STRATEGY AND STRUCTURE IN CIVIL SOCIETY ORGANIZATIONS IN LATIN AMERICA AND SPAIN: A FOUR-STAGE MODEL

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ABSTRACT

We developed a four-stage m odel on the st rategic evolution of organizations and their respective rest ructuring. This m odel follows the pioneering w ork done by Chandler and has been applied in organi zations operating in Latin Americ a whose objective is to create social value. W e found the following strategy sequence: specialization, horizontal integration, vertical integration and diversification. They correspond to social entrepreneurial, f unctional, decentralized and conglom erate organizational structures. Evidence is presented in 20 case studies on social enterprises that were do cumented as pa rt of SEKN (Social En terprise Knowledge Network). In addition to developing the m odel, our research also focused on stages of and responding to change.

Key Words

Strategy and structure, organizational change, nonprofit management

"Structure follows strategy," is probably one of the most basic principles of modern management and a product of Chandler's studies (1962, 1990) on the strategic and organizational evolution of companies to th e level of large conglom erates. Companies evolve in a predictable way – a cycle that has been studied in different countries around the world.[1] However, the strategic and organizational evolution of the non-profit sector, of civil society organizati ons (CSO), such as foundati ons, NGOs and other start-ups whose main purpose is to create social value, has not been studied much. This document analyzes the evolutionary process of thes e types of organizati ons, using the inductive case study methodology (Yin, 1987). It analyzes twenty cases of CSOs that operate in Latin America and Spain (Annex 1). These cases were docum ented by the Social Enterprise Knowledge Network (SEKN)[2] and were chosen usi ng a "reputation-based" methodology, as exemplary CSOs in terms of performance in their respective countries (SEKN, Austin et al, 2006).

Does the evolution of CSOs fall into a pa ttern, which can be further divided into stages? Though this has been the guiding rese arch question, it is convenient to as k another one: How could an evolutionary process using stages add value to CS O performance? The first objective of this analy sis is to offer a reference fram ework to CSOs so that they may become more aware of their development level and the path that they have followed and will follow in th e future. H owever, going beyond the identification of a typical evo lutionary path and the inherent ch aracteristics of each phase of de velopment, the other main purpose of this research is to of fer a set of guidelines to CSO m anagers to help them administer their organization s' entire evolutionary cycles effectively.

In order to shed light on this objective - to generate understanding on the way these types of organizations grow and change - a general outline of the research results follows. The cases s tudied offer evidence on a certain sequence of how CSOs develop. This has led to the identification of an e volutionary process encompassing four stages: start-up, institutionalization, decentralization and social conglomerate. However, the underlying question ref ers to understanding th e main factor that provokes the change process. Empirical study of the cases include d in the sam ple shows that strategy is the factor that triggers change processes in CSOs, and as a resu lt, is the va riable that marks the change between one stage and the next.

Strategy indicates the organization's direction and scope in the long-term. It indicates guidelines for aspects that are critical to this process, such as action areas, products and services offered, size and geographic scope , among others. Each stage begins with a marked strategic ch ange, which leads to a pe riod of growth that can last for several years. The stage ends with a new, ov erall strategic decision. Changes in strategy, in and

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[1] Harvard Business School was th e location of the most important and innovative group of "business histor y" in the second half of the twentieth century. Under the leadership of Alfred Chandler (1962) and with guidance from a group of professors, they worked on doctoral theses on the life of companies in several c ountries, such as German y, Belgium, France, Italy and Japan (e.g Rumelt, 1977). Larry Greiner (1972) interpreted this evolution in a five-stag e model, with " size" as the det ermining factor di fferentiating one stage from the next. Even though this variable is important, as demonstrated in other studies, Chandler (1990) shows that company strategy is the determining factor. Mintzberg (1977) and the French group, Strategor, sparked debate. Kagono, Nonaka et al (1994) added their results with studies on Japanese companies. This debate still continues today.

[2] Social Enterprise Knowledge Network (SEKN). This Network began in 2001 as a way to respond to the need in the region to generate intellectual capital on social enterprises. In 2008, 11 business schools in Latin America, Spain and the United States, including Harvard Business School, were participating (Austin et al, 2004, SEKN et al, 2006).

of themselves, present a series of challeng es. These challenges lead the organization to develop skills to face them – a condition to move on to the next stage.

For example, the selection of what products or services to offer requires a strategic decision. Even though the organization's size is an im portant force that stim ulates change, this change is also caused by the strategy that it adopts. Size, apparent in variables, such as the o rganization's geographic and servic e coverage or the num ber of employees, is subject to strategic decisions. For example, the growth o f activities in Intermón Oxfam (Sanz and Vernis, 2004), which is located in Stage IV – Soc ial Conglomerate – is based on a diversification strategy that the organization implemented to operate in different s ocial areas and ach ieve geographic coverage extending to more than 30 countries.

Generally, CSOs see m to follow a sequen ce when adopting strategies, which starts with specialization and extends progressively to m oderate, and later more intens e, diversification. During the start-up phase, spec ialization is a driving factor. The so cial action focus of this phase tends to be quite specific, such as techn ical/agricultural education, providing potable water to low-inco me families and promoting art as a way to overcome social exclusion, am ong others. As the organization m atures, and usually as a consequence of seeking financial sust ainability, a horizontal integration strategy tends to appear. Through this strategy the organization expands its products or services within the same segment. The new servic es, for example: primary education, university education and technical/agric ultural education, become a catalyst f or operational efficiency. Therefore, they are frequently the reason – though not necessarily the only one – why an organization moves on to the institutionalization stage. Later, CSO growth is based on vertical integration, which im plies offering services different from those in the original segment but located along the same value chain; this m akes management more complex due to the different nature of the services. This caus es movement into Stage III: decentralization. The organization may rem ain stable or gro w for several years under a decentralized structu re; however, movement into the nex t stage is ag ain provoked by a strategic change. This tim e the organization m oves into intense diversification, or in other words, an expansion of the CS O's activities to products or services that are com pletely different and non-re lated. The d iverse nature of the new areas and products offered creates more com plexity in organizational management and control. Then CSOs become social conglomerates, made up of several specialized units in different social areas that are au tonomous but operate under the guidance and coordination of the m other organization. At this level of developm ent, coordination among the different units or divisions, horiz ontal relationships and authority, the need for synergies and economies of scale become the key management issues.

Changes in the organization's strategy, as mentioned above, also require changes in organizational structure. The process of goi ng from a specialization strategy to one of horizontal or vertical integra tion, and later to one of dive rsification, is not easy. It implies constant internal learning, which drives changes in structu re and autho rity relationships. This learn ing process may last for years. People may make unnecessary efforts, which could be avoided using experi ences from other organizations that have faced similar situations. Though no one recip e exists, the experience of the CSOs studied indicates that using centralized struct ures in Stage I, func tional structures in Stage II, d ivisional structures in Stage II I and m atrix structures in Stage IV is convenient and approp riate. Each change in strategy sho uld be acco mpanied by a

change in the organizational structure, wh ich allows the organiz ation to satisf y new demands in order to assure effective management.

However, an implicit question still remains: what sparks these changes in strategy in the CSOs? The cases analyzed illustrate two types of efforts that influence strategic decisions. The first corresponds to internal efforts, represented by preferences and convictions expressed by the CSO's leaders. The second relates to external efforts that commonly include variations in donor prefer ences, the appearance of new social needs that demand priority attention or changes in legislation. A change in donor preferences, or a reduction in donor support as part of a policy to stim ulate self-sustainability in the CSOs, are the most frequent causes of strategic changes, as will be seen below.

Before reviewing the research results in d etail, it is important for the rea der to understand the im portance of im plementing "tailor-made" management practices in each one of the stag es that CSOs pass th rough as they evolve. **Figure 1** presents an outline of this framework.

Figure 1: Strategies and Evolution in Civil Society Organizations
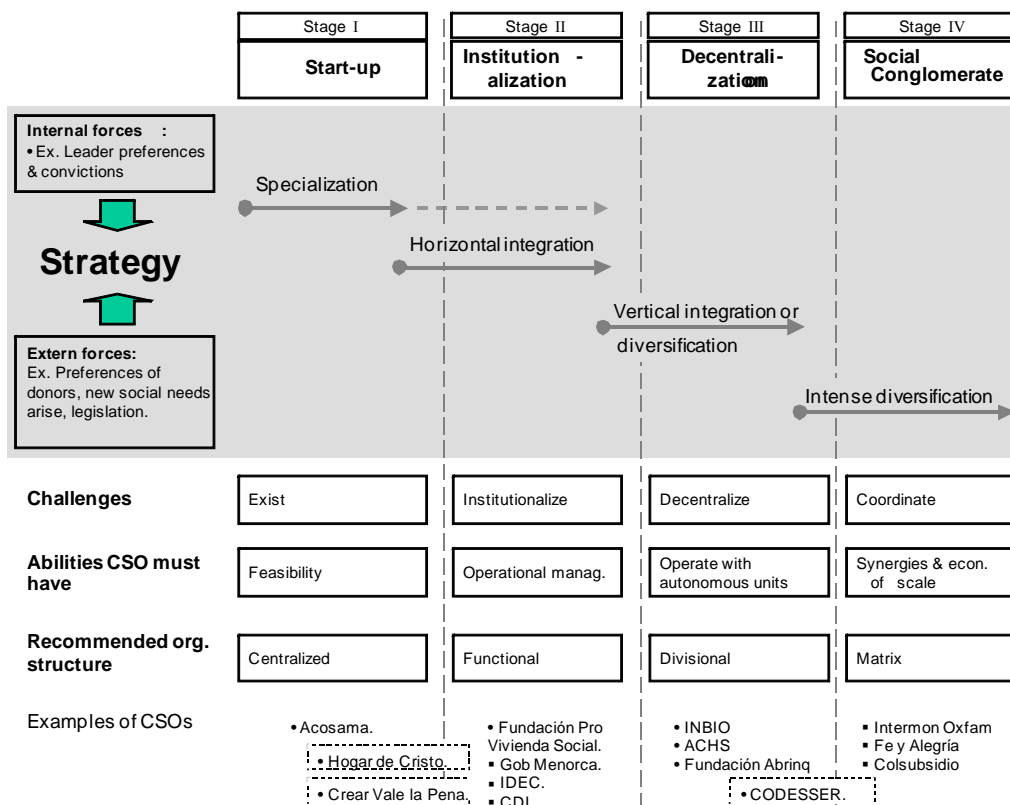
Source: Elaborated by the authors.

Stage I: Start-up

During the past few decades, th e phenomenon of CSO start-up and ex pansion has grown in intensity. These organizations freque ntly begin with som e awareness that an individual or group develops about the needs or existing social gaps in a comm unity or in protest against some action. However, starting-up a CSO is not an easy task. Start-up is the m ost difficult stage since the founder, or founders, m ust face a series of challenges, among which are fundraising for the start-up, forming a team and getting the organization going – a process that in and of itself implies a series of adjustments.

Typically during the start-up stage, members of a CSO m aintain an internal culture highly dedicated to the m ission and m ake personal sacrifices for the cause. The founder/leader's influence and im pact is quite apparent. A st art-up founder usually fulfills a series a roles and exercises personal leadership based on a strong dose of charisma. His/her main motivation is to create positive social impact – though this is not measured formally – and the organization's service model is developed using trial and error. The main challenge is to merely exist, which includes the start-up phase and later keeping the organization operational. This challenge, in turn, requires the organization to develop an ability to exist and survive, using its f ounder's entrepreneurial skills and creativity. Other cha racteristics typical of this start-up s tage are a lack of systematic management and control instrum ents and fr equent and informal comm unication among employees.

The case of the Asociación Comunal de Salud, Agua y Medio Am biente, ACOSAMA (Pérez et al, 2004) i llustrates some typical characteristics of organizations in the start-up stage. This relatively s mall and young organization was established in 2000, and its m ission is to m anage water supplies for residents in the La Lom a community in El Salvad or. Many times management decisions were communicated to staff informally. Likewise, Board of Directors meetings were frequent and occurred as needed (no established schedule). The organi zation's strategy had not been written and several Board m embers also execu ted operational functions. Frequent and inform al communication was possible due to the cons tant presence of Board m embers at the administrative office and the sm all number of employees who worked from the sa me location. The organiza tion was able to esta blish itself and fulfill its mission during its first few years using an infor mal system that allowed it to quickly respond to demands; however, the need to formalize its practices soon became apparent.

Specialization as a strategy

In the start-up stage, the strategic focus is established along with the organization. Though the strategy m ay not necessarily be exp licit or documented at first, th e CSO's focus or mission is quite apparent. C SOs are interested in clearly defining their general strategy and work system s from the beginning due to an essential n eed to fundraise in order to actually start-up the organization. Therefore, they try to make their social action clear, legitimate and a ttractive to donors. Almost all CSOs studied began with a specialized strategy. See **Exhibit 1** for more information on their start-up strategies and evolution. For example, the start-up strategy of Corriente Viva (Bose et al, 2004) was to strengthen CSOs in Brazil by creating a ci vil society network. T he strategy of Fundación Abrinq (Mariotto et al, 2004) wa s to defend the rights of children and adolescents. Codesser's (Koljatic y Silva, 2004) start-up strategy was to provide technical/agricultural education. Even when analyz ing CSOs that diversif ied while developing and later form ed social conglom erates, like Fe y Alegría, Interm ón Oxfam

and Colsubsidio, one finds that they began w ith very focused start-up strateg ies. In the case of Fe y Alegría (Marquez et al, 2004) its start-up m ission was to provide a high-quality, Catholic education for th e poorest communities. Intermón Oxfam's was to fundraise and channel resources to internat ional cooperation projects. The m ission of Colsubsidio (Gutierrez et al, 2004) was to o ffer subsidies to large, Colombian families through benefits packages.

The challenge to exist and develop the organization's feasibility

This challenge to exist involves a basic need to find resources to finance the start-up, putting the f irst projects into operation and m aking adjustments to achieve a certain level of stability. The start-up of Fundación Pro Vivienda S ocial –FPVS (Roitter et al, 2004) illustrates this fundraising challenge. The founders' first attempt to fundraise with a group of Argentine businesspeople failed.   They wanted to create a fund to offer microcredits for housing construction done   by hom eowners. The businesspeople's response was that it w as not possible to cr eate this type of fund with only private resources; it also required government s upport. However, the organization was unable to get governm ent support since federa l housing construction funds had been decentralized. After several months, in 1992, as a result of new meetings with the group of businesspeople, FPVS was able to transfor m their idea into a proj ect, even though it still did not have f inancial resources. It was not until 19 94, after a technical te am worked hard on designing and planning a   housing microcredit program, which was documented in three volumes, that they were finally able to get the reso urces to create a capital fund. ACOSAMA's start-up illus   trates a sim ilar experience. In this case fundraising efforts to build a water supply sy   stem started in 1991; they were finally successful in 2000. Even though these experien ces show the difficulty experienced in fundraising, they also illustrate the im portance of having assessed the social proble m well and having a strategic plan written to demonstrate how problems will be addressed. These elements can accelerate the fundraising   process since they facilitate form   al communication about the cause's legitimacy, and as a result, donor support.

Once fundraising issues have been overcom e, the new challenges are beginning operations and m aintaining the organization. First a team is selected. Implem entation processes for the first activities and projects many times require a series of adjustm ents to the org anization's initial plans. Issues, such as identifying activities that do not produce desired results, discovering that obj   ectives have been too   ambitious or experiencing cuts in funds, affect how CSOs operate and require other adjustm ents. For example, the Argentine organization, Crear Vale la Pena (Berger et al, 2004), whose mission is to promote art as a way to contribute to social inclusion, had to change how it worked after its first few years, mainly due to econom   ic limitations. It had m ostly worked by r eplicating Community Culture Cen ters. This led to a new m echanism that promoted associative developm ent, rather than replication; how ever, the organization still followed its gener al strategy to use art to encourage s ocial inclusion. The new systems promoted the creation of national   and international netw orks for cooperation and exchanges, which supported art for social development.

The founder/leader's entrepreneurial skills and charisma are key to the organization's start-up stage. Even though the organization's success or failure in this stag   e lays mostly in the hands of the founder, as th e organization overcomes obstacles during its first few years, it also s trengthens its own ability to exis t. Implementation of the first programs and projects, and the positive social impact that can result, are the first signs

of a healthy organization. Its f easibility is demonstrated as it develops internal capacity to achieve its f uture sustainability. Developing this capa city mainly relies on two fundamentals: the comm itment shown by the CSO's members to its social cause and consensus among its different stakeholders abou t the legitimacy of its mission. The first provides the organization with the internal strength needed to overcom e challenges presented in the first years and take steps toward operational efficiency, and the secon d gives it approval and external support, which are necessary to drive its development.

The case of Instituto Brasilero de Defens a del Consumidor –IDEC (Bose y Teixeira, 2004) illustrates how an organization's feasib ility is developed. Its founders, Marilena Lazzarini and Josué Rios, first focused on carry ing out quality tests for its products and services and publicat ions in m agazines. Even t hough that strategy proved to be successful to some extent, both depended on financing from cooperation agencies. Since IDEC's activities were not a priority for fina ncing agencies in the services secto r, the founders initiated an intense and systematic effort to f ind resources. Faced with obstacles, Marilena and Josué stopped thei r other professional activities to dedicate themselves completely to IDEC and even put in their own financial resources. Josué Rios began to develop a legal area directed toward collective legal actions to so lve problems faced by con sumers. Working together with the Universidad Estatal de Campinas, they involved law students and were also able to use volunteers to support the cause. They held severa l assemblies with consumers, whose rights had been violated, and this gave them the idea to change consumers into associates using magazine sales and inform ation, thus cont ributing to their own incom e generation. Despite the obstacles faced, the leaders' commitment to IDEC, their team and the organization's legitimate cause, led to exte rnal support from donors, volunteers, their own consumers and public institutions, like the Universidad de Ca mpinas. This allowed the organization to continue to operate and provided the basis needed for later institutionalization.

The convenience of a centralized organizational structure

The way that CSOs organize them selves is particularly im portant. Experience suggests that it is convenient to use sim ple organizational structures centralized around the founder during the first few y ears of operations. One of th e advantages of this type of structure is the founder/leader's direct control and supervision of the organization. He/she is able to do this since social services offered during those first few years tend to be specialized, and the organization is relatively small. In addition, centralized decisions allow the leader to know what is going on and obtain valuable information directly from the source; this can be quite useful when m aking adjustments and improvements in this start-up stage. For example, in Fe y Alegrí a, Father Veláz, the organization's founder, took advantage of his ability to communicate and his charismatic personality to start the movement, win over supporters and grow the or ganization using a centralized structure. During its first years, Father Velaz's involve ment and his team's personal motivation in all aspects of Fe y Alegría as sured that it began operations and made progress. Nevertheless, as Fe y Alegría grew and e xpanded to other countri es, its organizational structure had to change.

Similarly, when Asociación Chilena de Se guridad –ACHS (Koljatic and Silva, 2004) was started, its organizat ional structure centered around its founder, Eugenio Heiremans, facilitating a focus on the orga nization's mission, assuring control and motivating personnel. By making centralized decisions, the founder w as able to know

what was going on and act in a timely and personalized fashion with each m ember of the organization. Likewise, this promoted frequent and effectiv e communication th at took into account perceptions and opinions from the organization's different areas.

Transition to institutionalization

The factor that usually ends the start-up stage and triggers the beginning of the institutionalization stage is the change in s trategy from specialization to hor izontal integration. This new strategy involves o ffering new services, which makes informal management difficult. The organization' s main focus becom es efficiency an d effectiveness. For example, the Hog ar de Cristo organization (Portocarrero et al, 200 4) began managing homes for children and adolescen ts in vu lnerable situations. Later, it expanded its area of attent ion to create homes for people with d isabilities and the elderly. This expansion created a true need to organize its adm inistration. Some visible signs of this need for institutionalization were: the use of infor mal mechanisms to coordinate objectives, a lack of job positi on descriptions and functional m anuals, a lack of training programs, and, in general, the need to implement management systems and indicators. Father Martín Sanchez's (the founder) charismatic and centralized leadership style - making all decisions – began to lose effectiveness under the new system, which required greater focus on operational efficiency, functional separation and delegation.

Though an increase in the pr oduct or service lin e stimulates the form alization of management practices in order to achieve grea ter efficiency and effectiveness, it is n ot the only re ason behind an institu tionalization process. Ev en when a CSO rem ains specialized in of fering just one serv ice, as it expands and dem and grows for greater operational efficiency, it will sooner or later need to become more institutionalized. The Comité para la Dem ocratización de la Informática –CDI (Wilner et al, 2004) has maintained its strategy since its foundation in 1995 to create Computer and Citizenship Schools (EICs for their nam e in Portugue se) by collaborating with communi ty organizations. Once the EIC receives donated equipment and is created, CDI commits to supporting its development. In 2005, ten years after its foundation, CDI had created and supported 962 of these schools, both in Brazil and internationally in ten other countries. Before expanding regionally, CDI began an internal systematization process f or its management practices in order to achieve gr eater operational efficiency. This served as a platform for its later growth.

So far, the start-up s tage has been analyzed . In sum, management in this stag e is based on a s pecialized strategy within a centralized organizational structure and timely communication and control m echanisms. Though these factors are the most favorable during the first years of ope rations, as CSOs begin to grow, they find that these procedures are not necessarily the most c onvenient. The need to organize m anagement practices to achieve greater operational effi ciency throughout the institution becom es more apparent and marks the start of institutionalization.

Stage II: Institutionalization

The institutionalization stage is c haracterized by f ormalization processes in th e organization's different areas. Typical m easures in this process include adopting a formal organizational structure, which is usually functional; the im plementation of management systems; the systematization of policies, processes and procedures; and the clear definition of roles for the Board of Directors and other m anagement personnel. Human resources management also needs to be adjusted. Though staff m embers do not

necessarily need to be trained professionals in the start-up stage, as th e organization expands its services, hiring experts on speci fic topics becom es a priority. Likewise, training needs, performance evaluations and in centives all have to be addressed. These changes and the CSO's growth during this period normally require the guidance of a strong leader, who can m anage this organization process. The challenge in this stage is to institutionalize, and the organ ization must develop operational m anagement processes. Institutionalization is one of the m ost important milestones in the evolutionary process of CSOs, once they ha ve created the f oundation for their growth by overcoming the first stage's trial and error processes.

Horizontal integration and its effects on the institutionalization process

A horizontal integration strategy can increase the organization's need for formalization. Even if new services are very related to the origin al product or serv ice, they require m ore resource m anagement and administration of new activities. Though they may be similar to the original areas of work, they present their own particularities. Some examples of organizations that began to expand their activities within the sa me segment are Gob Menorca, the Instituto Brasilero de Defensa del Consum idor (IDEC) and Fundación Pro Vivienda Social. Gob Menorca began as an environm ental research organization. Later, it expanded to orga nizing formal protests to pro tect the environment. In the n ineties it beg an to work in the areas of environm ental awareness and education, and beginning in 2000, it star ted developing relationships with different sectors to promote alternatives that were soc ially and econo mically feasible to pr otect the Island. While all of these activities co ntinued to focus on environm ental protection for Menorca Island, the objectives were sp ecific. As a result, hum an and econom ic resources and adm inistrative efficiency becam e more important. The effects of this more complex management became apparent when both the organization's em ployees and director identified weaknesses - a lack of planning instruments and a need for better human resource management. These became the organization's priority items.

IDEC, an organization that expanded its ar eas of action from awareness campaigns and product and service quality tests to collective legal action in cases in which consumer rights had been violated, a nd Fundación Pro Vivienda Social, w hich expanded its focus from housing im provements to urban infrastructure and zoning, illustrate a scope of activities within the same segment and how this expansion can act as a catalyst for the institutionalization process.

The challenge of institutionalization and developing operational management capacity

The institutionalization process requires management skills from a responsible leader who can provide guidance. This leader should have the ability to organize, delegate and motivate personnel, as well as the ability to align different stakeholder needs and expectations strategically. However, the cha llenge to ins titutionalize also requires the organization to develop and streng then its operational management ability. This is what allows the organization to m anage its hum an and econom ic resources efficiently and effectively and use them for for mal structures or mechanisms in the organization. This capacity permits the organization to become more independent of its founder or original leader by establishing system atic management processes. Once they are developed, the organization's administration and continuity extend beyond people si nce its operations become based on respecting the structures, policies, systems, processes and procedu res that are in place.

The Colombian organization Profamilia (Gutierrez et al, 2004) is a good exam ple of this institutionalization process and the developm ent of operational management capacity. This organization grew quite quick ly at the beginning (second half of t he seventies) due to increasing dem and for fa mily planning servic es in Colom bia. This demand led the organization to grow to one thousand em ployees. However, its growth uncovered administrative deficiencies that becam e critical. Therefore, the founder, Fernando Tamayo, decided to initiate a rigorous organization process that even included hiring outside consultants. Som e examples of the corrective m easures taken were the creation of administration and control system s, the organization of a m anagement team into five functional areas, the establishment of policies and procedures and the implementation of inform ation and strategic planning systems. In general, he created awareness about the need fo r administrative efficiency, which caused a change in attitude among directors and employees.

The Asociación Chilena de Seguridad (ACHS) had a sim ilar experience. In this organization operational efficiency was cons tant from the time that it adopted its management indicators early on, and later through its implementation of m anagement systems and instrum ents in almost all of it s areas. This was one of the success facto rs that led ACHS to have the largest market participation in its industry. Examples of other organizations that exper ienced similar institutionalization processes and were able to consolidate themselves in their sectors ar e Codesser, Intermón Oxfa m, Fe y Alegría, Colsubsidio, and INBIO (Tartre and Ogliastri, 2004). These organizations were able to develop and strengthen operational management capacity internally, which created the bases from which they expanded and diversified their operations.

The convenience of a functional organizational structure

The institutionalization process implicitly requires the formal adoption of an organizational structure. However, once the decision to formalize is made, the challenge becomes to decide on the best way to orga nize resources. Questions should be aske d about selecting the most appropriate type of structure for the organization given its level of development at the tim e and how to take advantage of that structure to facilitate the institutionalization process. Even if the stru cture that is selected will inevitably be different due to each organization 's particular characteristics, it is best to use a functional structure because of the patterns that typically surface for CSOs in this institutionalization stage. They generally ha ve expanded their areas of work to some degree, they are sm all or m edium sized and they still do not have any true level of diversification, which justifies a decentralized structure. Due to these characteristics, the functional structure is the m ost appropriate; it f acilitates control, stimulates specialization and avoids a duplication of efforts.

Therefore, the creation of functional departm ents around the CSO's activities and mission become the structural pillars for institutionalization. This is clearly illustrated in the case of Fundación Pro Vivienda Soci al. FPVS's organizati onal structure was divided into an operational area in charge of implem enting and controlling the credit program, an adm inistrative area responsible for general adm inistration and client follow-up and a technical assistance area th at offered advising and training for housing construction. All of these areas reported to one manager. Another example is the case of Asociación Civil Labor (Porto carrero et al, 200 4). This organization's functional areas

were administration, institutional development and planning, m ining environmental management and urban environm ental management. Clear definition of tasks and responsibilities, which is possible through the adoption of a functional structure and centralized reporting to one m anager, is fre quently how the institutionalization leader channels other formalization processes. Once the structure is defined and the m anagers for each functional area are selected, the process leader can work with them and other experts to continue promoting initiatives for greater efficiency and systematization.

Transition to decentralization

Even though the functional structure   offers many advantages during the institutionalization stage, as the organi   zation expands its products and services, administration using this type of structure be gins to become less effective. Som e of the disadvantages that can surface are a bottlen eck in decision-m aking due to greater operational responsibilities or the functional   managers' lack of knowledge about specific topics related to new products or services. In addition, there can be coordination problems as a result of grea ter complexity in administering these areas, which are becoming increasingly different. These aspect s begin to slow down the organization, making the need to decentralize more apparent.

INBIO, an organization whose m ission is to protect bio-diversity in Costa Rica, began an expansion strategy m ainly motivated by an interest in financial sustainability. INBIO began vertical integra tion by creating a r ecreational park, as well as looking for commercial uses for natural reso   urces through formal research ag reements with multinational pharmaceutical companies. The addition of these activities, among others, motivated the organization to begin decentralizing by creating five product divisio ns with independent management: inventory and monitoring, which controlled information on species diversity and eco-s ystems in the country; cons ervation, responsible for decision-making processes for bio-diversity protection and sustai nable resource use; education, in charg e of adm inistering INBioparque recreational park that edu cated visitors about Costa Rica's natural resources; bio-technology, a division in charge of developing and applying com puter resources in bio-diversity research; and bio-prospecting, responsible for research on the sustainable use and commercial application of diverse resources.

It is important to review the basic managem ent guidelines of the institutionalization stage. The m ain lessons to be highlighted are the appropriateness of using functional organizational structures and the im   portance of developing and incorporating operational management capacity into the organization. It is also important to remember that the institutionalization process is typica lly started and accelerated b y two efforts stemming from strategic decisions: the first, and most common in CSOs, is the adoption of a horizontal integration st rategy, and the second, and less comm on, is an expansion of operations within the original segment, or, in other words, maintaining specialization. Both changes require more resource adm   inistration, creating a need to system atize administrative practices and the organization's institutionalization.

Stage III: Decentralization

CSOs tend to adopt decentralized structures when they begin im plementing vertical integration or diversificati on strategies. New products or   services, even if they are created in the same value chain, are differe nt enough to require particular m anagement. This creates pressures to for m independent units by product or service. The challenges

resulting from this new strategy is decentralization and the ability of the organization to develop autonomous functional units. To f acilitate operations in this stage, organizations frequently adopt an organizational structur e based on divisions. Each division operates like an i ndividual organization with its own costs and benefits. Under this structure, the autonom ous divisions a ppear on the first line of the organizational diagram under the Board of Directors and th e general management. They tend to have direct control over the areas under them.

The new units or divisions m ake their own decisions, which allows the organization to respond more quick ly and stren gthen its ability to ex pand. With decentralized administration, central m anagers have m ore time to dedicate to inf ormation analysis, supervision, and the identification of synergies and to m ake strategic decisions. Likewise, delegating responsib ility and authority helps mo tivate lower levels of the organization by empowering staff members with greater commitment and incentives to improve their perform ance. However, there are two issues that should be addressed when delegating. One is that ex ecutives that are in p lace before and after the decentralization process may react to having lost power. Th e other is th at lower-level executives may not feel com fortable assuming greater responsibilities. In order to prevent or lessen this type of inconvenience, it is recommended that the organization practice frequent and effective intern al communication before and during the decentralization process. This com munication should focu s on explaining why the changes are being m ade and the benefits they will b ring; it shou ld also clarify any questions or doubts. Organizations should also be quite careful when selecting the teams who will be in cha rge of managing and contro lling each division so as to assu re that their new responsibilities and independence are delegated well.

Vertical integration as a strategy
Even though m ost organizations create de centralized structures after adopting a vertical integration strategy, this is not the only way decentralization can happen. A jump from a specialization or horizontal integration strategy to one of diversification could also lead to decentra lized management. Fe y Alegrí a offers a goo d example of how a vertical integration strategy, and later one of diversification, led the organization to decentralize. The org anization's work at the beginning w as formal school education (specialization). Later it expa nded its ac tivities to inc lude radio, alternative and non-formal[3] education (horizontal integration). Then, it introduced program s to train teachers and elaborate educational m aterials (vertical integration), as well as o ffer services promoting social program s and community development (diversification). The ramification process for their services led to restructuring, which resulted in operations with independent units. The centralized st ructure focused around Father Velaz – the organization's founder – was useful during its first few years; however, as the organization expanded its s ervices, this structure became less effective. Therefore, in 1975 local country leaders were given autonom y. The local Fe y Alegrías were given independence and became local, decentralized units at all levels, including the schools.

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[3] This included literacy programs in Spanish and special education program for children with disabilities, among others.

The challenge of decentralizing and developing the ability to operate in autonomous units

Delegating both responsibility and author ity and having a m ore participatory leadership style seem to be useful ways to face the decentralization challenge. In addition, achieving decentralization require s forming teams able to adm inister the newly-created units efficiently. One way to em power the division m anagers even more is to involve them in the organization's strategic decision-making. This also contributes to aligning the units' operations w ith the CSO's general strategy. E ven though the newly-created units should operate autonomously, there are certain activities that should remain centralized in order to assure control of the organization. The centralized areas should correspond to departm ents supporting the divisions, such as inform ation systems, accounting and finance, public relati ons and institutional image, among others. Likewise, defining reporting mechanisms from the divisions to the central m anagement is a good idea. These reports should be spaced out so that they do not reverse th e speed and reduction in bureaucratic processes that resulted from decentralization.

Facing the challenge of decentralization im plicitly leads the organization to develop its ability to ope rate using autonomous units. This should be understood as the CSO's ability to manage efficiently and effectively through independent divisions while always maintaining reporting lines to the ce ntral management. Developing this ability requires control at two levels: centr ally, in terms of a strategy r elated to th e organization's mission, and at the divisional le vel, where the strategy is implemented – referring to the operations and adm inistration of specialized units. The founder, or whoever exercises leadership in the institutiona lization stage, frequently m anages at the central level, providing general supervision and making strategic decisions, for example, to clo se or open new autonomous units. The leader em powered in each division is responsib le for operational decisions, exercising control and driving the unit to meet established goals.

A good example of how expanding service lines led to decen tralization is the case of the Chilean organization, Codesser. This institution began managing schools specialized in providing technical agricultural education. [4] Later, they expande d their operations to manage industrial, forestry and gastronom y schools. The key to this expansion was the autonomy created as part of the institu tional governance system. Each school m ade decisions and operated independently as a se parate cost and income center; however, there was a mechanism to p rovide periodic accounting and reporting to th e central management. In sum , the institution was m anaged by two areas: the central management with an executiv e administrator as the General Manager, and the local management, called the Advisory Council. This local council was in charge of supervising and controlling each school's director, which provided th e organization with great independence and sped up the sy stem. By adopting a decentralized system, Codesser operated a large num ber of schools focused on four, quite different technical education areas efficiently: agricultural, industrial, forestry and gastronomy.

The convenience of a divisional organizational structure

A divisional structure in the organization is recomme nded when the CSO offers distinct goods and services that require individual adm inistration. This m akes even more sense when the organization is geogra phically disperse, since distance and a lack

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[4] The schools were created as educational and pr oductive units. The agricultural land where the students practiced was used to g enerate income from the sal e of agricultural products. They also generated income by selling training services for workers and land-owners.

of knowledge about the realities of each area make decision-making even more difficult. In addition, when an organization opera tes using a divisional structure, having participatory management is recommended. Experience suggests that defining institutional goals through a participatory process and by consensus and division tends to produce better results than vertical pro cesses to id entify objectives. The case of Colsubsidio, an organization that expanded its social services in different areas, illustrates the usefulness of having a management team that participates in decentralized divisional structures. Its divisions include housing, education and recreation, commerce, social marketing (supermarkets) and health. This CSO's managers participated actively, a practice that was first introduced by one of its m ost famous leaders, Carlos Arango. For example, the organization defined its stra tegic plan using a participatory process, consulting different divisions , through the lowest levels of employees. Likewise, it became apparent that divisional m anagers had been em powered by h aving autonomy and control over their unit.

Fundación Abrinq, which began operations in 1990 with the mission to defend the rights of children and adolescents, also pr ovides a good exam ple of the benefits of having a divisional structure wh en expanding social services through strategic vertical integration or diversification processes. Even though the organization's original mission was to defend the rights of youth through cam paigns and for mal legal action and by influencing public policy, they later exp anded their services to include prim ary education for poor children, education for workers and complem entary education, as well as create programs to improve the health of children living in marginalized areas. In order to operate in all of these areas, the Fou ndation had to adopt an organizational structure using divisions that reported to the central management.

Transition to social conglomerates
The breaking point of this stage is determined once again by strategic decis ions. Here, this r elates to m ovement from a vertic al integration or m oderate diversification strategy to one of intense dive rsification. Under intense diversification, the d ivisional structure grows, creating a lack of coordination, a loss of control and, in some cases, the creation of power conflicts. In addition, it tend s to create duplications of administrative efforts and the central staff's location and roles become more difficult. The convergence of these fac tors marks the beginning of St age IV, the social conglom erate. Complex administration creates a need for greater coordination and control efforts and puts pressure on the management to find synergies and economies of scale.

Though having a diversified strategy can be the starting point for a CSO to becom e a social conglomerate, this condition alone is no t sufficient to cause this change. As will be seen b elow, the organization 's size an d capacity to adm inister complex organizational structures, which imply advanced levels of coordination and the ability to take advantage of synergies, are key variable s to determine if a CSO is diversif ied or a conglomerate.

The Asociación Chilena de Seguridad (ACH S) has diversified its focus to offer preventive health and personnel selection services; however, its m ain area of work continues to be the offer of labor security services. This had facilitated an administrative system using a m ostly functional stru cture centered around its founder, Eugenio Heirmans. As the organization's periphera l activities are strengthened – those not forming part of its core areas - o r if new activities are ado pted and gain force, ACHS

will be clos er to beco ming a social conglomerate. Codesser is an exam ple that is transitioning into this conglom erate stage. This organization is m anaged in a decentralized manner and has diversified its range of tech nical education serv ices in several areas: agricultu re, industry, forestry and gastrono my. In addition, it also administers agricultural land and develops training for farm workers.

Stage IV: Social conglomerate

A social co nglomerate is a g roup of orga nizations or units that independently develop social enterprises, and despite having their own organizational structures, work under the same group strategy. In this context, working in teams of representatives from different areas and adopting organizational structures with horizontal or crossed lines of authority are useful wa ys to take advantag e of synergies and econom ies of scale. In addition to the central managem ent's role of providing strategy and control, it also has to make greater efforts to coordinate among the different units m aking up the conglomerate. Therefore, coordination becom es the m ain challenge. Dealing with this requires the organization to de velop effective relationships among its different units so that they can take advantage of synergies, economies of scale and scope, stemming from greater efficiency. Few of the cases studied have reached th is level of organization al development.

Diversification strategy and size as elements creating a conglomerate

Though social conglomerates originate with intense diversification strategies, it is important to ask the following question in or der to clarify this concep t: Can a CSO that is created with diverse areas of action, or from very early on opens its areas of action to different social topics, be considered a social conglomerate? If the organization operates on a small scale and un der a centralized or f unctional structure, the answer is no. For a CSO to be considered a social conglomerate, the activities in the different areas have to mature and reach considerable volume. The organization's size and organizational structure are t wo typical characteristics that can be used to differentiate whether a diversified CSO is a conglomerate or not. Of the twenty org anizations studied, the ones that are truly social con glomerates are Colsubsidio, Fe y Alegría and Interm ón Oxfam. These organizations have over 1,000 em ployees, operate using a decentralized system with divisions or a m atrix structure and work in diverse social areas, each with a large number of projects and programs. If each of the organization's units d oes not hav e a large number of activities, warranting se paration into autonom ous divisions, the organization is not a conglomerate. Rather, this situation corresponds to an organization with a main service and specific projects in di fferent areas that are outs ide of its core areas; this allows the organization to conti nue operating using a functional system. As the peripheral activities grow and become more robust, the entity has to evolve to a more decentralized system, which is linked to more complex organizational structures.

Fundación Proyecto P aria (Brunicelli and Piñango, 2004) and Fundación Comunitaria Oaxaca (Maass and Serrano, 2004) are two cases of organizations that continue to have a relatively sm all amount of activities, though their projects are developed in m any social areas, due to the fa ct that their operations are restricted to specific regions: the Paria peninsu la and the Oaxaca reg ion, respectively (see **Exhibit 1**). In both cases a local focus and size have made it possible for these organizations to keep using their relatively sim ple and centr alized organizational structures despite working in different social areas. These orga nizations should be seen as diversified

institutions with a clear focus in a geographi c region, rather than social conglomerates. On the other hand, Interm ón Oxfam, as a re sult of its expansion into different work areas and growth, has transform ed into a clea r social conglomerate after half a century of operations. It began operations in 1956 w ith a clear strategy to find resources and channel them to technical in ternational cooperation projects. It has grown to becom e a CSO with more than 1,200 e mployees and operations, cooperation and developm ent projects in different social areas in more than 40 countries. Interm ón's organizational structure is decentralized by product or service into four main divisions defined by area: international cooperation, fair trade, humanitarian aid and campaigns and studies. These divisions have the support of the communications and m arketing, human resources and internal management departments. Even though operating as a social conglom erate has meant that Intermón Oxfam – and in general the other CSOs that have reached this level – has faced and had to overcom e a series of challenges, it h as also offered it the opportunity to take advantage of a series of benefits.

In general term s, the benefits of operati ng as a conglom erate can be seen in the potential that the structure offers to the or ganization to take adva ntage of synergies and economies of scale, such as institutiona l strengthening, knowledge transfer am ong divisions and a reduction in costs as a resu lt of the centralizati on of som e functions. Another benefit is the prestig e, credibility and trust that are received from both donors and beneficiaries thanks to ins titutional frameworks. Developed CSOs with this advantage can receive resources to finance projects in new areas much easier than start-ups. For exam ple, Intermón Oxfa m, when its case was docum ented, had one of t he strongest brandnames in Spain, and in the pa st four years, has doubled its budget due to its ability to fundraise.

Knowledge transfer on common or related topics am ong units that form part of the conglomerate accelerates their developm ent. Frequently, new units ben efit from the older units' experience and learning in adm inistrative areas. Colsubsidio is an exam ple of an organization that was able to expand based on a clear decentralization policy, but with a focus on empowerment and participatory management, which made it possible to transfer information and knowledge among its different divisions.

The centralization of som e administrative areas, such as hum an resources, the legal department, general accounting, fundraising and institutional im age, is convenient because these areas are frequently shared among all un its; centralization can redu ce costs considerably. In these cases savings due to a reductio n in staff and lower co sts thanks to th e use of established infrastructure are quite appare nt. Centralizing tasks related to in stitutional image and fundrais ing not only low er administrative costs, but they also offer the advantage of providing an outside perspective on the CSO's different areas of work, which, as m entioned previously, strengthens the organization's brand. In the case of purchasing , centralization is subject to how geographically diverse the conglomerate's divisions are. In som e cases it is m ore convenient to standardize equipment, parts and inputs an d purchase large volum es in order to take advantage of economies of scale.

The challenge of coordinating and developing the ability to take advantage of synergies and economies of scale

In the previous stages the CSO has shown its mission is feasible, it has learned to be efficient and effective and it has been able to develo   p the capacity to m   anage autonomous units. Now it m ust develop its abil ity to take advantage of synergies and economies of scale based on effective coor   dination and the centralization of som   e functions in order to increase efficien cy. Internal and external communication, as a way to   achieve this coordination, becom   es   fundamental.   Fluid and systematic communication through Intranet, scheduling m   eetings with representatives from the different divisions, and the circulation of internal magazines, among other steps, permits the organization to assure that information is transferred from top to bottom within the conglomerate   and horizontally between   its   units, thereby assuring effective coordination.

On the other hand, it is necessary to promote external coordination since it becomes a vehicle through which to generate new alliances and strengthen existing ones. Alliances must be developed in order to take   advantage of synergies between the conglom erate and its outside partners. Interm   ón Oxfam, in addition to for   ming part of Oxfa m International and aligning its strategy with the network's, develops alliances with local movements in the countries where it implements its development and humanitarian aid projects. Forming alliances requires the orga nization to put into pr actice and refine its ability to cultivate relationships and coordinate joint actions with its outside partners.

Internally, the challenge to coordinate includes channeling the different units' efforts into the common, overall strategy, without losing their individual strategic focuses and operational autonomy. The central m anagement, together with the different units, should develop the conglom erate's strategy. A similar participatory process should be carried out internally in each unit or division in order to form each of their strateg ic focuses. Even if coordination involves the entire organization, the central m anagement and unit leaders are in charge of guiding th is process. The general managem ent must also define common strategic guidelines for di stinct units, coordinate critical functions so that the conglom erate operates efficiently in fundraising and distribution, define goals and transfer knowledge.

Fe y Alegría, a com prehensive education and social p romotion movement that operates in 14 countries in Latin Am erica and Spain, offers a good exam ple of how a social conglomerate can develop its abilit   y to take advantage of synergies and economies of scale through coordination. This movement was organized into national offices that, despite hav ing functional autonomy, shared the institution's values. T he International Federation of Fe y Alegría (F IFyA for its name in Spanish) coordinated the movement, stimulating collective actions, prom oting cooperative projects am ong member countries, encouraging comm   unication among the national offices and establishing the basis f or dialogue with interna tional organizations, among others. In this case the individual parts of FIFyA were in charge of coordination. This allowed the Federation to take advantage of synergie   s and econom ies of scale by transferring knowledge in the education sector, fundraisi ng and others, and centralizing som   e of these functions. Likewise, the process to defi   ne the strategic plan was participatory, without affecting the country divisions' independence. There was a common mission for the organization, one for the Federation   and one for each nation al office. Effective and organized communication allow ed each part to interact successfully . Fe y Alegría

had a system, which included In tranet, international congre sses and vertical m eetings, which facilitated communication an d assured that the decisions m ade at the highest levels were communicated downwards, and vice versa.

In complex structures, like the con glomerates, it is comm on for tensions to a rise among the different operational units, whether over economic resources or conflicts of interest between the ac tivities that are deve loped. When faced with th is situation, it is recommended that the organization create cl ear policies and procedures to avoid or manage potential conflicts. For exam ple, Intermón Oxfam has several divisions dedicated to different areas , including: international c ooperation, fair trade and campaigns and studies, in additio n to its su pport divisions: communications and marketing, human resources and internal management. People who work in these departments had their own sub-cultures, whic h created in ternal tensions since o pen discussion was part of this organization's culture. For exam ple, some were more focused on ef fective and efficient institutional management, while othe rs were m ore interested in the organization's mission and vision; others thought that Intermón Oxfam should concentrate its activities in formal legal action and mobilization efforts, but other people were m ore interested in developing projects. Thes e were jus t a few of the problem areas in the organization. Despite these issues, the institution was cle ar about the fact that when poten tial conflicts arose between the communications and marketing department and the campaigns and studies one, the latter always had priority. In th ese cases organizations cannot please everyone, but they also should not cause problem s by meeting the needs of o nly some of the areas. The most important iss ue is to m aintain unity and harm ony among the different divisi ons and departm ents, by aligning the m with the conglomerate's values and mission.

The convenience of a matrix structure
The implementation of a m atrix organizational structure is recommended for this stage. This type of structure corrects coor dination problems that can arise in functional and divisional structures, stimulates the efficient use of resources, provides opportunities to train personnel and allows fo r a balance between the different units' objectives to resolve conflict. In addition, this structure promotes teamwork between the different areas, which helps the organization take advantage of synergies and economies of scale. Typically, this type of structure is im plemented due to needs for coordination; resources that have to be shared among areas , divisions or projects ; and pressures from the central management to have greater c ontrol over the conglomerate. However, some of the disad vantages of this typ e of structure stem from command lines and com plex authority relationships. In extreme cases this structure can cause bureau cracy and drag down the organization.

Fe y Alegría alm ost exhibits a m atrix structure since it has crossed authority and reporting lines. For example, identity projec t coordination, educational training project coordination and the Fe y Alegría/Inte r-American Development Bank's project coordination are all under the guidance of th e General Coordinator; at the sam e time, they have reporting lines with the 14 nationa l offices. The national offices also h ave horizontal reporting structures using national c oordinators in the different areas. This type of structure clearly prom otes coordination and control and adds value to the conglomerate's units.

Final reflections

The study indicates that a very clear pattern exists in the CS O development process, which can be divided into four stages   . Likewise, empirical ev idence from the organizations analyzed shows that strategy is the factor that triggers evolution from one stage to th e next. Strategic change s follow a trend f rom specialization, to horizon tal integration, vertical integration and finally intense diversificati on. Even though not all CSOs follow this path, it seem s to be the most frequent and the one that most facilitates the development process of internal capacities needed for movement into the next stage. Each strategic change invol ves challenges. T he organization must develop its own ability to face them . Once these cap acities are incorporated into the o rganization, they become the basis from which to confront new challenges that com   e along in the following stages. Theref ore, if a CSO is not able to develop operational m anagement abilities in Stage II, it w ill be quite difficult for it to f ace the challeng e of decentralization and incorporate the ability to function with autonom ous divisions in Stage III. Even though there is m uch overlap with the dom inating theory presented by historians studying companies, who indicate th at strategy is also the determ ining factor for the developm ent stages of for-profit orga nizations and that each s trategic change implies new challenges and restructuring with in the company, when the motivations for these strategic changes are analyzed for ot her types of organizations, several notable differences are found.

Even though classic and neo-classic economic theories indicate that under condition s of zero tran saction costs and com petitive equilibrium there is no economic reason to form holding com panies or m ulti-business corporations since market mechanisms and internal organizational structures within the conglomerate are perfect substitu tes, this is not what happens in practice. Econom ic theory also m aintains that the growth of holding companies can m ainly be explaine d by two things: 1) either it is m   ore economically efficient for the companies operating individually to come together due to transaction costs, resou rce specialization or market f ailures,[5] or 2) the creation of a holding company is based on the managers' personal motivations to cre ate multi-business corporations to satisfy their own interests, like to have greater power or labor security by diversifying risk. [6] Even though no theories exist about the m   otivations people have to create social conglomerates, the experiences of the CSOs studied suggest that they are different from those that are present when creating holding companies.

One of the m ain reasons that CSOs star t diversification strategies is to ach ieve financial sustainability. This ob jective frequently arises because the origin al donors reduce their support due to changes in preferences about which social areas to finance or because of the CSO's own decision to create new areas of action to generate income due to an anticipated reduction of funds in the future. Another common reason why they increase their range of social serv ices is the discovery of new needs that m   ust be attended to because they are related to   the current w ork areas o r because they correspond to social problem s that require priority attention. Even though the cases studied did not explicitly mention motivations, it can be assumed that behind each of the

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[5] Oliver Williamson. "Markets and Hierarchies: Analysis and Antitrust Implications". The Free Press, New York, 1975.

[6] Eugene Fama y Michael Jensen. "Agency Problems and Residual Cl aims". Journal of Law and Economics, Vol. 26, No. 2, 1983.

organizations' diversification strategies ther e was a desire for financial sustainability, and that behind that, there was the leaders' own personal m otivations. These motivations could be sparked by an interest in assuring job stabili ty or a d esire to achieve visibility or get public reco gnition for the social work accomplished. W hile motivations for diversification and the for mation of conglom erates in com panies are mainly due to an interest in eco nomic gains – m ostly in the f orm of synergies, economies of scale or tax benefits – in CSOs, the expansion of social services is m ainly determined by an interest in financial sustainability and th e need to respond to a greater number of social demands and problems. Even though a social conglomerate can benefit from synergies and econom ies of scales in several ways once form ed, this factor becomes a positive effect rather than the reason why the soc ial services were expanded – something that is different from holding companies.

For example, the Chilean organization Code sser expanded its o riginal services of administering technical/agricultural training centers to create tech nical/industrial schools because it found that there was also a great need in rural areas to train mechanics to work on tractors, electricians and specialists in agro-industrial machinery. Colsubsidio, Fe y Alegría and Interm ón Oxfam also expanded their products and services as a result of their leaders ' decisions and interests in meeting new social needs. The cases of INBIO, Instituto Brasilero de Defensa del Consumidor (IDEC), Asociación Chilena de Seguridad, and Asociación Civil Labor, among others, clearly show that the trigger factor for diversification was the need for financial sustainability.

A diversification strategy for social produc ts and services as a way to achieve sustainability should be seen as a positiv e practice as long as the institu tion's strategy, in the broadest sense, does not become distorted, and its original mission is not lost. For example, for m any of the organizations studi ed, even if they expanded their services, they still conserved their original focus. Codesser is an example of this; it continued t o offer services in technical/agricultural education. Fundación Abrinq continued to defend the rights of children and adolescents, and Gob Menorca still protected the environment on the Island. Even though all of these organiza tions expanded their activities to some degree, the products and services that were added were mostly developed around their original, overall strategies.

Even the most diversified CSOs, like Colsubsidio, Fe y Alegría and Intermón Oxfam, continued to offer their origin al services, though they channe led their efforts to develop new ones, as well. Diversification and the formation of social conglomerates should not be seen as processes th at break with the organization's mission. Rather, they are an expansion of the overall focus, and as a re sult, of the organizat ion's commitment to create social valu e. These organizations' experiences show that creating new so cial enterprises under the umbrella of a conglom erate clearly offers more benefits than disadvantages.

Another point that is im portant to mention is the correlation that exists between the variables of the CSO's age and s ize and wher e they are located in the evolutio nary process. Organizations that have been able to for m social conglom erates are clearly older and have been able to grow, as seen in their number of employees and geographic coverage. Even though strategies influence si ze, organizations also require a period of learning and maturation to reach s tages of greater development. As CSOs incorporate lessons learned from similar experiences, th ey can accelerate th eir learning curv e, and

as a result, their evo   lutionary processes. Therefore, carrying out "tailo   r-made management actions" for critical aspects,   such as organizational structure and skills needed in each stag e, will not o nly assure the CSO's continu ity, but even more importantly, it will prov ide the basis from which it can acce lerate its development and maximize its social impact.

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Exhibit 1: Strategic Focus Evolution in the Civil Society Organizations Analyzed.

Civil Society Organization	Strategy at start-up	Areas of work (year 2004)	CSO age in years
Colsubsidio	Offer subsidies to families using benefits packages.	* Supermarkets * Education. * Culture. * Recreation and tourism. * Housing. * Health. * Credit and support.	55
Fe y Alegría	Offer high-quality Catholic education to the poorest.	* Primary education. * Radio education. * Alternative & non-formal education. * Training teachers. * Social promotion and community development projects.	50
Intermón Oxfam	Fundraise and channel resources to technical international cooperation projects.	* International cooperation. * Campaigns and studies. * Fair trade. * Humanitarian aid.	49
Asociación Chilena de Seguridad (ACHS)	Assure worker job security	* Job security. * Preventive health exams. * Personnel selection services. * Preventive programs on drug & alcohol use for schools and companies.	47
Pro Familia	Offer family planning services and carry out campaigns on topic.	* Sexual and reproductive health center. * Coordinate youth programs. * Coordinate displaced persons programs.	40
CODESSER	Offer technical/agricultural education.	* Agricultural education. * Industrial education. * Forestry education. * Gastronomy education. * Agricultural land use.	29
GOB Menorca	Protect environment in Minorca.	* Protect environment (campaigns & formal complaints). * Environmental education. * Bio-diversity. * Environmental policies and zoning * Wild animal recovery center	28
Asociación Civil Labor	Offer policy training to workers	* Articulate environmental management processes. * Encourage training on urban environmental management. * Incorporate agro-ecological techniques.	24
Instituto Brasilero de Defensa del Consumidor (IDEC)	Defend consumer rights.	* Defend consumer rights (collective complaints). * Awareness campaigns (produce educational materials). * Product and service quality tests	18

Source: Elaborated by the authors.

Exhibit 1: Strategic Focus Evolution in the Ci vil Society Organizations Analyzed (cont.)

Civil Society Organization	Strategy at start-up	Areas of work (year 2004)	CSO age in years
INBIO	Inventory and bio-prospecting in Costa Rica.	* Inventory of bio-diversity. * Bio-prospecting (look for commercial applications). * Recreational park. * Advisory services, courses, workshops. * Eco-tourism.	16
Fundación Proyecto Paria	Create socially-feasible tourism project.	* Rural education. * Community health. * Promote savings and loans. * Improve cocoa production.	16
Fundación Abrinq	Defend rights of children and adolescents	* Prevent and eradicate child labor * Youth education. * Worker and complementary education * Child and adolescent health. * Influence public policies.	15
Fundación Pro Vivienda Social	Offer credit and technical assistance to people building their own homes	* Improve housing. * Urban infrastructure. * Titles. * El Sucro agronomy school.	13
Fundación del empresariado chihuahuense (FECHAC)	Rebuild area devastated by natural disaster	* Center for Civil Society Formation * Productive development program. * Integral Development Program for Adults. * Inter-institutional program for indigenous. * Promote CSR.	11
Fundación Comunitaria Oaxaca	Improve quality of life for marginalized and vulnerable populations in Oaxaca.	* Micro-regional development. * Promote CSR. * Focus on gender. * Serve children, youth and excluded groups	10
Comité para la Democratización Informática	Promote use of technology and computers In marginalized areas.	* Create computer schools in marginalized areas.	10
Hogar de Cristo	Offer housing, education and health services to poor children in Lima.	* Manage homes for poor children and adolescents. * Manage homes for children with disabilities * Assistance for poor. * Productive unit administration (bakeries, restaurants, etc).	9
Fundación Crear Vale la Pena	Promote art to achieve social inclusion	* Create and administer Cultural Community Centers. * Form cooperation networks to promote art.	9
Corriente Viva	Create CSO networks to support and strengthen the organizations.	* Support CSO network members	5
ACOSAMA	Supply water for La Loma community	* Supply water to La Loma community	5

Source: Elaborated by the authors.

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