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Managing Multi-site Nonprofits

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MANAGING MULTI-SITE NONPROFITS

Abstract

Multi-site nonprofit systems are organized in a variety of ways ranging from central control to local control. Regardless of where a system falls along this organizational continuum, inevitable tensions emerge in the relationship between the headquarters and the local organization. The purpose of this paper is to understand the causes of these tensions and offer management action that, regardless of the organizational structure, leads to greater system cohesion. Our exploration was facilitated by intense field research at five multi-site systems: Outward Bound, Planned Parenthood, Habitat for Humanity, SOS Kinderdorf, and The Nature Conservancy.

Our investigation suggests that multi-site system behavior may be mapped on two dimensions—one that exerts forces towards unit autonomy and the other influencing the degree of organizational affiliation. These forces are associated with a host of organizational functions that are the traditional domains of management to influence and shape, and thereby enable a multi-site nonprofit to simultaneously optimize the benefits of organizational affiliation and unit autonomy.

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The Problem of Cohesion

The struggle to coordinate the work of the center and the affiliates is more the rule than the exception in multi-site nonprofits, with most facing a seemingly never-ending challenge to reconcile internal issues around power, responsibility, and accountability. As a result, critical management decisions often take inordinate amounts of time, energy, and resources. This reality contributes to the commonly held perception, both inside and outside the sector, that multi-site nonprofits are less efficient and effective than organizations in the for-profit sector.

There is a sad irony to this situation. The very reason nonprofits exist is to solve complex social problems, from eliminating hunger to improving education. But often the way nonprofit organizational structures evolve creates an additional layer of complexity. Social entrepreneurs can be so focused on their causes that they tend to pay little attention to the operational implications when creating multi-site systems. For example, from their perspective, trying to exercise too much control over the evolution of a system could discourage others from catching the mission fever. Josh Miner considered the infectious spread of experiential learning as a major goal of Outward Bound, the multi-site nonprofit organization he founded in 1961. Initially, he was eager to give away any aspect of the Outward Bound model to other organizations and was only slightly more cautious in creating guidelines for establishing affiliates. While this facilitated early rapid growth, it also contributed to pernicious tensions within the organization that threatened to undermine its long-term mission effectiveness.

The premise of this paper is that the moment an affiliate is created by a nonprofit, a new set of challenges must be addressed. These challenges deal with defining the relationship between the operating units and the center, and among the operating units themselves. Drawing upon five in-depth case studies, we identify common tensions within multi-site nonprofits and the underlying factors that contribute to these tensions. The case analysis allows us to identify a set of management levers that can be used by organizational leaders to structure multi-site systems to optimize performance and balance issues of internal cohesion.

Research Positioning

While a broad body of work exists on the organizational structure of NPOs in general (e.g., Weisbrod 1998; Tuckman 1998), the literature on multi-site nonprofits is relatively focused on providing basic statistical information about their prevalence or on illustrating the variety of associational structures encountered. Groupings of nonprofit organizations are often labeled 'umbrella associations' (Young 1998; Hodgkinson, et al. 1993). Hodgkinson reported that approximately 22% of U.S. nonprofits belong to one. Oster (1992) reported a higher number, more than 50%, especially among the top 100 charitable organizations. Across these umbrella associations, the question of how much to centralize/decentralize multi-site organizations is an issue of great significance to

[1] We are thankful to Elaine Backman for her many helpful comments and suggestions on earlier versions of this paper.

nonprofit managers. Multi-site NPOs must be responsive to multiple constituencies and stakeholder groups whose differing interests must be reconciled (Tschirhart 1996). There are obvious tensions involved, exacerbated by what Alexander (1998) calls "dominant coalitions," which include a cluster of factions, which may battle for control inside umbrella associations.

National and international associations of NPOs take on a variety of structural forms, ranging from loose associations or alliances, to support systems for local members, to tight corporate hierarchies. (Young 1989; Edwards and Hulme 1995; McAdam, McCarthy, and Zald 1996.) Young, Bania, and Bailey (1996) studied the similarities and differences between three types of multi-site organizations—trade, federal, and corporate. The trade model represents a loose collection of autonomous affiliates operating under a national umbrella; the federal model, an active, centrally coordinated structure; and the corporate model, a hierarchically controlled head office/branch office structure. In later work, Young (1998, and this volume) has reflected further on the factors that contribute to a successful governance mode. He suggests that "ultimately it is clarity of vision that allows an association to settle comfortably on an organizational structure and successfully move forward with it."

Oster's work complements this approach by considering the most appropriate model of devolution and interaction between national and local NPOs. For instance, Oster (1992) models the structural relationship between national nonprofit organizations and their local affiliates as a franchise relationship and discusses the underlying economic rationale for their existence. Oster (1996) extends her study of franchising for NPOs to focus on the question: "How should local operations be optimally organized?" When faced with a decision to expand, what is the optimal approach—a wholly owned satellite, or branch office, or semi-autonomous franchise operation? Oster concludes that the latter devolved form has many advantages for both national and local agencies including incentives for entrepreneurship, and the ability to monitor and tax. Noting that "franchises are particularly prevalent in nonprofits with monitoring problems, strong use of volunteers and large capital needs," Oster concludes that franchises provide a balance between the control necessary for dealing with system externalities and the provision of sufficient autonomy to encourage local managers and volunteers to work productively. The issues raised by Young and Oster also arise on the international scene, as shown in the work of social movements (Zald and McCarthy 1987) and NGOs (Edwards and Hulme 1992). Regardless of locale, then, the preceding research literature highlights issues of independence/dependence and their associated tensions in the organization of multi-site nonprofits.

While situated in the rich stream of literature identified above, this paper is a significant departure in the following respect – our attempt is to build a generic framework at the level of a multi-site system with an aim to providing strategic levers for management action. We are less concerned with the economic rationale of its origins and existence (Oster 1992, 1996), and unlike Young (1989, 1996, 1998, and this volume), we are focused on analyzing behavior and prescribing actions at the level of a multi-site system rather than across multi-site systems.

Methods and Sample

Our understanding of the tensions in multi-site nonprofits was facilitated by the field research we undertook at five multi-site nonprofit organizations: Outward Bound, USA; Planned Parenthood of America; Habitat for Humanity; SOS Kinderdorf; and The Nature Conservancy.[2] We interviewed top managers from the headquarters units of each of these organizations to learn and understand the nature of the work of the system and the delineation of the national and local roles and responsibilities as they saw it. This was followed by conversations and visits to two or more affiliates in the system. Affiliates were chosen to reflect a variety of views concerning the usefulness of a headquarters organization. Table A lists the various chapter affiliates who were instrumental in providing us their opinions and perceptions.

Table A: Participating Chapter Affiliates

Outward Bound (OB):	**Colorado, New York City**
Planned Parenthood (PP):	**New York, New England**
Habitat for Humanity (Habitat):	**Rhode Island, Minneapolis**
SOS Kinderdorf (SOS):	**Bolivia, USA**
The Nature Conservancy (TNC):	**California, Indiana, Ohio, Maine**

A brief description of the mission, operations, and governance structure of each of the five organizations studied is provided below.

<u>Outward Bound, U.S.A.</u>

Joshua Miner created Outward Bound (U.S.A.) in 1961 as an offshoot of an international organization founded in Scotland. The mission of Outward Bound is to conduct safe, adventure-based programs structured to inspire self-esteem, self-reliance, concern for others, and care for the environment. As of 1997, the system consisted of five wilderness schools, two urban centers, and a nationally run Expeditionary Learning initiative, with system-wide revenues of about $50 million.

Outward Bound's national office and each school and urban center was organized as an independent 501(c)3 with its own governing board. The national office, primarily serving as a coordinating force, was responsible for providing leadership, chartering the schools, and ensuring the safety and quality of programs. The national office also implemented system-wide marketing initiatives to increase school enrollment and support the Outward Bound movement in the U.S. The schools were responsible for delivering educational programs through a variety of outdoor adventure programs. Each school

[2] Several of these field sites had already been written up as case studies: Planned Parenthood of America, Rangan and Backman (1998); Habitat for Humanity, Loveman and Slavitt (1994); SOS Kinderdorf, Rangan (1997), and The Nature Conservancy, Howard and Magretta (1995). Our field research supplemented these published descriptions and data.

contributed to the national organization's overhead based on its total revenues and shared national's marketing expenses in proportion to student inquiries received. Student fees covered approximately 80% of a school's operating expenses, with remaining expenses covered by grants, donations, and scholarships.

Planned Parenthood Federation of America (PPFA)

Planned Parenthood Federation of America is the world's oldest voluntary reproductive healthcare organization. Its roots extend back to 1916, when Margaret Sanger founded America's first birth control clinic. As of 1997, PPFA provided comprehensive reproductive and complementary healthcare services in settings that preserved and protected the privacy and reproductive rights of each individual. It also advocated public policies that guaranteed reproductive rights and ensured access to such services, and provided educational programs. PPFA's system-wide annual budget was about $500 million and encompassed 163 affiliates operating 938 clinics throughout the U.S.

Local PPFA affiliates were organized as independent 501(c)3's headed by an executive director and governed by a board composed of local community leaders. To qualify as a member of the federation, local affiliates agreed to operate according to PPFA guidelines, which included rigorous medical standards, and to pay annual dues ranging from $5,000 to over $100,000. In addition to setting medical standards, the national office functions included: advocating for reproductive health nationally; providing technical, managerial, legal, and advocacy training for local affiliates; and leveraging the organization's scale to provide medical malpractice insurance policies and bulk purchasing for commodities such as birth control pills and condoms. The national organization was also constituted as an independent 501(c)3 organization, with an affiliated 501c(4). The national organization is constituted as a membership corporation, with membership comprised of representatives from local affiliates and members of the national board of directors. Responsibility for the policy setting of the national organization rested with a 35-member national board.

Habitat for Humanity

Founded by the evangelical Millard Fuller in 1976, Habitat's goal is to eliminate poverty housing and homelessness from the face of the earth and put the subject of inadequate housing in the hearts and minds of people. To fulfill its mission, Habitat solicited donations, created community partnerships, and mobilized volunteers to build affordable housing for people in need. Habitat homeowners are selected at the local level based upon their need, willingness to work, and ability to pay for their houses. Each is required to put hundreds of hours of "sweat equity" into the construction of his/her house. As of 1997, Habitat had approximately 1,400 U.S. and 300 international affiliates and a system-wide annual budget of approximately $250 million. Habitat had built nearly 100,000 homes since its inception and was growing at the rate of nearly 10,000 homes per year.

Even though only 10% of Habitat's U.S. affiliates are independent 501(c)3's, each had its own independent board responsible for hiring the affiliate director and carrying out his/her performance evaluation. A large percentage of the funds, nearly 80%, were raised locally. All affiliates operated under the covenants approved by the international headquarters, which was also organized as an independent 501(c)(3). The covenants required affiliates to be faith-based Christian; not charge interest on mortgage loans; and remit 10% of funds raised to the national organization.

SOS Kinderdorf International

Founded in Austria by Dr. Hermann Gmeiner in 1949, SOS Kinderdorf's mission was to provide orphaned, abandoned, and destitute children with a permanent home, and to lay a sound foundation for a useful and productive life. By 1997, there were 360 Kinderdorf children's villages providing a home and mother to 30,000 children in 130 countries. Each village consisted of a cluster of 10-15 homes. Each home had 6-8 children, carefully arranged by age to approximate the sibling patterns of a family, and cared for by an SOS mother—a single woman fulfilling the role of the natural mother. The system's annual budget was approximately $400 million, the bulk of which was raised in Germany and Scandinavia.

Every country with an SOS operation had an SOS Children's Association that oversaw the programs in that country. Each Association was governed by a general assembly (akin to the board of directors) and a supervisory board. The executive director had dual reporting lines, one to the local board and the other to the SOS Kinderdorf international organization. The director was appointed by Kinderdorf International's General Secretary (the equivalent of a CEO) and reported to him through the regional director. Each country Association paid an annual membership fee of $10,000 to the parent association. The international headquarters was organized as a membership organization with representation from each country, but the executive authority lay with a senate consisting of representatives from 10 donor countries and 10 program countries.

The Nature Conservancy

Founded in 1951 by a professional association of ecologists, the mission of The Nature Conservancy was to preserve plants, animals, and natural communities that represented the diversity of life on Earth by protecting the lands and waters they needed to survive. As of April 1999, the Nature Conservancy had protected 11.5 million acres in the U.S. and had assisted in protecting another 55 million acres outside the U.S. With assets of about $1.6 billion and an annual budget of about $780 million, it was one of the largest conservation entities in the world.

In the U.S., the 70 Nature Conservancy chapters were all part of the national organization, which was a single 501(c)3 corporation. The chapters, however, all had active advisory boards with directors reporting to them as well as to The Nature Conservancy's headquarters through a regional/district structure. The director's appointment and compensation was managed by The Nature Conservancy's district/regional/headquarters chain of command. Each chapter paid a 12% assessment fee to the center on all funds raised in their local territory. The headquarters provided local chapters with legal assistance on land acquisition and employed nearly 1,000 scientists for environmental advice. Fundraising with large foundations and wealthy urban supporters was managed by the national organization, with local chapters responsible for local fundraising. Unless donors earmarked contributions for a specific state or chapter, funds were held at the center. A rough estimate of local versus national fundraising was about 80% to 20%.

Key Sources of Tensions

A common management challenge facing a variety of multi-site nonprofits, especially the larger ones, is created by the stark differences in perception held by the national office and its affiliates on how decision making rights (and indeed power) should be allocated among them. Tensions usually surface on issues concerning:

Allocation of Resources: Who owns the donors and money raised in local areas? This tension emerges when the national organization raises money in an affiliate's operating area. While some donors may articulate their preference for national or local, numerous smaller donors contribute without knowing the allocation of work between the affiliates and the national organization or perhaps not even being aware that different entities exist. Affiliates often resent headquarters' fundraising intrusions into their territory, while the national organization feels that it is their brand name and an affiliate's association with the cause that attracts donors in the first place, wherever they may be located.

Delivery of Service: Are the affiliates delivering a quality and type of service consistent with national standards? Being closest to the client, affiliates often feel sufficiently knowledgeable and empowered to know what is best for those they serve. But headquarters may feel that maintaining quality standards or program consistency necessitates adherence to certain over-arching specifications, resulting in affiliates feeling that headquarters has unnecessarily interfered with their operation. Headquarters may also frown upon the range of services offered by affiliates causing additional tensions.

Use of Parent Name: Is the affiliate cashing in on the brand name franchise without adequately representing the cause? Is it delivering a service consistent with the mission of the organization? In their desire to spread the mission, many national organizations may have certified local groups to deliver programs without adequate supervision. Headquarters may discover later that their nominees are not performing up to standard and may have even been furthering a different agenda. It is easy to see how this can precipitate a conflict over the use of the parent's name.

Payments to Headquarters: Is the national office providing the range and quality of support commensurate with the affiliation fee being paid? Many affiliates sincerely doubt that money paid to headquarters is effectively utilized, often perceiving headquarters infrastructure as unnecessary overhead. Even some support provided by headquarters, such as training, education, and benchmarking can be seen by affiliates as work created by the national organization to justify its existence. In contrast, headquarters personnel perceive they are providing essential technical expertise to enhance the system's brand value.

Governance of System: Strong fault lines often exist between headquarters and local boards. Headquarters' management and the local board each may consider themselves the primary determinant of an affiliate's future direction causing disagreements over operational issues or strategy. The role of the national board compared to that of the local board is another source of contention, especially if the national board membership is not representative of the local organization.

Identifying Forces Underlying Common Tensions

Our field research revealed that multi-site systems were more or less cohesive, depending upon the nature of two critical sets of forces at play – one determining the degree of autonomy sought by the local units, and the other the degree of affiliation desired.

The forces that determine the degree of autonomy are relatively exogenous to **a** multi-site system. The operational strategy chosen by a nonprofit uncorks forces that push affiliates towards autonomy, with the intensity of the force determined by the nature of the strategy. For example, if a multi-site nonprofit chooses to address a local issue, using local community support, it would be expected that the local community would want to strongly influence the shaping and ongoing management of the services provided. The nonprofit organization has no choice but to deal with this strong force for localness, with all its implications, or choose a different operational strategy for fulfilling its mission. By selecting a different client segment or a different type of service, management can choose to participate in a different environment where the forces towards autonomy are not that strong.

On the other hand, the forces that determine whether local units seek more or less affiliation are endogenous to the system and depend primarily on deliberate management actions within any given strategy. The ability of a headquarters to produce significant system benefits by providing value added services for the network and system cooperation creates a set of forces that pushes towards affiliation among the units and between the local units and headquarters.

In labeling this as a centralization versus decentralization phenomenon, management scholars implicitly tend to correlate high autonomy with low affiliation, and low autonomy with high affiliation. Our research reveals that autonomy and affiliation are distinctive dimensions, and interestingly some of the best multi-site systems display a high degree of autonomy as well as a high degree of affiliation.

Forces That Determine the Need for Autonomy

The Need to Localize: Every one of the multi-site systems we studied, with the exception of Outward Bound, delivered its service to local clients. Even at Outward Bound, where classes were drawn from a national pool, the service itself was unique to a region (mountaineering in Colorado and kayaking in Florida) and local managers perceived a great need for autonomy to deliver an effective program. In all of the organizations studied, the delivery of services to clients was face-to-face and service providers needed on-site flexibility for effectiveness. In addition, four of the five organizations relied heavily on local financial sources for support, which took a fair degree of local autonomy and infrastructure to accomplish. In organizations like Planned Parenthood and Outward Bound, almost 100% of service delivery costs were borne by local fees, donations, or subsidies, and the localization of this funding exerted a strong force towards autonomy. However, the same approach was not suitable for tapping national funding sources where headquarters' support was needed. Within the overarching function of fundraising, there was the potential for a bi-polar tug to exist, pushing for unit autonomy around local fundraising, with a simultaneous opposite force pushing towards affiliation around national fundraising. In the case of Kinderdorf, the fifth organization, headquarters paid most of the local program costs in developing countries, thereby effectively eliminating local fundraising and the consequent push for local autonomy.

Every site manager interviewed agreed that local volunteers were an essential resource and felt that, while volunteers bought into the overall mission of the parent organization, their local orientation was a more powerful motivator. Adding to the force for local autonomy were local volunteer boards, populated by influential and hardworking members, who wanted to have a strong role in determining the site's strategy. Similarly, dynamic local activity usually required strong leadership from the site director and board chairperson, creating an inevitable push towards affiliate autonomy.

The Need to Customize: The degree to which programs are customized at the unit level determines the intensity of its push towards local autonomy. In general, the greater the degree of program customization, the greater the force for autonomy. The conservation work of The Nature Conservancy demanded tailor-made programs to accommodate the local environment's varieties of flora and fauna, and made it undesirable to standardize most program elements across sites. In the case of Outward Bound, replication across multiple sites was only partially feasible because of the significant differences in local operating environments.

In contrast, Kinderdorf and Habitat for Humanity were able to standardize their operating model and deliver programs uniformly across sites. The Kinderdorf organization had standard manuals and training programs with the design of villages and roles of service providers centrally planned and explicitly stated. Any new village or newly participating country was absolutely obliged to follow the model. Local affiliates of Habitat for Humanity also followed a highly standardized model, with headquarters providing clear guidelines for house construction, loan approval, and repayment. In both organizations, affiliates had little room to maneuver.

Our summary evaluation of the five organizations on the two elements of autonomy is presented below in Table B.

Table B: Forces for Autonomy

	Localization	Customization	Combined Score
Outward Bound	**Medium**	**High**	**Medium Plus**
Planned Parenthood	**High**	**Medium**	**Medium Plus**
Habitat for Humanity	**High**	**Low**	**Medium**
SOS Kinderdorf	**Medium**	**Low**	**Low Plus**
The Nature Conservancy	**Medium**	**High**	**Medium Plus**

Forces That Influence the Degree of Affiliation

Associative Value: The collective power of an organization's work and the appeal of its mission are aggregated into its brand name goodwill. A strong brand name enhances an affiliate's ability to attract volunteers and convey reliability and is particularly important to donors, where the integrity of the name motivates many to give. Local managers in the five organizations studied described how their operations would be adversely affected if the national "name plate" were removed from their services. Our research revealed that headquarters' ability to effectively manage a brand name is an important factor in determining the intensity of the force pushing towards affiliation.

Habitat for Humanity headquarters nurtured its brand name by attracting high profile campaigners, like former U.S. President Jimmy Carter. Affiliates received significant fundraising power that was associated with the brand name. At Planned Parenthood, the national office strove to keep reproductive rights in the forefront of the national debate, thereby creating a powerful national brand identity that engendered local support.

Another aspect of associative value is the sharing of best practices and emerging trends. This sharing can take place regionally, as was the case with The Nature Conservancy, or nationally, as with Outward Bound. It can also occur at both levels and provide managers with the psychological advantage of belonging to a community. An executive director of an Outward Bound affiliate observed, "belonging to a larger organization makes me feel connected, and that's a wonderful source of strength when I'm facing tough issues."

Enhancing Value: Another strong force for affiliation identified by research participants was headquarters' ability to enhance the value of an organization's work and propagate its mission. While value enhancement is closely related to brand equity, the difference is that value enhancement has a more tangible quality than the intangible (yet real) effect of a strong brand name.

For example, Planned Parenthood National created a medical oversight committee that wrote the technical protocol for abortion procedures. Outward Bound's national committee developed and monitored safety standards for all programs after two serious accidents occurred in 1974. The Nature Conservancy's central science function and their expertise in constructing overarching eco-region maps became an important resource for affiliates to use in project selection.

Another way to enhance the forces of affiliation is to exploit headquarters' position to use economies of scale by pooling resources to gain system-wide cost advantages. For example, Outward Bound headquarters developed a centralized telemarketing operation to reduce each school's need to invest in its own system; Planned Parenthood National bulk-purchased contraceptives to gain price concessions; and The Nature Conservancy performed accounting functions centrally to reduce chapter overhead.

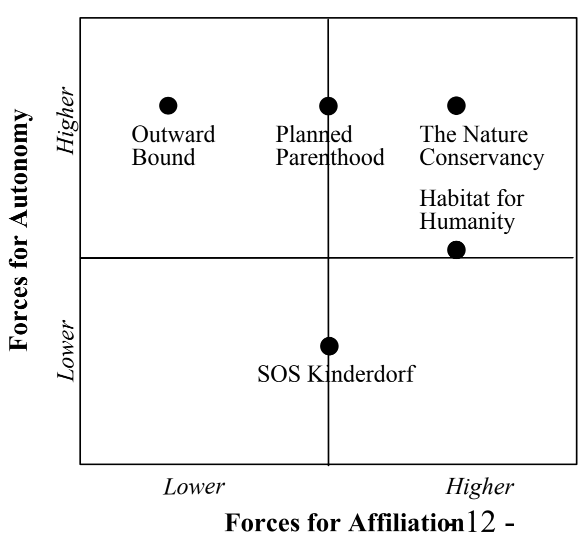
Table C below offers our summary assessment of the forces pushing units towards affiliation within each organization. These evaluations are based on local units' perception of headquarters activities.

Table C: Forces for Affiliation

	Associative Value	Value Enhancement	Combined Score
Outward Bound	**Medium**	**Low**	**Low Plus**
Planned Parenthood	**High**	**Low**	**Medium**
Habitat for Humanity	**High**	**Medium**	**Medium Plus**
SOS Kinderdorf	**Low**	**High**	**Medium**
The Nature Conservancy	**High**	**Medium**	**Medium Plus**

Putting It All Together

By combining the preceding measurements for each of the organizations we studied, we arrived at a relative judgment of where each organization fell in terms of overall unit autonomy and organizational affiliation.



High Affiliation Organizations: The Nature Conservancy and Habitat for Humanity

The Nature Conservancy systems displayed at the same time a high level of unit autonomy and a high degree of organizational affiliation.

As previously discussed, the nature of the preservation work carried out by The Nature Conservancy requires its programs to be local. Additionally, varying local laws encouraged Conservancy chapter board members to play an active role in influencing local authorities to enable chapter work. When combined with an affiliate's local fundraising responsibility (over 80% of chapter revenues), it would make one wonder how The Conservancy evolved into an organization with such a strong bias towards affiliation.

The easy answer would be to focus primarily on a centralized administrative structure, with headquarters having control over appointments and incentives for chapter executive directors. This clear power structure can strongly influence the forces for affiliation, but it is far from the whole story. A key part of the answer lies in the value of expertise provided by The Conservancy's central scientific pool and legal departments. Chapters acknowledged that they would be much less effective without the central organization's help. Additionally, former Conservancy CEO John Sawhill has been credited with aggressively championing the 'One Conservancy' policy aimed at promoting cross-boundary and inter-site preservation work.

Just as remarkable was the strong organizational affiliation displayed by Habitat units. A large percentage of the affiliates were part of the central umbrella organization, yet much of the work done by Habitat was local. Habitat's program model was considerably more standardized than that of The Nature Conservancy. Even with regional variations, the designs and operating model were relatively standard across sites. For example, a 3-bedroom house would be 1,000 square feet and a 4-bedroom house would be 1,100 to 1,200 square feet. In a sense, headquarters provided affiliates a franchiser-like "standard operating system." One could assume that this was the reason for the strong force for organizational affiliation. Yet, when one studies the model, it becomes apparent that very little is licensable besides the name, and that is exactly the reason offered by Habitat affiliates for their strong organizational affiliation. Many said that without the pull of the Habitat name, they would be unable to raise the resources needed to sustain their work.

High Autonomy Organizations: Planned Parenthood and Outward Bound

At Outward Bound and Planned Parenthood the forces pushing for autonomy were greater than those pushing for affiliation.

While Planned Parenthood's name still had enormous goodwill and wide recognition, expert assistance and medical protocols, once critical to Planned Parenthood affiliates, had become common practice. There was also a difference in perception as to the role of the national organization. Affiliates wanted headquarters to focus on abortion rights advocacy, but the national organization felt that the battle had matured and emphasized "value-enhancement" activities, such as group liability insurance, contraceptive purchasing, etc. The local units, however, did not significantly value the headquarters' value enhancement activities, thereby blunting the impact these functions had on affiliation.

Outward Bound headquarters never had the original clout of Planned Parenthood, and it was only after a serious accident caused a generally negative perception of the system, that the central office was called upon by affiliates to create uniform program quality and safety guidelines. Because of recent enrollment declines, the Outward Bound schools were implementing a central marketing function that could exert additional forces towards organizational affiliation, but it is too early to determine its impact.

Low Autonomy Organization: SOS Kinderdorf International

In our final example, the forces that tended to push towards unit autonomy had been virtually eliminated, and the pull towards organizational affiliation was overwhelmingly strong. That is because at SOS Kinderdorf, as of 1996, two German associations contributed nearly 60% of the $400 million total organizational budget, with most of the balance coming from Western European countries as well. Affiliate financial dependency, along with a highly standardized model, created extremely strong forces for organizational affiliation, especially for the units in Africa, Asia, and the Americas. While the governance structure allowed for some local program nuances, it was clear to all that the central organization called the shots on important decisions.

Management Levers: The Main Point

In the previous section, we outlined our understanding of the tensions between the forces of organizational affiliation and unit autonomy. We argued that in some cases, like Kinderdorf, centralized resources enabled central direction and standardization of local programs. Here, necessity was a key force pushing units towards organizational affiliation. On the other hand, at The Nature Conservancy, we observed highly autonomous units co-existing with a coherent and well-coordinated central initiative. We argued that by providing considerable value-adding activities, headquarters promoted strong organizational affiliation. At Habitat for Humanity, the affiliation propensity was driven by national brand franchise, while Planned Parenthood and Outward Bound had forces pushing towards unit autonomy that appeared stronger than those of organizational affiliation.

What emerges then from these discussions is a set of management levers—brand name creation, value enhancement, expert assistance, scale economies, program customization (or standardization), and resource localization (or centralization). These are all functions that can be used by management at headquarters and affiliates alike as levers to influence and shape the underlying forces of unit autonomy and organizational affiliation. Our premise is that organizations can, for the most part, play in whichever box in Figure 1 they choose by using the several levers identified and with explicit management planning and action.

This does not suggest that organizations have complete freedom. For example, if The Nature Conservancy headquarters decided to standardize its programs across sites, success probably could not be achieved, however well they manage the decision. But, their management might decide to focus activities on those aspects of their programs that could be standardized. Thus The Nature Conservancy could select to focus on environmental education rather than on environmental preservation. But that would be a different program, perhaps fulfilling a different mission. Similarly, Kinderdorf affiliates, by deciding to attain budget self-sufficiency using local resources, could end up with more autonomy. But that would automatically mean that each country would have to customize the program to best suit local conditions; absent such customization, local funders might not be enthusiastic. In short, all of these organizations might successfully shift the box they are in through deliberate management decisions and actions. Some are easier to do than others.

Our main point is that we believe multi-site systems should, like The Nature Conservancy, seek to optimize the forces of organizational affiliation and unit autonomy by having system managers rely on their levers of influence. Headquarters should undertake actions to enhance system value and then sustain it, and affiliates should maximize local resources to enhance their credibility and increase their voice in the running of the system. In general, a healthy tension between the headquarters and operating units over their respective roles will emerge. The key for management is to develop a governance system that accommodates this tension in a constructive rather than destructive fashion. This can only happen if there is a clear and deliberate process for making decisions as to who will perform the functions necessary for the system, as is the case with The Nature Conservancy. Also, there must be a process in place that commits operating units to adhere to systemic decisions. Without these two conditions, constructive co-existence of unit autonomy and organizational affiliation is very hard to accomplish.

If, on the other hand, the system cannot create genuine value to enhance the forces for cohesion, and if the nature of the work demands local autonomy, our research suggests that multi-site systems are better off leaving the affiliates independent. Cohesion is possible and desirable only when it adds value, otherwise a protracted battle for control ensues. Here is where strong leadership and foresight, such as that displayed at The Nature Conservancy headquarters, can go a long way in enhancing the effectiveness of multi-site system. Every chapter director we talked with emphasized his/her autonomy, and, at the same time, celebrated the harmony within the system.

Too many view autonomy and affiliation as opposites and the basis for a struggle over power, a kind of zero sum game. In reality, the ability of a multi-site nonprofit organization to successfully accommodate forces for unit autonomy and organizational affiliation can determine how well it delivers on its mission. Our conclusion is that the sustainable balancing of these forces can only be achieved by constant and diligent management crafting.

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