their strategic goals in a timely fashion. A variety of methods will be implemented to gather the information necessary to create an effective business plan. It will be essential to the process to determine not only factual data about the status and history of the CCDT and the PHCC with whom they are merging, but also to ascertain the opinions of those personnel most closely involved in the organizations. In the early stages of the project, the plan is to conduct interviews with board members, paid staff members, and volunteers at the CCDT and PHCC. Additionally, interviews will be conducted with a sample of regular patrons of both organizations in order to help complete the picture of the services and organization of the CCDT. Among the facts to be gathered, some key items are: financial status/stability, long-term goals, short-term goals, successful programs, employee training and ability, impact on the community, and thoughts about the future. Another important task that will be performed while working directly with the CCDT is to look at various documents that are held on hand in order to accurately assess the currently held goals, finances, problems, etc. of the organizations. It will be crucial to explore these issues in depth in order to aptly produce a valid business plan.

The next step in the methodology will be moving on to gather interviews from similar organizations elsewhere in London in order to gain knowledge of common pitfalls associated with strategic planning, financial management and mergers for non-profits. Additionally, methods to overcome these problems will be researched, as well as methods used for internal management, goal keeping, and goal measurement. An important ongoing method which will be occurring throughout the interview process will be to gather historical information about the two organizations. Information regarding past accounting and finance will be invaluable to the assessment of their current state as well as in drawing plans for the future. Comparing the histories of the two organizations will also assist heavily in planning for the complete legal merging of the two in March 2008. Another important function which will be served by the routine observation of day-to-day function of the organizations is to act as objective, external observers. As such, it will be possible to gain a picture of the organization in a way that could not be accomplished through researching historical data alone.

After having gathered a substantial amount of information, the data will be compiled in order to begin preparing a business plan to submit to the organizations. During the process of writing the business plan, the goal is to also conduct a focus group with the board members in order to assess their opinions on the ideas for the business as well as to come up with further ideas, and to make the board members feel a part of the planning process. Understanding that asking the board to convene for such a task may not be possible, meetings with individual members of the administration will have to suffice for this step of the process should it prove too difficult to arrange a meeting with the board. The process will then continue by creating a balance scorecard, in addition to finalizing the business plan, in order to help the quantification of certain pieces of the information and gain techniques to further assess the status and progress of the two organizations. After finalizing the business plan, the plan is to prepare for and eventually deliver the final presentation to the organizations' joint board. This methodology will keep the process on track to deliver a quality result in a timely manner.

2.1 Historical Research Methodology

The history of PHCC and the CCDT are important subjects to review when constructing a business plan for the merged organization. The team believes that knowing how different areas of the organization have functioned in the past will dictate what techniques should be used in the future. Areas of interest will be volunteer base, activities, employee and financial history.

2.1.1 Housing of Services

The history of the building and what spaces house what activities will help understand the space is being used effectively. If there is space that is not being used that could otherwise be earning income there is a problem. In order to conclude how effectively the spaces are used a pie graph of the total rental time that the rooms are available versus how much of that time the space is actually filled will be constructed. An example of this is shown in Figure 1. This type of chart will be constructed separately for the PHCC and the CCDT. There will also be a graph constructed using both sets of data cohesively.

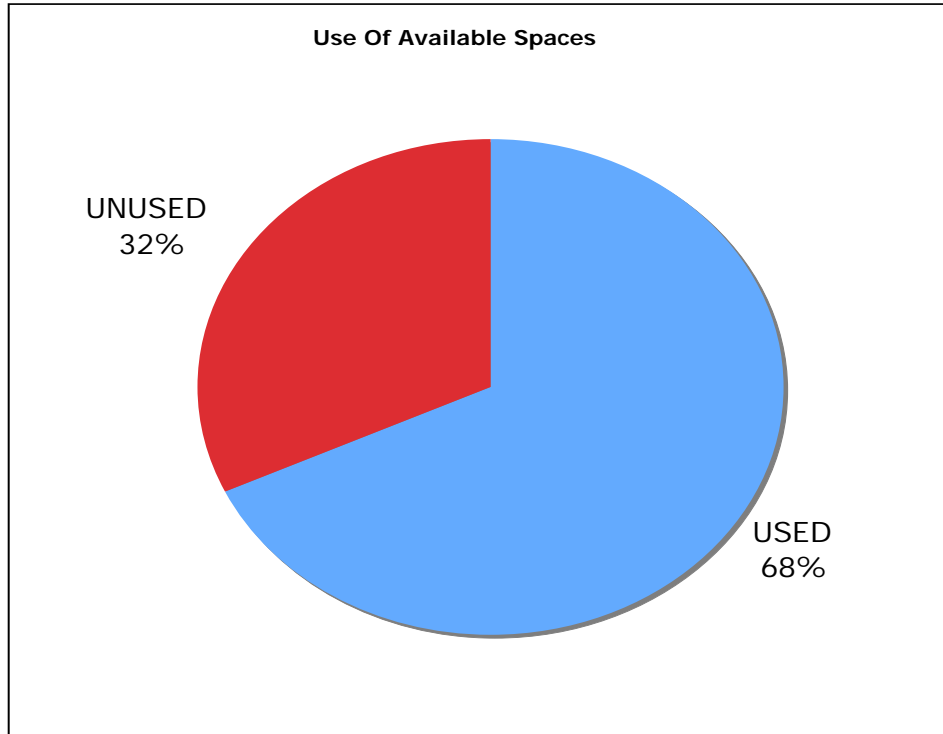


Figure 1: Example Activities Graph

2.1.2 Activities History

The Activities History will be acquired to determine how well the funding for a particular activity was used. An important piece of data will be the projected number of participants versus the actual number of participants and the overall funding to run each program. The type of advertisement for each activity will also be analyzed to determine the most effective advertisement technique to be used in the future.

Finding the number of participants in each program offered in the past and present will help determine which activities are used most frequently and which can be cut to finance new programs. It will be important to find out how much it costs per participant to hold an activity (cost of an instructor, heat and supplies, for example) and see if certain programs are too costly for the amount of user turnout. These programs could be thematically related to the programs

that already have outstanding participant turn out found using the data collected. An example of what the graph will look like from this data is shown below in Figure 2.

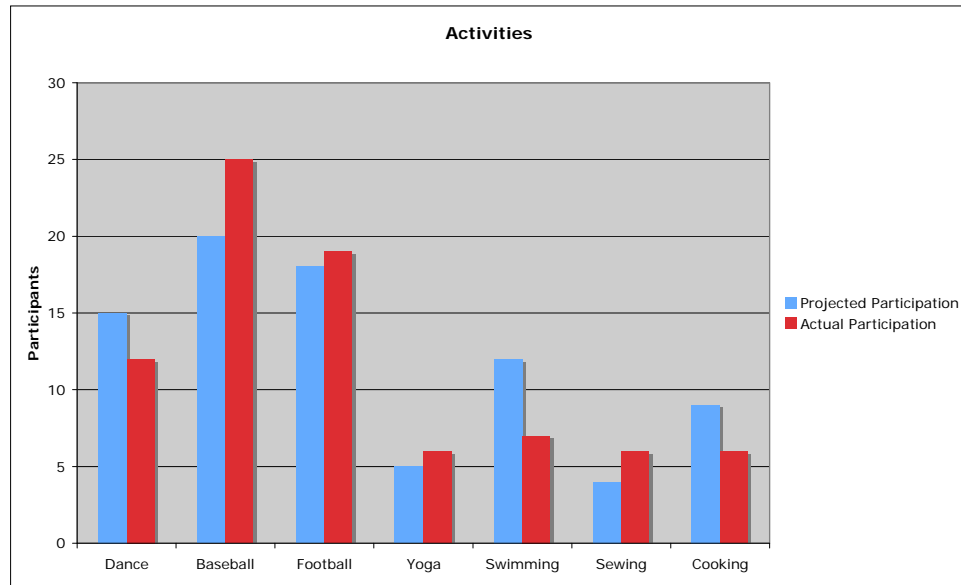


Figure 2: Example Activities Participation Graph

2.1.3 History of Volunteer Base

A volunteer base of a non-profit is one of the most important contributions to the success of the organization. Therefore, finding the history of how many volunteers the respective centers have had will allow the group to present these numbers to the administration and make recommendations if needed. Finding records of the number of volunteers over the past years could be difficult or impossible depending on the detail of records kept. Using the employees' input on where to derive this data will be the starting point of this research. Verbal estimations from staff can serve as a sufficient data collection method, for purposes of this project, if records were not explicitly kept. A line graph of number of active volunteers versus time would be constructed to illustrate the growth and decay of volunteerism over time. An example of this can be seen in Figure 3.

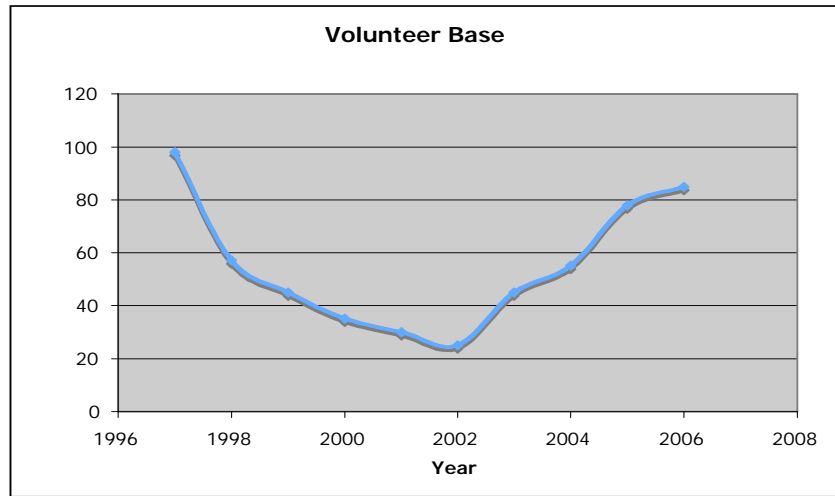


Figure 3: Example Volunteer Base Graph

2.1.4 Financial Records

Non-profit organizations normally have to keep good records of how they spend their money because the majority of them are registered charities and many have some type of government funding. This means that the financial records should be easy to acquire. The organization will most likely have tentative budgets that it generates every year so those will be a good starting point for analysis. These will be compared to actual financial filings that the organization turns in each year to the government.

The amount of funding the organization has and what it actually spends can be shown in a comparative bar graph. An example is shown below in Figure 4. The graph shows easily at a glance if the organization is becoming better at projecting its budgeting needs for the year. It can also show if the organization is consistently over budget and from that suggestions for more accurate projections or closer attention to the budget can be made.

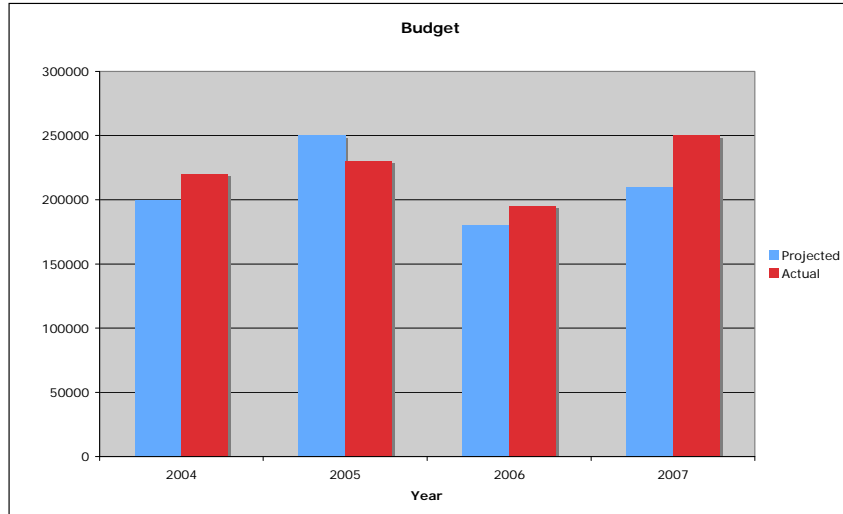


Figure 4: Example Budget Bar Graph

Finding what the different activities cost to run and other expenses of the organization will be the next step. Having a “closed loop” of what is planned to be spent and what actually gets spent gives evidence to support a future business plan including the budget. A side-by-side bar graph of what was generated for funding to be spent and what was actually spent on different activities will be a good way to illustrate this idea and is shown in Figure 5.

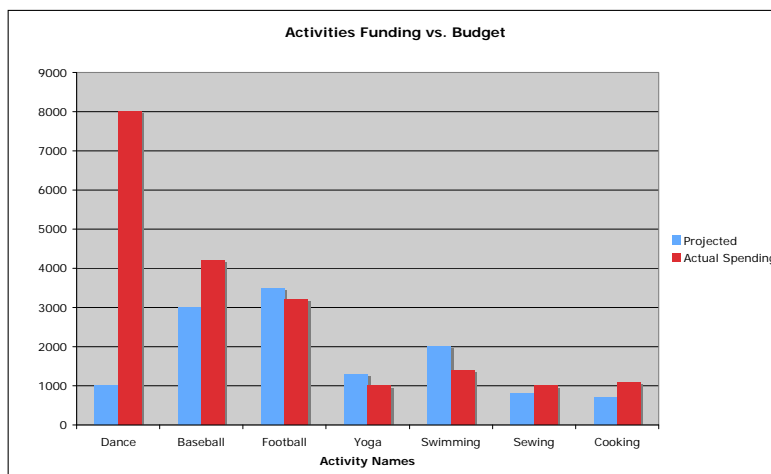


Figure 5: Example Activities vs. Budget Graph

Finding employee qualifications will be an area that will be approached as delicately as possible. Consulting the project liaison as to what should and should not be investigated will be

the best way to approach this subject. Graphing the salary budget over the years could be the best way to show if the employees are being rewarded for good work or not. Looking at the years each employee has been there will allow correlations to be made with other aspects of the organization. Frequent turnover of employees can show that the administration is flawed or that the personnel are not happy.

2.2 Interviews

The project team will conduct a series of semi-structured interviews with staff, volunteers, and board members from the CCDT and the PHCC; as well as interviews with other organizations that are similar to the CCDT. In addition, the team will be conducting more structured interviews with patrons of the CCDT's services. The team has decided to use interviews as this method provides the most direct way to determine the information they are seeking.

The interviews will be open-ended due to the nature of the information being sought. The lack of any quantitative data to ascertain, combined with the fact that the issues on site are unknown to the team, make open-ended interviews the best method to obtain this information. By using the open-ended questions, the team will be able to reveal what issues exist, as well as issues the project team had not previously considered.

2.2.1 Semi-structured Interviews

The first interviews will be done in a semi-structured fashion because while there will be a pre-determined set of questions and general topical areas that will be covered, the nature of a semi-structured interview allows for a researcher to ask further questions that clarify or deviate from the original proposed question set. The goal in these interviews is to maximize the gain of relevant information as well as to learn the answers to specific questions that are asked. Allowing the interviews to be open-ended discussions will be beneficial in achieving that goal.

This method of interviews will be done while working in pairs. The plan is to sit down with each of the interviewees. The interviewers will bring a set of questions, two notebooks, and a tape recorder. The intention is that working in pairs will allow one member to conduct the interview while the other records the interview, both with a tape recorder and by taking notes.

Prior to the interview, a confidentiality agreement will be signed, stating that the participant's name will be omitted from any report. The confidentiality agreement is shown in Appendix G. This will be signed by the participant to indicate they understand the agreement, as well as by the interviewer.

After all the interviews are conducted, the two members of the team who did not conduct the interview will listen to the recording and take further notes. The team will be analyzing the interviews to spot common issues and to provide further ideas for the writing of the Business Plan.

The majorities of interviews are of this type, and include interviewing staff members, board members, and volunteers of the CCDT and the PHCC. The goals of each of these interviews differ as well as the method for sample selection.

Some people that are interviewed may fit into more than one category, for example a staff member that also happens to be on the board, if this occurs he or she will be asked both sets of relevant questions.

2.2.1.1 Sponsor Staff Interviews

The objective of the sponsor staff interviews is to determine the organization of the internal management, funding information, internal monitoring techniques, internal management techniques, and any points of conflict or difficulties which may hamper the merger. With this information, the team hopes to gain an understanding of the strengths and weaknesses of the CCDT, if any, and determine what recommendations can be made for a business plan. Additionally, there will be interviews with the staff of the PHCC with a similar set of questions to attempt to more easily determine points of friction.

The sampling frame consists of both the CCDT staff and the PHCC staff. Interviews should be able to cover all of the staff from both locations seeing as combined there are only about 10 staff members. This should provide the project with a balanced view of both organizations from the perspective of those who work there.

2.2.1.2 Sponsor Board Interviews

The objective of these interviews will be to determine the financial state of the organizations, as well as information pertaining to the merger. Specifically, how well the boards from the two

organizations get along, and what any reasons for tension are, as well as the goals and visions the board members have for the merger.

The team will attempt to contact board members and arrange a meeting to conduct these interviews. Ideally, at least two members from all three boards will be reachable. The three boards are the CCDT's, the PHCC's, and a joint board that was created to handle the merger. It may be unrealistic to hope for more than two, but the team plans to interview at least two so there is a greater range of opinions than would be possible with just one interview.

2.2.2 Executive Interviews

In this set of interviews a very similar method will be used as with the semi-structured interviews. Instead of conducting the interviews in pairs, the interviews will be done with all four members present. One member will ask the pre-determined questions. Like the semi-structured interviews, the other group members may ask further questions.

These interviews will also be recorded, and this recording will be listened to during the analysis of data stage of the project.

2.2.2.1 Sponsor Executive Interviews

The project team has realized that the executive members of the staff should be asked a different set of questions than the rest of the staff since the executives will have a greater knowledge of the issues. After all the semi-structured interviews are completed, the data collected will be analyzed and used to create some specific questions for the executive members. This will allow the team to be further enlightened to the issues of the merger and may reveal more issues that did not surface during the semi-structured interviews.

2.2.2.2 Other Organizations

The interviews with administrators and senior employees of other charitable institutions is a technique to discover other methods non-profits use to organize, including how they do internal monitoring; what services they provide that are successful; and potential issues which should be anticipated and avoided. The intention is to also discover the internal structure of the organization through the questions. Finally, the hope is to find out what other organizations that have undergone mergers have done to make the transition go smoothly.

In addition, outside organizations such as the DTA (Development Trust Association) may be familiar with the CCDT or the PHCC and may be able to provide an additional outside perspective. This would be especially valuable as such organizations will have had much more time to observe the CCDT or the PHCC than the team will be able to do in the seven weeks of the project.

The team will identify some successful organizations either through their questioning of the CCDT and PHCC's staff, or possibly by talking with a DTA (Development Trust Association) official. Through the "word of mouth" approach from the staff interviews, it is likely organizations will be found that are similar to the CCDT or PHCC. Talking to a DTA official would be the best approach because if candid, he or she will give the best sampling of successful organizations. Interviews will be conducted with at least three other organizations to discern common elements and avoid erroneous information due to a small sample size. If time allows, more interviews will be executed. At each location interviews will be completed with at least two senior upper level staff and/or board members.

2.2.3 Patron Questionnaire Survey

The project team intends to conduct in-person surveys with patrons of the CCDT and the PHCC. These interviews will be more structured than the sponsor staff interviews. This is due to the number of interviews of this type that the team intends to conduct to gain a broader range of opinions. The interviews of this type will also be done by individual team members, rather than pairs.

During the interview, the interviewer will write quick notes about any general comments or ideas that the interviewee mentions. A possible example to a question such as, "What problems do you have with the service?" could be "not enough cake." After all the interviews are complete the number of occurrences of common ideas will give us valuable information as to the general desires of the interviewed.

2.2.3.1 Sponsor Patron Interviews

Through interviews of the patrons, the intention is to discover what the community members expect from the two organizations, as well as what they feel the organizations do well and what they could work on to make better.

At events, the team will interview the patrons of CCDT and the PHCC. The interviews will be conducted around scheduled events so as to maximize the accessibility of the patrons. The team will approach random community members and ask if they would mind answering a few questions. This will be carried out with several people and at different events in an attempt to gain a wider age range and to achieve a greater representation of what the community as a whole desires.

At least twenty people need to be interviewed to get a broad range of opinions. By sampling patrons rather than random community members, more relevant opinions will be analyzed. This is because the patrons will have a greater knowledge of the organization than would a randomly chosen person on the street. As a result the answers received will be more informed and more useful.

2.3 Observation

An important technique which will be used in the process of researching the CCDT and the PHCC is to act as external observers who can provide a new perspective. This technique will provide a view of the organization which would not normally be attainable through internal self-evaluation. Oftentimes, an organization will not be able to fully appreciate some of its critical strong or weak points due both to employees' and administrators' inability to objectively evaluate the organization's performance due to the inherent bias. Observers placed within the organization in order to study it thoroughly on a day-to-day basis will provide a hitherto unavailable tool of evaluation. Aspects of the organization such as work environment, management techniques, and employee satisfaction will be much more accurately derived through direct observation than could be through researching past documents or simply asking the administration.

2.4 Business Plan Focus Group

The purpose of this method is to both provide a forum to discuss the ideas intended to be put into a business plan, as well as to prepare the executive members of the organizations for these ideas. The theory being that by participating in a focus group, the board and executives will feel

more closely tied to the planning process and when the final version of the business plan is presented, they will already be familiar with more of the ideas and will accept the team's advisements more favorably. In addition to generating a greater feeling of comfort with the process, the feedback received from the board should provide more perspective which will be useful for finalizing the business plan.

2.4.1 Conducting the Focus Group

According to James K. Doyle, in order for the results of the focus group to be useful, more than one focus group needs to be conducted (Doyle, ch.11). The easiest way to divide the work would be to do a focus group with each Board of Trustees: one for the CCDT, one for the PHCC, and one for the board overseeing the merger. However, if the different focus groups produce completely different results due to their drastically different makeup, it will make it more difficult to have the business plan accepted. As a result it may be wiser to create focus groups by mixing the members from the various boards. This would also make sense as they will have to work with each other after the merger. Two different meeting times will be confirmed by some of the board members ahead of time, and any of the board members who are able to attend will be welcome to meet at either of the times to discuss the results of the research. This will allow for the groups to include mixed members of any of the boards and will provide for flexibility to their schedules.

Fully understanding the difficulty of trying to convene board members for interview groups, follow up interviews may have to suffice. Follow-up interviews of this style would follow the method presented in section 2.1. Unlike the semi-structured interviews, these interviews would be handled more as discussions than as interviews. Rather than merely interviewing the board members again, discussion would focus on the newly proposed ideas.

2.5 Writing a Business Plan

After having completed all of the data collection, the information will be analyzed to develop recommendations of what the organizations should do to improve. The information will be compiled into an outline which will act as a precursor to a business plan.

With the completed outline, a business plan focus group with the project team and members of the organizations will be conducted to discuss the ideas which will be included in the business plan as well as to familiarize the executives with the potential changes suggested. Once the sponsors are consulted about possible changes to expect, and suggestions from the focus group have been incorporated, the revised outline will prepare the project team for writing the full business plan.

The remaining time will be spent writing the business plan and a balance scorecard. The business plan will address the future of the organizations regarding finance, spending, and services. It will be written in the context of helping the organizations to improve on their current situations and to better prepare for any possible future changes. In addition to the business plan, a balance scorecard will be written in order to quantify the level of success of various aspects of the organization. Finally, the completed business plan will be presented to the board and staff of the New Horizon Centre.

2.6 Designing a Balance Scorecard

The goal of the balance scorecard is to monitor the progress of the business plan so that the CCDT could continue to develop its merger plans in the time to come.

A balance scorecard's four main components are the mission statement, the company values, the vision and the strategy. These aspects of the balance scorecard are outlined in the business plan. (See section 1.4.3) Based on the findings from the interviews and the review of organizational documents, the team intends to create a balance scorecard which outlines strategies and measurement techniques in the four key areas of goals measurement with the help of select members of the New Horizon Centre. From this starting point, the hope is to design a way to use lag and lead indicators to monitor four key areas: financial goals, customer relationship goals, employee learning and growth goals, and goals of the internal processes.

Financial monitoring is used to manage financial performance and other resources. By using standard management accounting methods, this area can be monitored against goals set forth in the business plan. The objective is to ensure the health of the organization's capital and long term viability, and to make sure there are no major cash flow problems. This is a technique which should already be in place at the CCDT; if it is not then their accountant should likely be

trained on how to report such methods to the onsite director so he/she can make decisions in step with the business plan

The next major area to be monitored is the patrons of the newly merged New Horizon Centre. The objective is to ensure the Centre is meeting the needs of the regular patrons whom they serve and one time patrons who have the potential of becoming repeat patrons in the future. Based upon the feedback and the goals represented in the business plan, the plan is to design a set of regular feedback cards (such as the example in Figure 7) which the Centre can use to evaluate its relationship with its patrons on a regular basis. The feedback cards would be on a 5 point scale so that they could provide the Centre with quantitative data and feedback. These questions would be based upon the data gathered in the interviews.

Please take a moment to help us serve you better...

- Did we meet or exceed your expectations? Yes No
- Was our staff courteous and helpful? Yes No
- Did you receive prompt attention when you called our office? Yes No
- Were you kept informed as to the status of your loan process? Yes No
- How would you rate the service you received?
 - Excellent
 - Good
 - Average
 - Fair
 - Poor
- Do you know anyone who may be interested in refinancing or purchasing a new home?

1. _____
 NAME PHONE

2. _____
 NAME PHONE

3. _____
 NAME PHONE

● Do you have any suggestions to help us serve our clients better?
 You can't do any better than prompt, professional service. My thanks to Mark Patterson.

Figure 6: Sample Feedback Card

(www.ohiolowrate.com/images/holomuzuki.jpg, 12/5/2007)

The objective of employee learning and growth is relevant to the Centre’s needs and wants based on the interviews and business plan. Designing a way to monitor and test employee learning is difficult to design without first writing the business plan; as such, one can only guess on the final monitoring technique which will be used. Odds are the technique will likely include a uniform system for regular employee evaluations based on what the Centre does, from a 360 degree perspective. This technique is particularly useful in a small environment such as this. The evaluations would help the employees express how they feel about each other’s work and allow the General Manager an opportunity to monitor which areas need additional improvement.

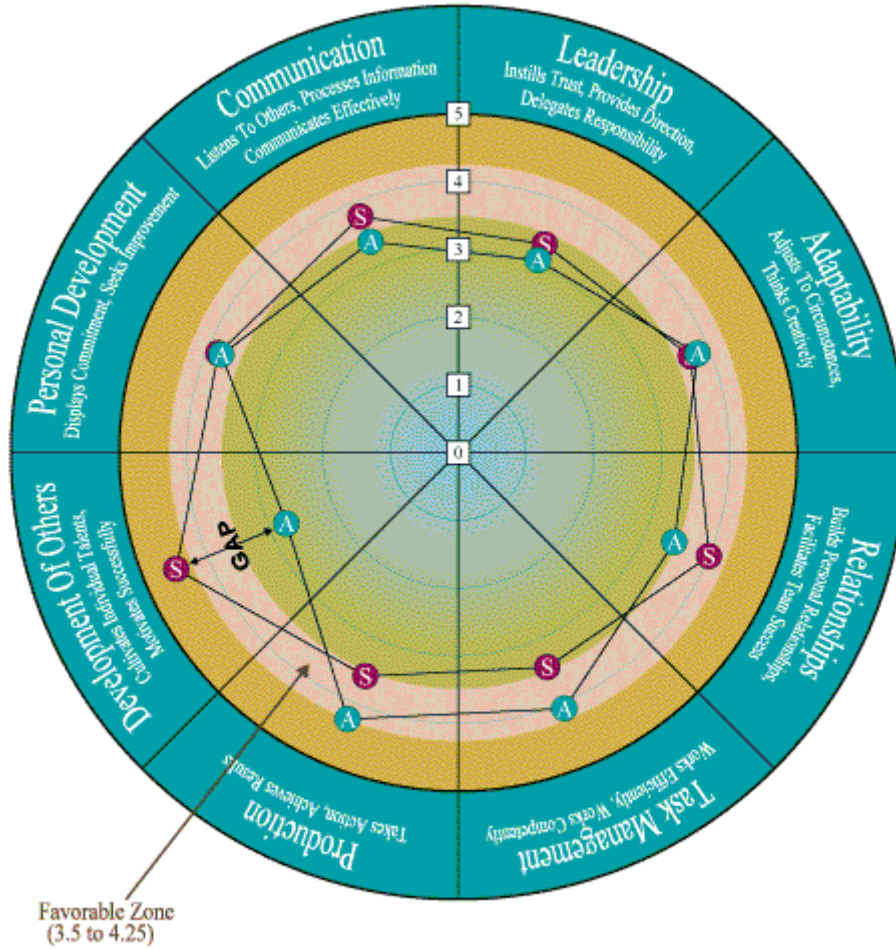


Figure 7: Sample 360 Degree Evaluation Form
 (<http://www.assessments-usa.com/images/360.gif>, 12/5/2007)

The goals of the internal process indicators are to measure the key processes which add value for the customers and patrons. A social accounting method may be best employed, looking at the inflow and outflow of each program present at the Centre and checking to see if it is causing growth or stagnation. In charting these on a regular basis, the Centre should be able to figure out which internal processes are weak and need corrections.

	TA 1	MA 2	CS 3	OG 4	M 5	CG 6	Commodities						PS 13	Total 1-13	Factors							
							IG 7	CAG 8	EGW 9	C 10	IS 11	FS 12			SL 14	UL 15	CC 16	UCDP 17	UCMI 18	Total 14-18		
Traditional Agriculture (TA)	1	413	135	0	0	3	2301	4	0	0	9	43	97	67	3071							
Modern Agriculture (MA)	2	92	83	0	0	16	1422	15	0	0	42	8	19	19	1716							
Coca Sector (CS)	3	0	0	0	0	0	0	1	0	0	0	0	0	0	1							
Crude Oil & Natural Gas (OG)	4	0	0	0	32	0	33	1190	0	83	0	1	2	1	1342							
Mining (M)	5	1	1	0	0	1	2	742	0	0	188	1	3	1	940							
Consumer Goods (CG)	6	161	90	1	10	50	2520	79	11	24	115	588	1370	286	5307							
Intermediate Goods (IG)	7	181	155	16	251	157	699	608	154	175	1196	714	1722	251	6280							
Capital Goods (CAG)	8	16	24	5	20	91	160	65	56	62	81	171	384	171	1305							
Electricity, Gas & Water (EGW)	9	2	3	0	29	50	156	118	6	13	8	106	219	85	794							
Construction (C)	10	0	0	0	0	0	0	2	0	8	0	4	137	2	155							
Informal Services (IS)	11	154	126	2	87	50	944	144	29	51	147	531	895	207	3367							
Formal Services (FS)	12	283	320	3	231	173	1365	363	57	219	218	1521	3133	600	8486							
Public Sector (PS)	13	1	2	0	2	1	10	2	0	1	1	10	14	3	47							
Total	1-13	1305	940	27	663	592	9612	3333	313	635	2004	3699	7994	1693	32810							
Skilled Labor (SL)	14			122	23	278	82	440	207	16	226	222	3408	4237	9261							
Unskilled Labor (UL)	15			486	94	142	270	624	278	23	27	311	215	427	2895							
Corporate Capital (CC)	16			486	4	404	319	801	394	7	780	94	0	2548	0	5839						
Unincorporated Capital (UC)																						
Distributed Profits (UCDP)	17			748	7		490	1232	606	10		145	0	3918	0	7156						
Mixed Income (UCMI)	18	3876		249		521	823	147	44		380	2978	1748	10766								
Total	14-18	3876	1842	377	825	1682	3920	1633	99	1032	1151	2978	11837	4664	35917							
Smallholder (SH)	19																				4125	4125
Agricultural Workers (AW)	20																				580	580
Employees (E)	21																				9321	9321
Non-Agricultural Workers (NAW)	22																				2315	2315
Urban Informals (UI)	23																				4372	4372
Employers (EM)	24																				9425	9425
Priv. Ent. (PE)	25																				4373	4373
Pub. Ent. (PUBE)	26																				1466	1466
Government (GOV)	27	16	37	0	648	150	1021	1617	906	118	329	0	881	5	5727							
Total	19-27	16	37	0	648	150	1021	1617	906	118	329	0	881	5	5727	9321	2895	5839	7156	10766	35977	

Table 3: Sample Social Accounting Matrix

<http://www.scielo.cl/fbpe/img/cecon/v40n120/tab09.jpg>

2.7 Presentation

The final step in the project will be the presentation of the proposed business plan and monitoring techniques to the boards of the CCDT and the PHCC. The group hopes to inform the boards of the thought process used and ensure all the details of the business plan are clear and coherent.

This process will be done through a board/staff meeting where the findings will be presented and discussions will be allowed to follow. The presentation will be complete with data, an outline of the business plan, and an outline of the techniques suggested to be used in monitoring progress. Presenting during a regularly scheduled board meeting would be ideal, but it may be possible to convene several members of the board(s) for a meeting specifically for the presentation. If presenting to the board is not an option due to scheduling conflicts, instead a thorough presentation will be given to the Chief Executive Director and any other members of the administration/staff, who will in turn relay the findings to the board.

3.0 Results

The objectives in working with the CCDT and the PHCC were to gather relevant information through interviews, historical research, and non-biased observation, and then to use that relevant data to create a business plan for the merged entity. The CCDT was found to have kept decent, though not great, financial and logistic records; gaining access to those records proved to be invaluable in the effort to get a clear image of the past, present, and potential future of the organizations. Interviews with staff, board members, patrons, and external sources revealed many details of the organization which would prove useful in the construction of a business plan. The team members' ability to act as non-biased observers to the organization also provided an opportunity to assess it on a day-to-day basis and collect important information from firsthand experience. It was possible through this technique to study areas such as work environment, worker co-relations, and communication systems.

After assessing all the data gathered and drawing specific conclusions from them, the team's conclusions were presented to members of the board and staff as a rough outline in order to gauge their opinions and receive feedback. This feedback then provided for the construction of a complete business plan recommendation which was in turn presented to board members in a final presentation. Discussions with the board and Director provided a final assessment of how well the recommendations addressed different problems and whether or not certain suggested ideas were likely to be implemented in the future.

3.1 Historical Research

The financial documents presented by the CCDT and PHCC present a number of problems and have led to a set of observations that can be used in the final business plan. The first thing that was noticed is that the CCDT staff seems to possess only the most basic financial statements and account listings, a fact which is notable in and of itself. Throughout the project there has been difficulty in actually accessing detailed project books, and the only data readily available were in yearly financial reports. Based upon follow up questions with the CCDT treasurer, the reason for the lack of detailed accounts is the combination of a recent set of computer errors on the part of the CCDT and the general fact that various management accounting techniques and social accounting techniques have not been considered for use.

Though these reports do provide the group with a large amount of information about yearly expenses and program costs, it is difficult to apply management accounting techniques to the reports due to the lack of detailed information and the fact that funding can change drastically on a year to year basis.

The reports paint an uninspiring picture on the financial status of both the CCDT and the PHCC. The first and foremost problem is the brinkmanship presented by the reports. Each year, both organizations' expenditures and income are extremely close to each other, indicating that finances are quite tight. With the CCDT, this makes sense, as one of the major complaints present in the interviews was the fact that no programs can get done without funding and that each year funding is considered to be very tight. An example of this would be the fact that the CCDT almost ran out of money last March according to a number of interviews and that only through very hard work and some luck was additional funding secured at the last moment. The CCDT gains little to no unrestricted funding right now; funds which are received often must go into predesigned programs such as Aiming High or Step Forward, with a very specific set of instructions on how that money can be used. Certain jobs present at the CCDT, such as the Director position, are financed by a small amount of money from each active project. It is important to note that this is simply the way of things in the non-profit sector, and the organizations should be lauded for continuing to run successfully.

Overall, it seems money is very tight at the CCDT, though the programs have avoided going into the red zone for now as seen in Figure 8. In fact, traditionally, the budget does not go over as seen in Figure 9. This is partially due to the fact that since income is tied to funding, budgeting takes place as soon as funding is secured, meaning budgeting not at a fixed time of the year, but randomly dependent on new funders.

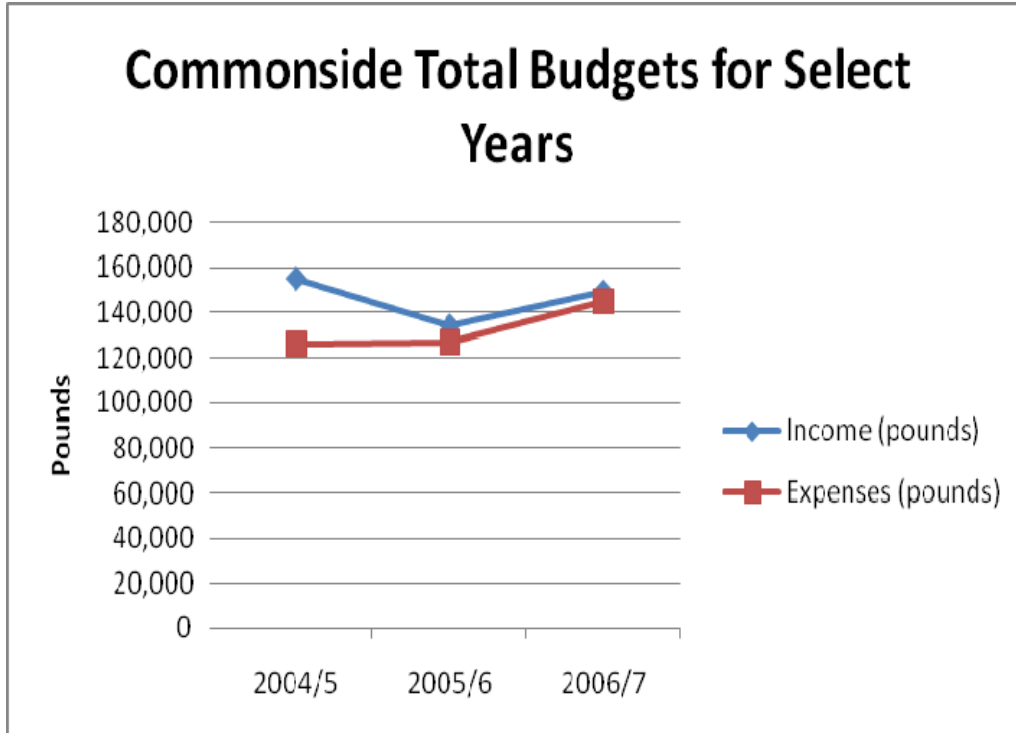


Figure 8: CCDT Yearly Budget

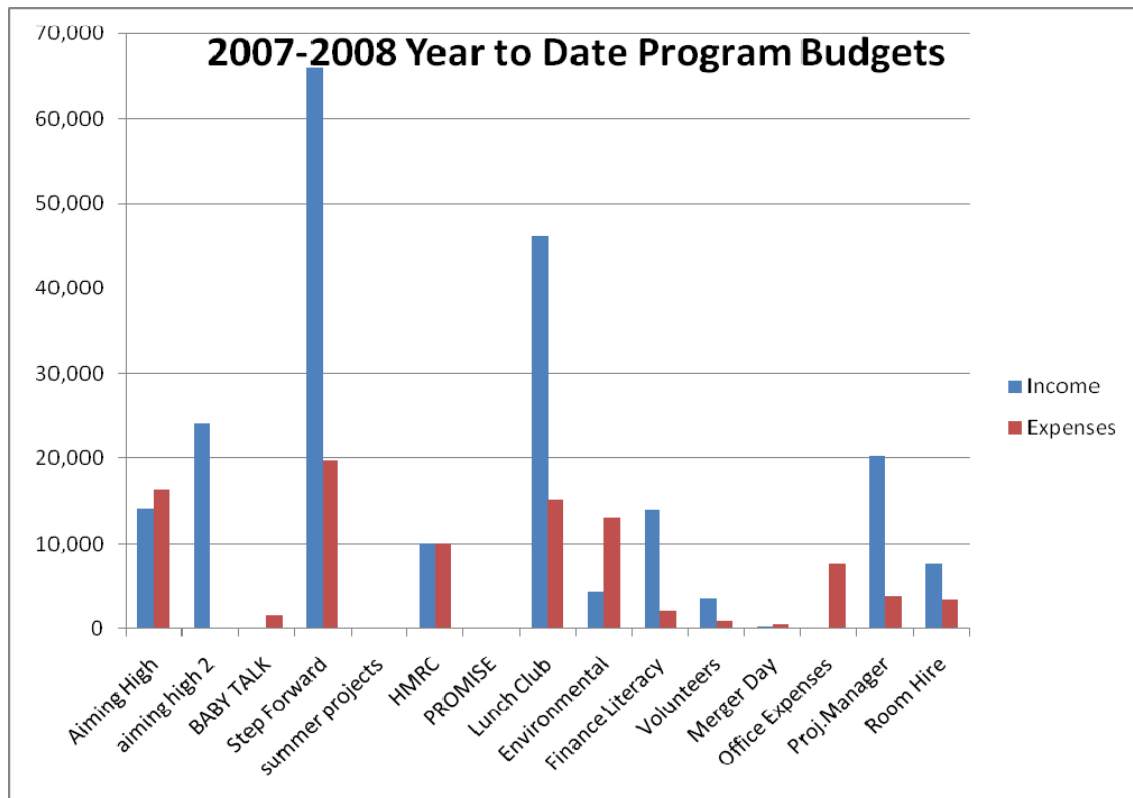


Figure 9: 2007-2008 Year to Date Program Budgets (£)

The next piece of information brought forward by the CCDT funding is the importance of the Lunch Club program. As seen in the graph of Figure 9, the Step Forward program also has a very large budget, but this is due to the fact that the year to date budget is the graph we used. In reality, Step Forward will end up spending most of its money and the Lunch Club will take in more profit by the end of the year. The Lunch Club has by far the largest income relative to its expense out of the programs presented by the CCDT and a decent portion of that income contributes to the payment of project managers at the center. If the New Horizon Centre were to lose the Lunch Club, they would find themselves taxed beyond the limit of their resources very easily and would likely have to cut a project manager position out of the budget. The other project information revealed by examination of the organizations' finances is how variable funding is from year to year. Funders adjust the amount of money given in response to both the project results and their own internal needs and abilities, and sometimes only agree to fund programs for a certain number of years.

The PHCC's cash flow numbers fluctuate greatly. It was the hope of the research team that certain costs and incomes would be consistent over a three year period at best, but they do not seem to be. Even the PHCC fixed costs like utilities appear to fluctuate greatly over time and as such the project group has had trouble figuring out what costs are reoccurring each year, making long term budgeting difficult. This, according to an interview conducted with the PHCC treasurer, is partially the result of how the borough of Merton operates. The borough of Merton is able to get a refund on the utilities and heating costs incurred by the PHCC, and therefore pays for the bills and charges PHCC in turn a lower amount. However, the borough is quite disorganized in their billing system and, as such, will sometimes attach the previous year's bills in a new year, causing inaccuracies in the budget for the PHCC. Another issue is that the budget year of 2003/4 was a year when there were many financial changes, expenditures and glitches in computer software and is not considered to be an accurate reflection of what occurred in that fiscal year.

One thing that can be inferred from the PHCC financial data is that the organization is significantly better organized when it comes to budgeting and financial planning than the CCDT. This could be beneficial when the system from the PHCC is integrated as the primary financial system for the New Horizon Centre and will therefore be the system used by both organizations. The PHCC books are much easier to read and are organized very clearly and concisely, thanks in

part to the fact the PHCC has a dedicated financial administrator, superior financial accounting software called SAGE, and the fact that they are more business-structured to begin with, due to the PHCC’s primary function being bookings and rentals.

One of the more problematic aspects of the financial data presented by the PHCC is the fact that they have been running a deficit for the past four years as seen in Figure 10, a trend unlikely to change based on the year to date numbers presented for 2007/8. Starting with 2003/4, as shown in Figure 10, the PHCC’s income from room bookings and office rentals has been below their expenditures for a number of years. While the PHCC has the money in the bank needed to cover these expenses in the short run, they cannot afford to continue on in such a manner.

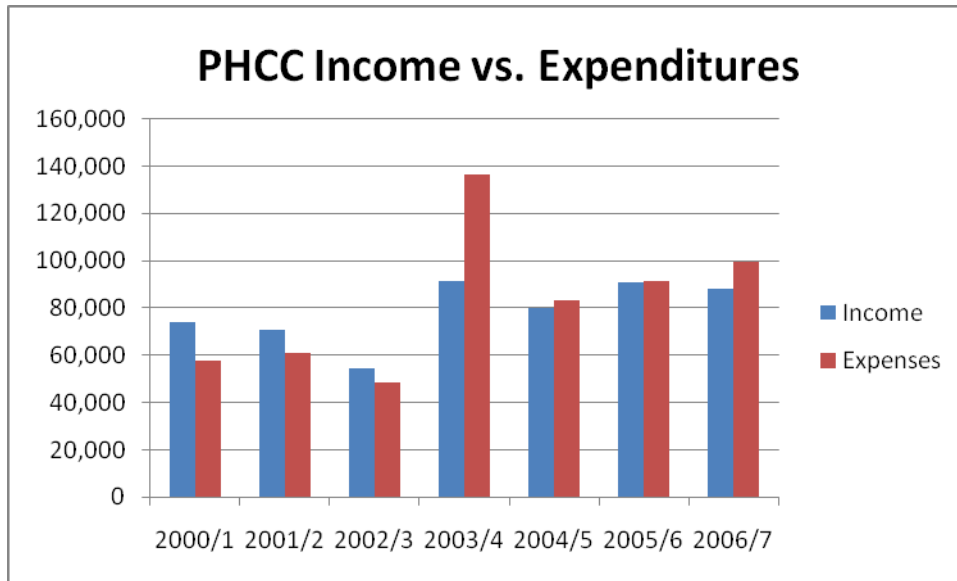


Figure 10: PHCC Income vs. Expenditures

Since the PHCC does not currently run its own programs, little data is available to make a comparison to the CCDT projects. The CCDT is proficient in project accounting and management. Since the CCDT does have experience with the management of finances for individual projects and dealing with funders, this is one of the few areas where their financial accounting is stronger than that of the PHCC. The PHCC has expressed interest in adding social accounting and management accounting to their financial administration, a fact that will be likely integrated into the final business plan.

The previous IQPs have proved useful both in providing background on the CCDT and in suggesting some ideas that will be eventually implemented in the final business plan. One IQP in particular stands out, because it outlines ways that the New Horizons Centre can increase awareness of its programs in the community. The research from *A Communications Strategy for the New Horizon Centre* IQP indicates that there are a number of good methods which the New Horizon Centre could use (Cook, et al, 2007). These techniques will likely be intergraded into the business plan, due to the fact that one of the largest sets of complaints received from the interviews was the New Horizon Centre's lack of visibility.

3.1.1 Activities Participation

The CCDT runs several activities such as the Lunch Club, Aiming High, Step Forward, a weekly Café and an Environmental Program. The Lunch Club is overseen and governed by the CCDT but operates as a separate entity with its own administration and staff. The CCDT does generate an income from the lunch club for space rental. The number of lunch club patrons is not a responsibility of the CCDT or PHCC staff and therefore will not be analyzed. The environmental program is currently inactive and no records were found pertaining to it. The weekly Café, which offered "back to work" training opportunities, was growing in popularity during the time the project team was there and is discussed in greater depth in the interviews section of this report. Due to the initial lack of attendance to the program, no records of patron participation numbers were found for the Café.

Data for participation in activities from the CCDT are not centralized in one document, making it difficult to determine which activities are doing well and which are not. The Aiming High and Step Forward programs are required to keep very strict records as per the funders' requests. The UK government provides a vast majority of the funds for the organization, hence the high level of oversight. Aiming High is a program targeted at young mothers with babies to help them and teach them skills needed to succeed. A client list of 83 individuals was located in the CCDT computer files but no goal numbers or Service Level Agreement was found. This made the information irrelevant as there is no way to conclude whether goals were being met or not. The Step Forward program is aimed at increasing the employability of target parents in Mitcham Town and East Mitcham.

The Step Forward program has data on the number of outputs for each quarter of the fiscal year as follows in Table 4. An output is an individual who has participated in a program and has moved on with new skills and/or knowledge. The following table is from the “Service Level Agreement” and gives the goal output numbers for each category and their respective fiscal year quarter. The “Service Level Agreement” is the document that is agreed upon by the sponsor and the service provider and is reviewed every three months to see that everything is going according to plan.

Outputs					
List the quantifiable outputs that the project will deliver.					
Outputs	Q1 (Apr- Jun)	Q2 (Jul- Sep)	Q3 (Oct- Dec)	Q4 (Jan- Mar)	Total for year
<i>Children aged 0-4</i>					
Mothers accessing breastfeeding support	5	10	10	8	33
Parents/careers accessing healthy weaning advice	5	15	15	10	45
Parents/careers accessing exercise and dietary advice for healthy children	5	15	15	10	45
Lower income families using registered childcare		15	15	10	40
Families from deprived areas accessing Children’s Centre services	10	15	15	15	55
<i>Parents/careers</i>					
Into full or part-time work (10+ hours per week)			5	5	10
Onto training at NVQ level 2 or equivalent		7	8	8	23
Structured volunteering		5	5	5	15
Work experience & job tasters		3	4	3	10
Attendance of at least 5 project events over the year					60
Reached and informed about project	30	30	15		75
Fathers attending parental and employability support events	4	8	8	4	24
Other Coordinators achieve Level3 accreditation – Open College Network fpa Speakeasy programme		2			2

Table 4: Service Level Agreement for Step Forward

The actual output data are only available for the first two quarters of the 2007-2008 fiscal year for this program but these are shown in Figures 11 and 12. The “goals” are agreed upon by the project coordinator and the funder and the “actual” is the number of actual clients that participate in a given activity. For example in Figure 10, “mothers accessing breast feeding

support” in quarter one had a goal of five clients and only four actually participated in the program.

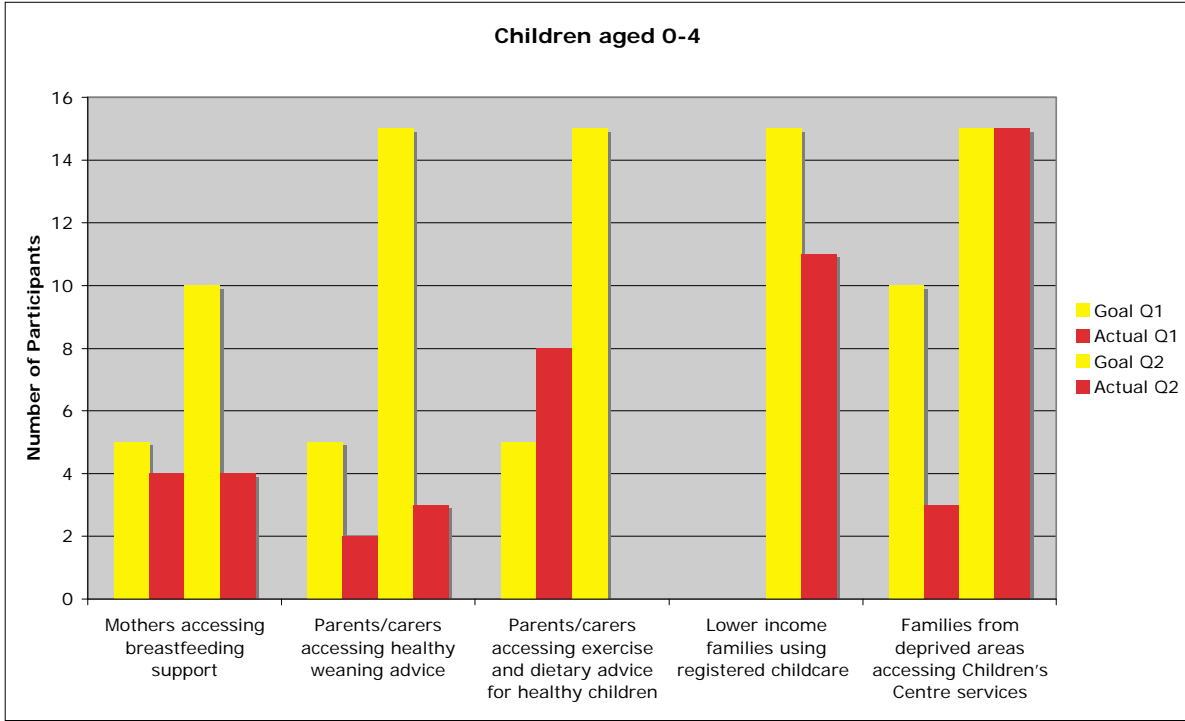


Figure 11: Step Forward Q1 & Q2 Children aged 0-4

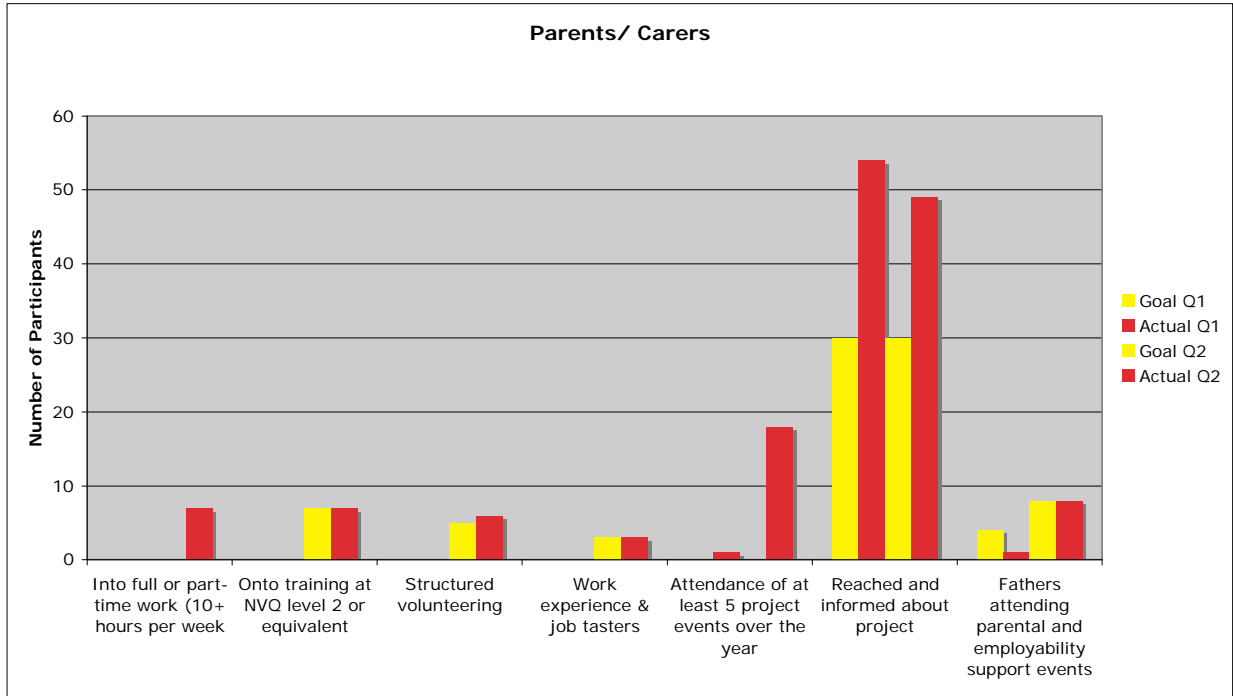


Figure 12: Step Forward Q1 &Q2 Parents/ Careers

3.1.2 PHCC Room Rentals

The PHCC generates all of its income by renting its facilities out to different groups and organizations. These clients consist of church groups, dance classes, karate classes, card game groups and adult education classes. The PHCC also leases offices in the building as another source of income. These offices are leased on a yearly basis and the rent increases each year in response to inflation.

The PHCC does not currently have software that schedules and logs the amount of time that each client or group uses the facilities. They are implementing a system called “Avalon” that will be integrated with their accounting software. This software will be used for room rental scheduling for all of the New Horizon Centre after the completion of the merger. This will streamline scheduling and accounting so that a closer watch can be kept on room usage and billing.

The method they use is to block out times in an excel sheet and total the times manually and then bill out accordingly. This makes it a laborious task to find the actual total time that each client or group has rented a room. Linda Jefferson of the PHCC supplied the team with the year-long room rental schedules to evaluate. These schedules do not include irregularly

scheduled clients such as a person who calls in to rent the hall on a Saturday for a wedding. These irregularly scheduled clients do account for a portion of the income but no conclusive comparisons can be made year-to-year without a complete record of each rental. This was beyond scope of the project team, as all records were paper copies and in the process of being input to the new software. The lack of these data must be considered when drawing conclusions from the total time that the rooms were filled with regular clients. Times were manually calculated to get an average usage time as well as to find the total number of hours per week that the PHCC is available for renting rooms. Table 5 shows an example of how the team generated tables for each room to total the overall usage. One of these tables was constructed for each of the seven rooms. This method was used to organize both the 2007 and 2008 fiscal year schedules.

2008								
Lounge								
	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	
800	Market							
830	8:00-12:30				8:00-12:30			
900				Community Cafe				
930				9:00-11:00				
1000								
1030			Craft				The Way	
1100			10:30-12:00				10:30-12:00	
1130								
1200								
1230								
1300								
1330								
1400								
1430								
1500							AIRS	
1530							3:00-6:00	
1600								
1630								
1700								
1730								
1800								
1830			Craft					
1900			6:30-8:30					
1930								
2000								
2030								
2100								
2130								
2200								
2230								
totals	4.5	0	3.5	2	4.5	0	4.5	
							Total	19
Total Available hours			112					
Total hours Rented			19					
Unused hours			93					

Table 5: Example of PHCC Room Rental Schedule

In figures 12 and 13, the average weekly usage is depicted. This shows that there is significant room for increased usage, although some of this unused time is filled with irregular rentals on a weekly basis. The rooms are available for renting from 8:00 am until 11:00 pm giving a total availability of 784 hours per week. Advertisizing in local newspapers and schools is one way that the PHCC could improve their regularly scheduled client base.

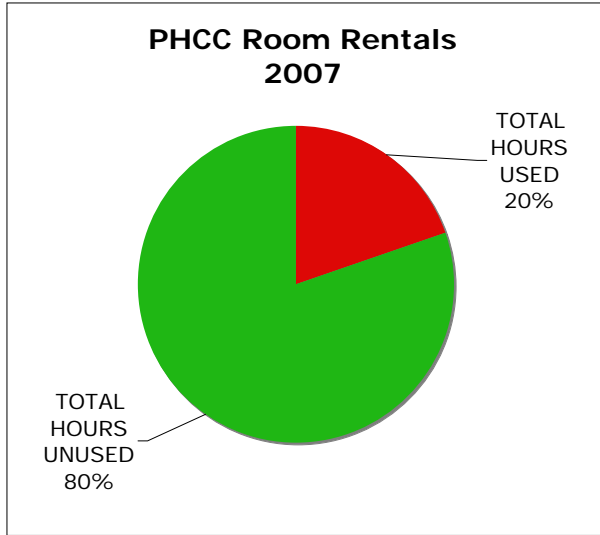


Figure 13: PHCC 2007 Rentals

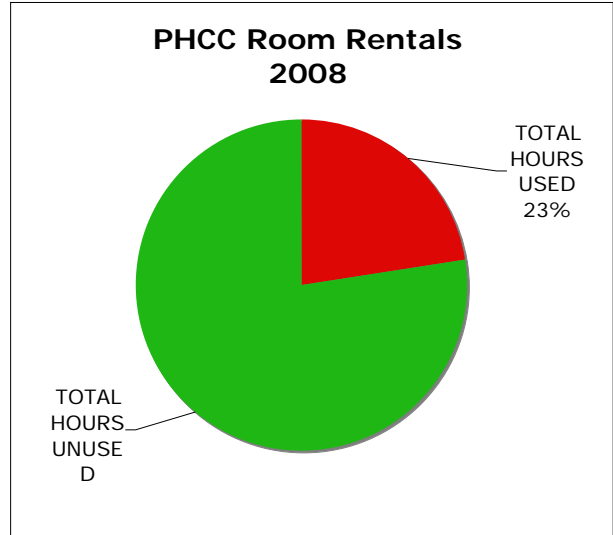


Figure 14: PHCC 2008 Rentals

3.2 Interviews

3.2.1 Sponsor Interviews

After arriving at the Centre the project team realized that volunteers are much more involved than had previously been apparent. As a result the team did not use a separate set of questions for the volunteers but instead used the same questions as for the sponsor staff interviews. These questions are included in Appendix B and C. In addition, many of the volunteers were also board members, and in such cases both the sponsor staff interview and the board interview questions were asked. Due to the overlap of the interviewees' positions and of the questions asked in these various interviews, this section will discuss the results from these interviews as a whole rather than each individually.

There appeared to be a consensus among the interviewees that the New Horizon Centre has a great work environment. Everyone is friendly and is treated as an equal, as well as given a certain level of independence while working on projects.

One of the only, and the most frequent, complaints about the work environment was that space is limited. This will be discussed further in the observations section. During these interviews the team discovered that some staff members did not have computers for their own use, and on some days the staff actually has to share desks due to a lack of space for everyone. In

general everyone thought that the direction the Centre should go is expansion. Different methods to do so were suggested. Some interviewees think that the CCDT⁵ should expand to more buildings in the Merton area, while others believe that the only way to go is up; an addition to the New Horizon Centre building to add another floor. Another direction that was proposed was to expand their audience. To do so they would need to improve their advertising to reach more community members.

The New Horizon Centre is not reaching as many people as they would like. They would like to grow but to do so need funding contracts for longer time periods to help improve the financial situation, as well as better advertising. The Centre is suffering in their advertising due to a “too little, too late” problem. Leaflets are not being distributed far enough in advance, nor are enough being distributed in great enough number to incorporate the trust’s target area.

A slightly different advertising issue unearthed during the interviews was the publicizing of the Café in the Community event. This was cited as the weakest program run by the Centre. This program had been advertised as a location to get training and information about getting back to work. This was scaring community members from coming if “getting back to work” was not one of their personal concerns. As a result the staff took action. They changed their advertising direction and gave it a new name. After this change, it was advertised as merely a place to come socialize with other members of the community over tea and toast.

Another issue that was mentioned briefly above was that there is a lack of information technology (IT) at the Centre. The previous example was a lack of computers, though the interviews also indicated that the staff has a lack of IT training. IT training includes usage of the computer and software. The IT that is present at the Centre includes the computers, router, wireless and wired internet, and the phone lines. The Centre also has begun to use software to help facilitate tracking rentals and finances. The Centre has taken steps to improve the IT situation, and at the time of the project was in the process of getting several additional computers to rectify the situation. During the project period the PHCC and the Centre were on different networks, both with phone and internet, but work had already been planned to remedy the situation. In addition, many of the staff members are currently receiving IT training so they may more effectively make use of the technology.

⁵ The New Horizon Centre cannot expand to more buildings, as the Centre refers to the building itself. The legal entity CCDT would oversee any additional buildings in the same way it does so to the Centre.

There were a few other items that would be useful to mention though they were only stated by a few interviewees and do not fit into the above issues, as they were found during discussion. They are as follows:

- The environmental group has basically come to a stop and this is an issue that needs addressing. The team did not do very much research into this but it is important to note as it was a result and may be useful to future project teams.
- Incentives for volunteers are not advertised well.

3.2.2 Patron Interviews

Twenty-six patron interviews were conducted at the Lunch Club, the Market, the Café, Bike Fun Day, and Aiming High. The questions for this set of interviews are included in Appendix F. The majority were from the Bike Fun Day as that was the event which attracted the most people. The plan outlined in the team's original methodology anticipated that random community members at the event would be interviewed. In practice no real random selection of interviewees was possible: At most of the events there were not enough people and so everyone was approached.

The most common patron comment was that the New Horizon Centre needs to advertise their events earlier and more extensively. This result was collected primarily from the interviews at the Bike Fun Day. This had already determined from the prior interviews, though this was very useful because it was confirmation of the advertising issue from the patron's perspective.

The second most common suggestion was that more family events and events for kids should be held. One interviewee stated that the events the New Horizon Centre already offers should be expanded. Two great ideas that came from these interviews were the prospect of multi-day events or a football event which would appeal to children and families in the community.

3.2.3 Executive Interviews

The results from the previous interviews as well as additional observations the team made went into the creation of questions for the executive interviews, which can be seen in Appendix D. One such question referred to the "youth centre next door." This is not referring to the PHCC but instead a youth community centre that is in a building next to the New Horizon Centre. The executive interviews indicated that there is very little collaboration or coordination with the

youth centre. The team believes this could be a useful relationship to explore. As it is the youth centre could be viewed as competition for the youth and teen age groups, but if they collaborate on events and programs both New Horizon and the youth centre could benefit from the publicity and share their patron base.

Another question referred to the Market. This has been mentioned in the historical research section of the results; to reiterate, this is a simple market that is held on Mondays and Fridays inside the PHCC. At the moment it is being run by one of the community members. During the interviews as well as from the team experiencing it firsthand it became apparent that the Market is popular with the community and could be a profitable event for the New Horizon Centre. This was the general consensus in the interviews, but it was also mentioned that the Centre would rather be in charge of it.

Overlap of staff responsibilities is an issue that has presented itself through interviews and observation. The merger is helping to correct this overlap of staff responsibilities through use of explicit job descriptions. At the PHCC, the location of the managerial staff's office is in the front room, and as such they spend a lot of time dealing with patrons that walk in needing basic information. The team was told that a receptionist could be useful there to help free up staff members to focus on their jobs; much like the explicit job descriptions will help to focus other staff members on theirs.

3.2.4 Other Organizations

The team intended to conduct interviews with outside organizations. Two interviews of this sort were performed to gain some more outsider perspectives on the CCDT and the PHCC as well as to find out information about how other organizations have handled similar situations. The two organizations interviewed were the DTA (Development Trust Association) and the MVSC (Merton Volunteer Services Counsel).

A set of questions based on the board and staff interviews was created to be asked to the other organizations. These questions can be seen in Appendix E. From these, it was determined that for the business plan to be useful it must be short, clear, and flexible. The business plan must warn against splitting the board into subcommittees. While having subcommittees is not in and of itself a bad thing, if a committee is made to run the room rental portion and only board

members that were previously PHCC board members were on it, it would keep the two entities separate. If there are subcommittees, they must be mixed between the two prior entities.

The New Horizon Centre must be sure that they stay true to their goals. They must not allow themselves to be fund-driven, as in doing projects only based upon what funders are offering money for, and must continue to be community driven, striving to improve the lives of community members. They also must be demand-led rather than product-led. If the Centre is not doing what the community needs, it will not be accomplishing its goals.

3.3 Observation

One key observation was a lack of thorough communication throughout the organizations, especially between the PHCC and the CCDT as they are still separate entities. A situation arose in which both organizations had planned an event which would need use of the parking lot, but neither had been fully informed of the other's plans. This revealed a major error in coordination between the two bodies. This led to a sudden crisis over parking space. Both organizations had to solve the problem on the spot having only just learned of each other's specific plans that day. Such difficulties have the potential to widen the psychological split between what used to be the CCDT and PHCC. This, along with other problems with the communication lines both internal and external to the organization will need to be addressed in order for the organization to progress through the merger and expand further into the community.

Attending the weekly staff meetings (which are open to both organizations as a meeting for the joint staff) on Tuesday mornings also provided insight into how such meetings are conducted. The method utilized by the staff to carry out their meetings seemed to have evolved over time because of the laid-back atmosphere. This has led to a very informal, comfortable, meeting protocol. Each project group would give the rest of the organization an update on their current position and plans and open up discussion with everyone else. Overall, each meeting would informally progress through every project's agenda with discussion taking place throughout. While this does seem very effective for them as well as comfortable, it would often lead to the discussion following separate tangents away from the main agenda which breaks up the flow of the meeting. All the staff at the Centre are comfortable enough with each other so

that a more formal structure could be implemented to improve the efficiency of the meetings without creating any adverse effects.

During the beginning of the project period, at the team's first observations of these meetings, there was a lack of staff from the Centre in attendance. As time progressed however, Centre staff began attending regularly and participating in the discussion of agendas. It is apparent from changes like this which were observed that the organization itself does recognize some areas in which change is needed and takes action on them.

As an example, one of the community members told the New Horizon Centre staff that their friends had told them not to come to the Centre because it was in a "bad area." This image is obviously not helpful to the Centre's growth, and was therefore brought up in the staff meeting and they have been taking steps to change this image, such as creating a new image using their fliers in distribution around the community. The staff also makes it a priority to spread news and information about the organization through personal correspondence with community members. Another example is the Café in the Community program. This event was considered by many of those who were interviewed to be the weakest program at the New Horizon Centre. The staff recognized this problem and determined that a change of image for the Café was necessary. Previously, the way in which the café was advertised was as a way to get information on career and skills training, but this image seemed to have been intimidating people rather than welcoming them. The new approach was to change the name of the Café and start advertising it as a good place to get some food and drink in the morning with other members of the community, while they do still actively provide training advice to those who may want it. A larger turnout has been observed in recent weeks for the Café after this image change.

It is important to note that from observing the staff meetings and how these issues were handled, it is apparent that the organizations are certainly not standing still but are, in fact, progressing towards the merger and beyond. The creation of a formal business plan will most likely be best utilized to prevent it from ever reaching a stagnant point in its growth.

Many of the IT problems discovered in working with the organizations are beginning to be addressed already. The problem involving the lack of computer access for all the staff is in the process of being addressed with several computers to be arriving shortly to rectify the situation. In addition to the computers, the internet seems to present some problems to the function of the office as well. At first, it was very difficult to connect to the internet in the CCDT offices due to

a variety of problems which nobody present knew how to address. Staff members are currently receiving IT training in order to address this issue in the future. The wireless network of the PHCC office is not currently set up, which does not seem to be an issue for the organization at the moment but could produce some problems after the merger. Currently the two organizations have their own shared networks which are currently in the process of being merged into one in order to coincide with the merger.

3.4 Focus Group

The team conducted two focus group meetings: One meeting with the staff of the New Horizon Centre and one with the CCDT board including PHCC board members who show interest in joining the CCDT board. The staff meeting was sparsely attended but did allow the team to gather some feedback. The team suggested fundraising events and was told that fundraising in the local area was not effective because of the financial situation of the majority of residents. General funding was discussed as well. General funding would allow the Centre to decide what to spend the money on and let them start new programs that may be difficult to get specific funding for. The staff explained that general funding does exist but is difficult to acquire because the amount of general funding for all organizations is very little and there is not enough to “go around.”

The suggestions for adding more structure to the weekly staff meetings were generally well received. Employees did express concern about cutting back on “random tangents” at meetings because they feel that the social nature of these meetings is one of the aspects making the New Horizon Centre a wonderful place to work. This concern was foreseen by the team and they then explained that adding structuring the meeting in the suggested manner does not do away with these “random tangents,” but rather moves them to the end of the meeting so that more important subjects can be discussed and dealt with first.

The Board Focus group generated feedback from both PHCC and CCDT Board members. The first question posed to the boards was whether they thought that a five day Community Café could be beneficial and if it could generate income. . The major point of discussion was whether a “Community Café” was preferable to a normal Café. The Community Café offers opportunities for community members to move back into the work force. A normal Café would

serve only food and drink, in the attempt to earn a profit instead of offering advice. The board members believed that people would tend to spend more time in a Community Café than in a normal Café and space would become an issue with increasing attendance. This is unlike a normal Café where people cycle in and out frequently and space is less of a concern. An idea to compromise this was suggested: have a “Community Café” only on certain days and a normal Café on the others.

A suggestion was made to the board members concerning recruiting new board members who have specific skills, such as fundraising, accounting, or legal expertise, that could fill gaps in the composition of the current board. This was received well and the board members had no objections to allowing people from outside the community to join them. They were willing to try anything that would help improve the organization as a whole. The board members were asked if they would feel threatened in any way by non-local members, to which they responded no and said that they all felt they were a fairly accepting group.

Some suggestions were offered to the board in the area of advertisement and referral monitoring. It was suggested that there be more attention paid to tracking how patrons were referred to the New Horizon Centre as a service, especially for room rentals. This was met with full agreement on the part of the board, seeing that the simple tracking of advertising effectiveness would allow for more targeted and efficient advertisement in the future. A similar suggestion was made in the area of leaflet distribution for weekly or special events. The idea is to use a map of the area serviced by the Centre and highlight the streets which have had leaflets distributed. This will allow for more efficiency in distribution and for the tracking of how effective advertisement is in specific areas. These maps could be kept on file in order to look back and analyze patterns in both the areas which have received leaflets and the specific results of that distribution. Again this idea was met with much enthusiasm, and it was also brought up by staff members attending the board meeting that some progress in this area had already begun.

One of the areas which were brought up in the board meeting ended up becoming a subject of lively discussion for the board which was to continue after the team’s presentation concluded. This was on the topic of collaboration with the neighboring community agencies for the same goal of helping and developing the area. A very loose suggestion was put forth of simply needing to tighten the connections between the New Horizon Centre and the Pollards Hill Library next door on one side and the Youth Centre on the other side. This suggestion was

expanded upon in a full board discussion which resulted in multiple ideas such as having a flow of emails between the organizations to keep each other updated on current events. Another idea was to have monthly meetings between representatives of all the local community organizations over lunch to discuss the plans of each organization in order to better work in tandem. The board promised to continue working on this area of development as a major goal for the future of the organization.

3.5 Business Plan Recommendation

After conducted the focus groups with the different sectors of the organizations, the feedback received was taken into consideration while the ideas were elaborated and finally constructed into a business plan recommendation document. The organization will be constructing its own complete, formal business plan in moving forward after the merger process. The result of this project was a set of recommendations of what should be included in the complete business plan based on a feasibility study and close observation of the organization.

The recommendations were presented in a special meeting of the board and staff at the New Horizon Centre. At this presentation the major ideas of the recommended Business Plan were brought up in a discussion format, rather than in a direct presentation. This was both to gain some feedback on the final result of the project as well as to help the board members and staff stay involved in the process. In addition to the presentation, hard copies of the recommendations were supplied to the board and staff for future reference, as well as an electronic copy to be kept on file in the offices.

Due to time constraints, the team was unable to construct a detailed balance scorecard. The information on what a balance scorecard is can be used in the future by the New Horizon Centre. At this time, the information needed to construct the scorecard was unavailable and beyond the scope of this project team's collection abilities.

What follows is the deliverable that was presented to the New Horizon Centre at the end of the project team's time in London.

4.0 Business Plan Recommendation Document

4.1 Executive Summary

The following business plan recommendations were constructed using information gathered through historical records and interviews of the New Horizon Centre's patrons, staff and board members. Some of the recommendations included: a slight managerial structure change, advertisement suggestions, general centre-wide communication improvements, and adding structure to meetings. Also included in this section are major strengths and weaknesses from both the PHCC and CCDT and how their strengths can be used to help one another. We intend for our recommendations to be used in the construction of a business plan for the merged entity.

4.2 Introduction

The goal in working with the New Horizon Centre was to act as an outside set of observers who may assess the different aspects of the organization in a manner that might not be possible from an insider's perspective. Information was gathered on-site through analysis of physical records, interviews with staff and board members, and first hand observation. From the information a list of recommendations was then compiled, to be included in the business plan of the new organization, in order to help ensure a strong future for the organization. This compilation of different ideas and specific recommendations may be implemented by the organization however it deems necessary, and hopefully the Centre will benefit from our research.

4.3 Strengths & Weaknesses

4.3.1 Pollards Hill Community Centre

One of the current strengths of the Pollards Hill Community Centre is its ability to keep excellent year-to-year financial records and review them to see what areas need attention. An area that needs work at the PHCC is advertising to get the word out that they have space available for rent. The fact that the PHCC has been over budget for several years could be

helped by increased advertising to attract more rental income. This could fill more of the time that the rooms are vacant and in turn generate more income.

4.3.2 Commonsense Community Development Trust

The Commonsense Community Development Trust is very strong in the area of advertising and approaching people. They are good at getting their name out and bringing people in to participate in activities. This is a quality that could greatly help the PHCC as it tries to bring more people in to make use of available space.

The CCDT could benefit from a better organization of financial records for easier reference. The methods and software that the PHCC uses are already planned to be used for the merged organization. This will create a unified accounting technique and allow easy reference for fluctuations in funding or expenses on a monthly or annual basis.

4.4 Direction & Purpose

The purpose of the New Horizon Centre is to achieve social and economic regeneration of the area. The Centre must focus on doing things that will help to make the members of the community's lives better. They can do so by providing access to local training and providing opportunities for patrons. In addition, the New Horizon Centre must strive to provide affordable facilities to the community to meet its various needs.

In addition, the Commonsense Community Development Trust should seek to expand to other areas. If the New Horizon Centre does achieve its purpose, it will no longer be needed. Even if this goal is accomplished, there are always going to be other locations the CCDT can set up Centres to help improve the lives of other people in need.

4.5 Recommendations

4.5.1 Communications

An email update on all the current events and plans of the New Horizon Centre should be regularly sent to both board and staff members in order to maintain a constant awareness of the status of the organization. This would be a very simple change, requiring one staff member to

compile a brief summary either weekly or bi-weekly and send it via email to a complete list of staff and board member email addresses. Keeping everyone up to date will allow for more fluid interactions between different project teams, as well as between the board and staff. This would of course require the compilation of current contact information for everyone in the organization, including phone numbers and email addresses. Having scattered contact information tends to contribute to any communication problem, which can frequently cause problems in any organization. The task would be very simple, and should allow for much clearer communication lines.

During the process of familiarizing ourselves with the nature of the New Horizon Centre, we came across the question of what to call the “customers” of the Centre. Finally we decided that they would best be referred to as “patrons” of the Centre in our report. This seems to have been a dilemma at the Centre as well and “patrons” has been well received as a term which had not been considered. In the future customers and clients will be referred to as “patrons.” Referring to them as such will make the patrons more comfortable because it is a very neutral term without the same connotation as “users” might have.

4.5.2 Staff Meetings

During meetings, it is important to make efficient usage of time. With the growing size of the organization, and hopefully an expanding scope, the important topics need to be discussed quickly so as to talk about everything. This is important in both staff and board meetings. We have come up with some ways that this could be done.

Currently meetings have a certain lack of formality. This is a good thing and makes people enjoy their jobs greatly because they can have fun during these meetings. If it was rigidly formal and there was a man with a gavel it could become far more tedious. So to make more efficient usage of time more formality is not needed, but a defined structure to the meetings could help the efficiency.

We have focused on the Staff Meetings, since they are largely what we observed, but similar concepts could be used in the board meetings. The defined structure we have come up with is split into five different categories:

- REPORTS
 - At the beginning of each meeting a status update would be given by each project director. This would help to keep the staff informed as a whole, and while this already occurs, having a defined section for it would help to get through them at a faster pace and prevent going on tangents. Discussion of issues would be saved for the “Serious Discussion” section.
- IDEA FORUM
 - After the reports are finished, new ideas could be discussed. Having a section dedicated to this would help to keep the organization moving forward with new ideas and prevent ideas from “slipping through the cracks.”
 - Any ideas that would require board approval or board participation would be brought to the board by the director.
- SERIOUS DISCUSSION
 - At this point any other issues would be discussed.
- CASUAL DISCUSSION
 - At this stage people would be invited to interact more freely as peers and maintain the friendly, casual atmosphere of the company. The purpose of this section would be to be sure to never lose the “fun” just because the rest of the meeting has been more neatly regimented.
- ASSIGNMENTS
 - In the final stage, each person would indicate what they will be doing before the next meeting. (Someone would send these out in an e-mail)

The separation of Serious and Casual may not be necessary at this stage. The section could be just “Discussion” for now. This separation of these two sections could be tested later if more efficiency is desired.

4.5.3 Funding

Among the greatest areas of concern in the organization is that of long term project funding and general funding for the building. The first set of problems to address is the project funding. One of the chief difficulties present is that funders have extremely specific guidelines for their projects, combined with the fact that many funders only target groups which are considered in need socially. For example, our interviews indicated that in recent years that funding for middle age groups has become harder to get, while other sources of funding have become subject to more stringent requirements.

This has led to the conclusion that though difficult, the New Horizon Centre needs to locate sources of funding with fewer restrictions than their current projects. This might be accomplished in three primary ways: design their own proposal/project and submit the idea to a program such as the UK Lottery for the funding, set up another revenue stream, or do general fundraising. All three techniques have their fair share of disadvantages, and have the potential of diverting needed energy and resources from the current funding methods.

The first technique mentioned is designing a project and submitting it to a group with less stringent rules for the spending of funds, such as the UK lottery. Though in recent years getting access to these types of funds has been harder due to pressure to create innovative projects, they are attainable. Under no circumstances should this form of project funding replace the current funding, as the time invested in the first is often significantly greater than the latter. But looking for more unrestricted forms of funding or projects designed for the Centre's needs will both help alleviate tight budget restrictions and achieve the goal of improving the community.

Forming an additional revenue stream is also a fairly difficult task for the organization, but one that could pay off greatly. Some of the larger development trusts have access to land and retail areas used solely for the purpose of making a profit. This profit is then in turn used to fund programs without the general constraints of funders or to pay for the general overhead of running the trust freeing up project funds. The problem is that securing the means to develop the revenue stream carries an amount of risk. New business ventures and land require capital, which could potentially be secured through a loan but if anything went wrong Commonsides could be left in a perilous position, not to mention the administrative ability required to oversee such purchases

and make sure they are profitable. Still, the lure of having money to spend and use as the Centre sees fit definitely makes this plan worth considering.

The final area the New Horizon Centre may want to look at is more general fundraising, appealing for “suggested donations” at events dedicated to fundraising. The advantage of this is that some items, such as “suggested donation” boxes can be easy to set up and can make a small amount of money for the effort it takes to set them up. Given time these funds start to add up. For example, at the bicycle fun day, if there had been a suggested donation box of a pound and a significant number of people donated money, 30 pounds could have been made. Thirty pounds from every weekend in the year could add up to enough to help fund a small event, helping the community. Of course, larger fundraising projects carry more risk because they require higher initial investments of capital. One of the reasons the Centre does not engage in general fundraising is that the Pollards Hill area is predicted to have a very low return on money raised due to the general economics of the area. A way to counter this problem may be to set up fundraising programs in other areas, such as Wimbledon. Fundraising in a neighboring community could be called a “help your neighbor” event. People may feel that by taking part in the fund raising event, they will spread the wealth from the affluent areas of the community to make the entire region better.

Whatever is decided, the fact remains that the Centre needs more funding in order to do its job. The organization already has numerous good programs in place, but the future is always unknown due to budgets which only last one year. This can put a real damper on programs and make it difficult for the organization to plan on long term goals. This problem is combined with the fact that the Centre is overly dependent on certain programs to maintain key positions such as the executive director. The New Horizon Centre needs additional funding in case a program such as the Lunch Club ever lost funding, in which case the Centre would be at risk of losing key personal. Specific to the Lunch Club, the Centre needs a compelling argument designed to preserve the Lunch Club in case the program ever comes under consideration to be dropped by the Merton Council. By starting on such an argument now, the Centre can be prepared in case such a worst case scenario ever occurs.

4.5.4 Job Clarity

Part of the merging process was to provide clear descriptions of the staff's positions. As a result of the merger it will be useful to change some positions to fit better with the new structure of the organization. Andy Hodge's⁶ official position should be Building Operations Manager, and he should have responsibility for managing the physical space, planning for further development of the space, and general maintenance. He should play less of a role as a liaison for patrons, which would free him to concentrate on the function of the building as a whole. It would also be prudent to move both Andy Hodge and Linda Jefferson⁷ into an office farther back in the building so that they could act more in employee management roles than as representatives to the public. It would also be beneficial to have Fanfan Banza Mkongu⁸, in his job, report more to Andy in regard to the physical operations of the building. The two of them hold similar roles in their respective organizations, and once the merger is complete they should work as a tandem for the New Horizon Centre as a whole. With Andy moved from the front office, having a staff member work in the front office with some of the duties of a receptionist would be fitting. This person would act as a liaison for people entering on that side of the building, as well as handling room rentals. The receptionist could also be held responsible for asking patrons how they were referred to the New Horizon Centre in order to track the effectiveness of specific forms of communication. Given that hiring a new hand to fill this role is not likely to be feasible, it would be possible to reposition an existing staff member to the new location in order to take up the receptionist role in addition to their existing duties.

4.5.5 Monitoring

4.5.5.1 Leaflet Distribution

In order to keep track of advertising through leaflet distribution a simple system needs to be in place. One way to do this would be to print out black and white street maps of the area that the New Horizon Center serves and highlight areas where leaflets have been distributed for each

⁶ Andy Hodge, currently PHCC Operations Manager

⁷ Linda Jefferson, Current PHCC Office Manager

⁸ Fanfan Banza Mkongu, Current CCDT Rooms Manager

event. On each map the date and the name of the event being advertised could be recorded. A new map for each event should be used. After an event the staff can review the areas where leaflets were distributed and compare that to the attendance numbers they received from the event. This would allow the staff to determine which areas are more likely to attend events when notified with leaflets. Determining what areas have not recently been included in leaflet distribution is another benefit to this method. As an example a map with sample data is shown in figure 15.

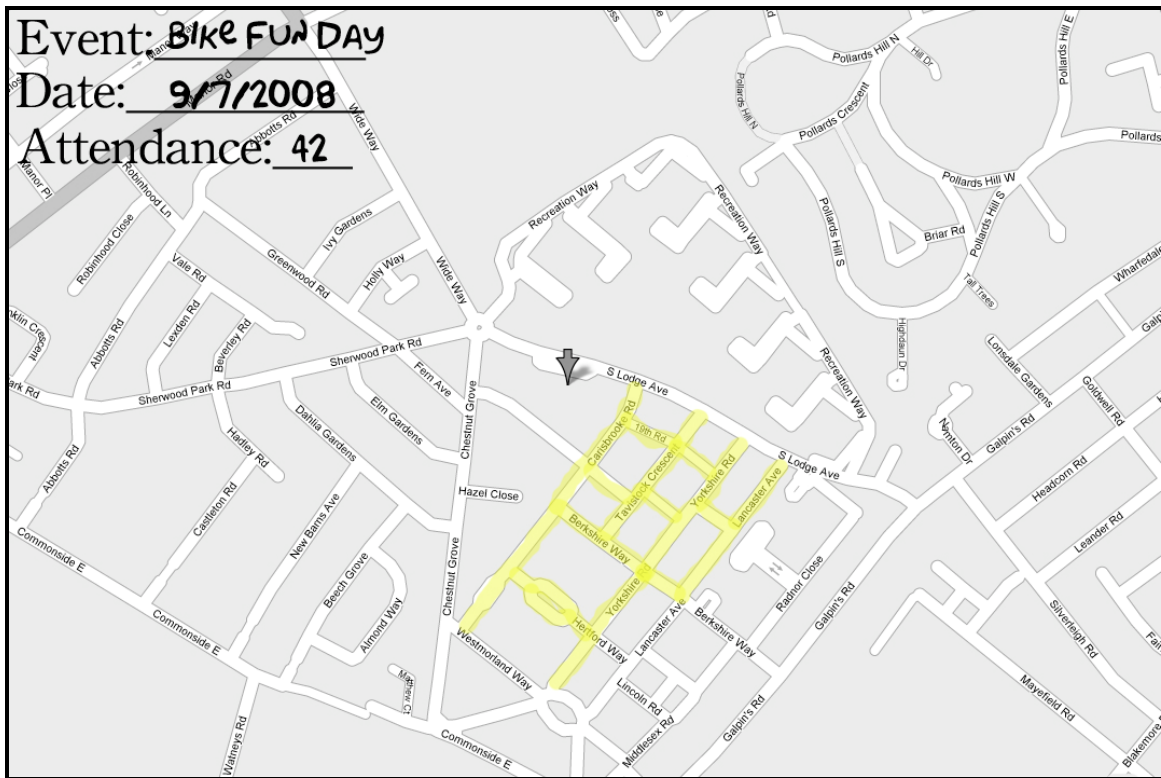


Figure 15: Example Leaflet Distribution Map

4.5.5.2 Room Rental Advertisement Effectiveness

The advertising of space available for rent is an area of concern due to its importance to the wellbeing of the New Horizon Centre. To find out which advertising media and outlets work the Centre a new method must be introduced into the regular routine of scheduling a client for a room rental. The receptionist will ask where the client heard about the available space and record it in a book. At the end of each month the book will be reviewed with consideration for where the Centre is advertising and the resulting effectiveness gauged by patron response. If there is a

place the Centre is advertising that is not being cited by clients, for several months, the advertisement should be stopped to conserve money. Inadequate return on money spent must be avoided. If certain advertisements are very successful, funding for less successful advertisements could be diverted towards advertising in similar locations or mediums.

4.5.6 Program Recommendations

The Café in the Community and the Market at the Centre are two distinctive programs, both with the potential to serve as more than just places to shop and eat. In their current incarnations, the Café is strictly a non-profit program for providing job help and advice one day a week with the food being an added incentive, while the market is a strictly profit driven for-profit program. Both have the potential to be more useful for the community and for the Centre.

Research suggests that turning the Café into a profitable group is not out of the question, but might be difficult. The only other café in the area recently went out of business, but it is not known if this was due to monetary or legal troubles. If due to monetary troubles, supporting another café might be unfeasible in the Pollards Hill area, but if the other café failed as a result of legal troubles or for some other reason, then the community has an opening where a for-profit café might be feasible and act as an additional source of income for the Centre.

On the other hand, the Café could continue in its current manner and rather than try to make a profit, could expand upon its recent success and run more days a week in an effort to help serve the community better.

The Market also has potential to be more than a for-profit group and be very beneficial towards the community. One of the issues in the area is the lack of a butcher and perhaps if the management of the market extended an invitation to a traveling meat van, it could get more business and provide a service for the community. There also appears to be an issue with the Market management: only one of each stall type is allowed preventing competition. Commonsense could step in and perhaps direct/manage the market as a program. Unfortunately, doing so could potentially anger the merchants. If the merchants pull out of their contracts, then the New Horizon Centre would lose one of its largest and most consistent rentals, which could prove to be a crippling blow to the budget.

What is recommended is a cautious approach to the Market. Since the merger is just now occurring, it may be useful to not make any major changes immediately to the market in order to

prevent anger from being directed specifically to the Commons side portion of the Centre, but instead to wait until after the Community sees the Centre as one entity.

The Market has the potential to be a rich and diverse place providing items that the community needs but cannot get. In its current state there is no competition due to the Market director's control. A lack of competition is good for the sellers, but not good for the community. Perhaps individual sellers could pay the Centre for their floor space instead of a single group booking the rooms for a certain length of time. This would be a more subtle method to promote competition in the Market by removing some of the current director's control. Since they would not be able to rent the entire space themselves, they would not be able to decide who is allowed to stay. This would hopefully make the market better for the community and the consumer.

4.5.7 Expansion

4.5.7.1 Floor Space

The New Horizon Centre could benefit from more space by expanding the building and this is something to strive for in years to come. It is a difficult goal but with a long term vision the organization could set goals such as this. One method to expanding activities and work space would be to enclose the courtyard area between the two wings of the Centre. This would also help to unite the two ends of the building and allow easier access to both sides. Another method could be to build a second floor onto the Centre.

The purpose of such an expansion would be to allow the Centre to house a wider range of opportunities for the community to use to better themselves and unite with other members of the community.

This recommendation is a long term goal and we understand that it is not immediately feasible. It could be feasible in the future if plans are made and if a building fund is created in which money can be saved up towards an expansion.

4.5.7.2 Expanding to More Centres

Another option of expansion that may be more feasible could be to open up more Centres in the Merton area. This would allow the CCDT to better the lives of more people by expanding the range of the Trust's services. This could also potentially offer more space for any staff that does not to be onsite at the New Horizon Centre to do their job. Since the Trust would be

reaching more people by setting up another Centre, attempting this could be more feasible because extra funding could be easier to obtain.

4.5.7.3 Collaboration with Youth Center and Library

Due to the close physical locations of the New Horizon Centre, the Youth Centre and the Pollards Hill Community Library, all efforts should be made to work together on events and activities. Formalization of a weekly email from each organization to the others would help toward uniting the separate entities. These emails would include a schedule of events along with ideas for future events and possibilities of collaboration with any of the organizations. The organizations can help each other by placing advertisements in their pamphlets and event dates on their activities calendars.

Another way to accomplish the same goal would be to hold a monthly meeting with representatives from each organization, for discussion of events and collaborative planning. This has been reported by board members to have worked in the past at this location and surrounding areas.

An example of an event that could be held by both the New Horizon Center and the Youth Centre would be a “Family Fun Day.” Supervision and activities for the children could be held at the Youth Centre while the New Horizon Centre offers the parents some time away from their children and enjoyable activities to relieve stress and possibly from which to acquire skills.

4.5.8 Advertising

The current Commonsides website will be out of date after the Merger. Funders may look for the Commonsides name, but community members need to be able to find information about the New Horizon Centre. To assist in this, it may be good to create two separate websites.

The first website would be www.commonside.net and would be for the Commonsides Community Development Trust. This website would display the information that would be relevant to funders. The home page would say “Centres run by the CCDT” and below this would be the logo of the New Horizon Centre. This logo would link to the New Horizon Centre website.

The website for the New Horizon Centre would likely be www.newhorizon.co.uk. On this website information relevant to the community, such as event schedules and room rental availability would be displayed. On this site there would also be a section called “For Funders”

or something similar, and this section would explain that the legal entity is named the Commonsides Community Development Trust and this section would contain a link to www.commonside.net.

5.0 Conclusions

At the time of the completion of this project, the merger process of the two organizations is nearly complete. Once the merger becomes legally effective in the beginning of April, 2008 it will be important to construct a new business plan for the organization. The purpose of this project was to collect information on the two separate entities and to identify any specific areas of concern. Interviews held with staff and board members proved to be the best source of information for deriving ideas and directions for the merged entity. Information regarding financial records, work environment, and internal structure was also gathered on site.

From the information gathered by the project team, a set of recommendations to be included in the future business plan was assembled and presented to the organization in a series of meetings and discussions. Finally a formal Business Plan Recommendations Document was formally presented to the board and staff at which time hard copies and an electronic copy were supplied for future office use. The hope is that these recommendations will be considered feasible for implementation in the future and will benefit the organization in the process of moving forward after the merger is complete. The merger of the Commonsides Community Development Trust and its neighboring Pollards Hill Community Center will further both organizations' goals of aiding the social and economic growth of the surrounding area. With a strong business plan aided by the research and recommendations of this project, the organization should be able to continue expanding and improving the excellent service it already offers the community.

Appendix A - Sponsor Description

CCDT: The Anagram, Expanded

Development Trusts are community sponsored charity organizations which run throughout different communities in the UK. There are over 400 development trusts operating within separate communities through the UK, all of whose major goal is to cultivate local development both from an economic standpoint and as a safe and healthy community. Typical actions taken by development trusts are to assist in the development of local economic activity, improve the local environment, and to improve on local services and amenities. Trusts will often provide space and scheduling for local business and recreational activities in order to promote their activity. The Development Trust Association (DTA), formed out of necessity for the growing list of trusts, allows for the creation of new trusts as well as providing assistance to existing trusts to gain funding and local support.⁹



Figure A1 (Above): The Greater London area, displaying the location of the Borough of Merton¹⁰

⁹ Development trust association site.

¹⁰ Original picture from: <http://web.idrc.ca/openebooks/186-8/f0244-01.gif>

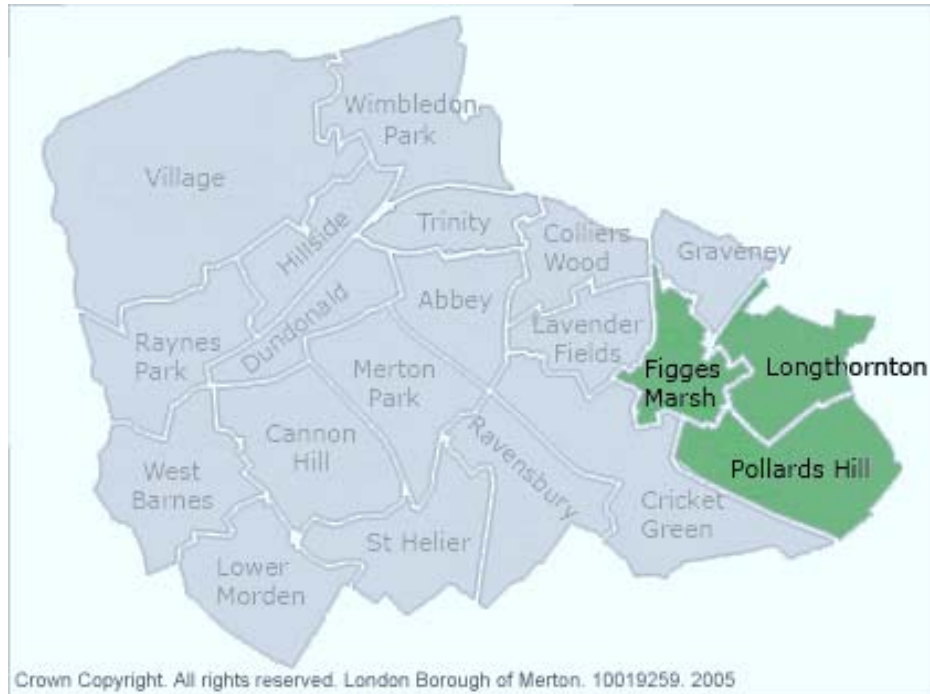


Figure A2: The Borough of Merton, displaying the three wards of the Commonsides area.¹¹

Established in March 2001, Commonsides Community Development Trust (CCDT) serves three of the less-wealthy wards of the Borough of Merton (Pollards Hill, Longthornton and the Eastfields area of Figgess Marsh; Figure A1).¹² The Borough, though predominantly an affluent community, has particular wards which have significant social and economic development issues. “East Merton has a net income that is 23% lower than the average of the entire Borough.”¹³ Up until the late 19th century the eastern part of Merton was sparsely populated farmland. Soon after the turn of the century however, the area began to develop and soon became an important suburb of London. After WWII ended, the population of the area expanded substantially due in part to the returning war veterans and additionally to the post-war expansion of the job market. The resulting housing shortages led to the growth of government housing projects throughout the

¹¹ Original picture from *London Borough of Merton - Neighborhood*

¹² A borough is a self-governing township, or administrative division of a large city. London is divided into 32 boroughs, each of which is sub-divided into wards. Each ward elects a representative to serve in a council which runs the borough.

¹³ *Community Involvement and the Commonsides Community Development Trust*

Merton area. This sudden steep decline in local conditions led to the creation of multiple community development organizations including the CCDT.¹⁴

Initially the CCDT was intended to serve only Pollards Hill, but expanded to two other wards due to the director's concerns for the wellbeing of their citizens. The founders argued that expanding to the two other wards would help to secure the financial future of the trust, as well as benefiting the communities of the wards; claiming that the more people either funding or benefiting from the various activities run by the trust, the more money the trust will make to assure its finances. Today Commonsides continues to grow and serve the communities with a number of projects and events that are meant to foster community growth and development.¹⁵

The mission of the CCDT is "to create a better future for ourselves, our families, and our community." The Trust holds fund raising events for various community projects. These fund raising events allow them to fund programs that would otherwise not be feasible in such poor communities, but are essential to the development of a strong and healthy community in the area. Some of the major projects which are assisted by fund raising have been: helping the local school systems, funding the local police departments, setting up neighborhood watch organizations, and helping local clinics and hospitals. The trust actively helps in both creating new schools and community organizations, as well as providing direct financial aid to these groups. In addition to these development projects, the trust also schedules ongoing programs such as regular social events. "Aiming High" is a program offered for single mothers. Single mothers often lack opportunities to get out and socialize with other adults and members of the community because the majority of their time and energy is consumed in the care of their children. The Aiming High program provides them an opportunity to socialize and relax at regularly scheduled recreational events with other single mothers with whom they may be able to identify and empathize.¹⁶

The "Lunch Club," another regularly scheduled program, is offered for the elderly members of the local community. Funded by the Borough of Merton directly, the CCDT organizes the club and offers a cooked meal. The CCDT also provides transportation, to and from the program. During the event they have a professional team standing by to provide care

¹⁴ *Community Involvement and the Commonsides Community Development Trust.*

¹⁵ *Strategic Planning for Commonsides Trust*

¹⁶ CCDT Site

and advice to the elderly that attend. The members of the community that attend may otherwise never have an opportunity to socialize with others due to health concerns or isolation. The CCDT offers a program which encourages children to learn about the environment called “Wildabout!” Through this program, children in the community learn about their local climate and environment through arts, crafts, and field trips. “Love your bike” is a program offered by the trust to promote cycling and other forms of clean transportation.¹⁷

As well as promoting socializing, they also have activities to promote a healthy and safe community. The Borough of Merton directly funds the CCDT in a joint effort with the Metropolitan Police to provide security to senior members of the society. Recently the Trust began the Pollards’ Hill Football Club. This is intended for children to join so they may enjoy a community soccer league. Such benefits of this include keeping the children off the streets and providing an opportunity for exercise and for learning the value of a team, as well as giving the children a further opportunity to make friends in the community. Overall these various projects help to enrich the community and provide social networking for members of the community that may otherwise be isolated or lacking opportunities to socialize.¹⁸

The organization works through a partnership with many other private citizens and groups to help create a higher quality of life for the community. In addition to the Borough of Merton, the CCDT is funded heavily by the Lloyds TSB Foundation for England and Wales. Lloyds is a national foundation which gives grants to smaller sized charities throughout England and Wales.¹⁹ The CCDT also works in a tight partnership with the Moat Housing Group, which is the certified landlord organization of the local housing projects on Pollards’ Hill. Running the trust itself is accomplished by a combination of both hard working volunteers and the generous donors. Without these private citizens, Commonsides would lack the resources to function properly. Unfortunately historically they have had shortages in the areas of donations and volunteer hours, problems that previous IQPs have attempted to remedy with various degrees of successes. The CCDT is currently undergoing a merger with the neighboring Pollards’ Hill Community Centre in an effort to further expand their ability to reach out to the community in a

¹⁷ CCDT Site

¹⁸ CCDT Site

¹⁹ Lloyds TSB Site

variety of ways. Many of the current funders for the trust are scheduled to cease funding in the near future, so the merger with the Community Centre is set to provide a much needed expansion of funding sources. The merger will also require the hiring of at least one more full-time and one more part-time staff member. The merger was intended to be completed by September 2006, but the process of merging the two organizations has continued until the present. Hopefully the merger will help to maintain a consistent volunteer work force. Also the fact that Commonsense will be a larger and more public organization will hopefully increase the donations they receive and the effectiveness of their fund raising events.²⁰

The preparations for the merger were assisted in part by several WPI IQPs. In fact, over the last three years the CCDT has been the sponsor to four WPI projects. These projects have focused on strategic planning and attempting to gain greater community involvement with the CCDT. This project continues the attempt to increase the strength and effectiveness of the CCDT with the surrounding community within Merton Borough.

²⁰ CCDT Site

Appendix B - Staff Interviews

Staff Interview Questions

1. Tell us anything you can about the program you direct? (if applicable)
 - a. Do you have any records or information we could look at?
 - i. Where specifically do you think would be important to look at?
 - b. How do you monitor the success of your project?
 - c. What data (from monitoring) do you find most important?
2. How did you become involved with the organization?
3. What would you say, exactly you do here? (How would you describe what you do here?)
4. What kind of training did you receive (if any) on becoming involved
5. What is the work environment like (and at the other side)?
 - a. How do you perceive your relationship with your co-workers?
 - b. How do you perceive your relationship with your superiors?
 - c. Who reports to you? Who do you report to?
 - d. What would you change, if anything (in the work environment)?
6. In your opinion, how is the organization doing?
7. What direction do you see the organization going?
 - a. What do you perceive the purpose of the organization to be?
8. What would you like to see change in the organization?
9. What methods are used to organize and assess progress?
 - a. How do you assess your personal progress?
 - b. How do your superiors assess?
10. What is the strongest and weakest program the organization runs?
11. What methods does the organization use to gain visibility in the community?
12. What are your opinions on the merger?
 - a. What stage is the merger at?
 - b. Do you foresee any problems with the merger?
 - c. What difficulties have there been so far?
13. Are there any other organizations with similar purposes in the London area?
 - a. Any that have recently merged?

Appendix C - Board Interviews

Questions from Staff Interview

1. How did you become involved with the organization?
2. In your opinion, how is the organization doing?
3. What direction do you see the organization going?
 - a. What do you perceive the purpose of the organization to be?
4. What would you like to see change in the organization?
5. What methods are used to organize and assess progress?
 - a. How do you assess your personal progress?
 - b. How do your superiors assess?
6. What is the strongest and weakest program the organization runs?
7. What methods does the organization use to gain visibility in the community?
8. What are your opinions on the merger?
 - a. What stage is the merger at?
 - b. Do you foresee any problems with the merger?
 - c. What difficulties have there been so far?
9. Are there any other organizations with similar purposes in the London area?
 - a. Any that have recently merged?

Board Specific Questions

10. How do you work with the other boards?
11. Where do you see the merger taking the organization?
12. What is your vision for the merged entity?
13. How do you think the CCDT is perceived by the community?
14. What would you like to see in the business plan?
15. Personal history on board?

Appendix D - Executive Interview

First ask questions from staff and board questions.

Executive Specific Questions

1. How consistent is funding?
2. Are you dependant on certain sources / will they be running out?
3. What local connections do you have for advertisement?
4. Do you ask who referred people/how people found about the centre?
5. What friction has there been? Head butting etc...
6. What is your relationship with the youth centre?
7. How do you feel about the market?
8. What specific plans are there for expanding?
9. Where do you see centre in 2/5/10?
10. How do board members get chosen? (criteria)
11. Plans for additional hiring?
12. Are there any programs that you would like the community centre and Commonsido to calibrate on?
13. Are board meetings the only way board members get status updates?
14. Are staff members being formally kept up to date on merger progress and reasoning?
15. Is there an established protocol to suggest ideas for events/services?

Appendix E - Other Organization Interview

If Knowledgeable of Commonsides and Trusts in General Questions

16. What are key elements of a good development trust?
17. What are unfavorable qualities?
18. What are some techniques used for gaining visibility?
 - a. Are there agencies that non-profits could use for advertising?
19. What are elements of an effective business plan that you have seen in practice?
20. Do you know of any methods that centers use to gauge their performance?
21. What are your opinions of Commonsides/New Horizon?
 - a. In your opinion, how is the organization doing?
 - b. What direction do you see the organization going?
 - c. What do you perceive the purpose of the organization to be?
 - d. What would you like to see change in the organization?
22. What are the needs of the community?
 - a. What needs of the community are they not fulfilling?
 - b. What is the communities' perception of Commonsides?
23. Have other Development Trusts merged before?
 - a. How effective were these?
 - b. Do you have any documentation?

Other Non-Profits/Development Trusts Questions

1. Tell us about <name of location>.
2. What kind of training did you receive (if any) on becoming involved
3. What is the work environment like (and at the other side)?
 - a. What would you change, if anything (in the work environment)?
4. In your opinion, how is the organization doing?
5. What direction do you see the organization going?
 - a. What do you perceive the purpose of the organization to be?
6. What would you like to see change in the organization?
7. What methods are used to organize and assess progress?
 - a. How do you assess your personal progress?
 - b. How do your superiors assess?
8. What is the strongest and weakest program the organization runs?
9. What methods does the organization use to gain visibility in the community?

Appendix F - Patron Interviews

Name: _____

Gender: M F

Have you been to any events held by Commonsense or the Community Centre before?

Yes No

If so what events?

What events and activities do you expect the New Horizons Centre to offer?

What does the New Horizon Centre do well in your opinion?

What could the Centre improve upon or do different?

Other?

Appendix G - Participation Form

Participation Form and Statement of Rights

We are students at Worcester Polytechnic Institute in Worcester, Massachusetts. We are conducting a research project on behalf of The Commonsense Community Development Trust to help create an effective business plan. As part of this project we are conducting a series of interviews with key individuals. We have asked you to participate because we believe you have unique knowledge of these issues that will be valuable to the project.

Before we begin, we would like to thank you for taking the time to participate in the interview which will last about five minutes. Your participation is entirely voluntary. You may refuse to discuss any question or terminate the interview at any time. With your permission we would like to record the interview. The tapes, notes, and subsequent transcripts of the interview will be kept confidential, and will be accessible by only the members of the team and our immediate faculty advisors. Your name will not be used in any subsequent report or publication without your permission.

If you consent to be interviewed at this time, we would ask that you indicate your agreement below.

I agree to participate in the interview

Interviewee Signature

Date

Interviewee Name

Please initial for permission to record

Interviewee Initials

Interviewer signature

Date

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