



Transforming MAC to Transform the Trade

*Organizational Effectiveness Grant Report to the Packard Foundation
(Grant 2007-30932)*

Executive Summary

As an international, multi-stakeholder nonprofit organization founded in 1998 and supported by the David and Lucile Packard Foundation, the Marine Aquarium Council (MAC) focuses on the conservation of marine ecosystems through the promotion of a responsible aquarium trade. Much effort has been exerted over the past decade worldwide, with some instances of success; however, major challenges surfaced in 2006 that seemed to threaten the very existence of MAC and its mission. In early 2007, MAC secured a \$50,000 organizational effectiveness grant from the Packard Foundation to undertake strategic planning and process improvement efforts that address these challenges and reposition MAC to achieve long-term, scalable impact.

Efforts supported by this grant were to include the development and completion of a special workshop for the MAC Board of Directors, to draft the MAC Corporate Development Plan, and the convening of key MAC staff and stakeholders to plan the revision of the MAC certification system. The MAC Board workshop was held in early March 2007, in Washington, D.C., and represented the first time the Board met in person. The MAC certification system revision workshop was conducted in May 2007, in Bali, Indonesia, in collaboration with internal and external certification experts.

MAC completed the workshops and resulting deliverables as planned. Moreover, the impacts of the grant – in combination with the organizational effectiveness review funded by the Foundation's Packard Environment Fellows Program in mid-2006 – extended far beyond the stated grant objectives. Led by a newly reinvigorated Board of Directors, the grant outputs catalyzed the overhaul of MAC's management and organizational structure, and launched a fundamental redesign of MAC's programs and services, including its core product – the MAC certification system.

As a result of this major process of realigning both the organization and its primary tool, the new MAC is now poised to achieve significant breakthroughs. With additional support to implement the strategies developed during this realignment process, MAC can finally demonstrate a viable, scalable model of using a practical certification system to transform the aquarium industry into a sustainable and more responsible trade.

Project Background

In 2005, MAC was awarded a five-year, \$6.6 million project-based grant from the Global Environment Facility (GEF), implemented through the International Finance Corporation (IFC), for capacity building work in coastal communities in Indonesia and the Philippines. Along with other grants from USAID (\$821k), the Netherlands Ministry of foreign affairs (€25k), and the European Commission (€50k), these project funds resulted in the rapid growth of project activities, partner and personnel engagements, and related costs – without the administrative and management infrastructure to support such activities. Concurrently, the MAC Board of Directors experienced a complete turnover of all founding members (due to the lack of a staggered term clause in the bylaws, which has now been amended), reducing the amount of institutional knowledge available to the organization to draw upon for guidance.

The resulting growing pains and institutional issues included performance blockages at the field, organizational, and partnership level, as well as evolving issues of communication, information, accountability, and trust within the organization and its primary partnership. During the spring of 2006, a series of employee terminations, including that of a longstanding senior manager, and subsequent counter-action by the former employees in the form of wrongful termination lawsuits, brought these issues and needs clearly to the forefront of MAC's organizational priorities.

In mid-2006, an organizational effectiveness review, sponsored by the Packard Environment Fellows Program, was conducted to evaluate these critical organizational issues. Based on extensive data gathering, rigorous case-based analyses, and consultations with organizational experts, the review provided specific recommendations that would serve to inform a more formal process of organizational realignment.

Further diagnoses of these critical issues revealed that MAC had focused its energies and resources towards capacity building and away from its core mission, alienating the very stakeholders MAC was originally conceived to support. In addition, increase in demand for MAC certification as a result of engaging with communities in Indonesia and the Philippines uncovered the need for significant improvements to MAC's primary tool for trade transformation – the MAC certification system and its underlying set of standards.

With these pressing needs in mind, support was sought from the Packard Foundation to build capacity at the MAC Board level and enable the organization to plan fundamental revisions to the MAC certification system, effectively launching MAC's formal organizational realignment process.

Description of Activities

I. MAC Corporate Development Plan

Principle Objectives:

1. *Develop Board and Senior Managers input and consensus on the MAC Corporate Development Plan through a workshop.*
2. *Develop the final draft of the Corporate Development Plan for consideration by the MAC Board based on the discussions and outputs of the workshop.*

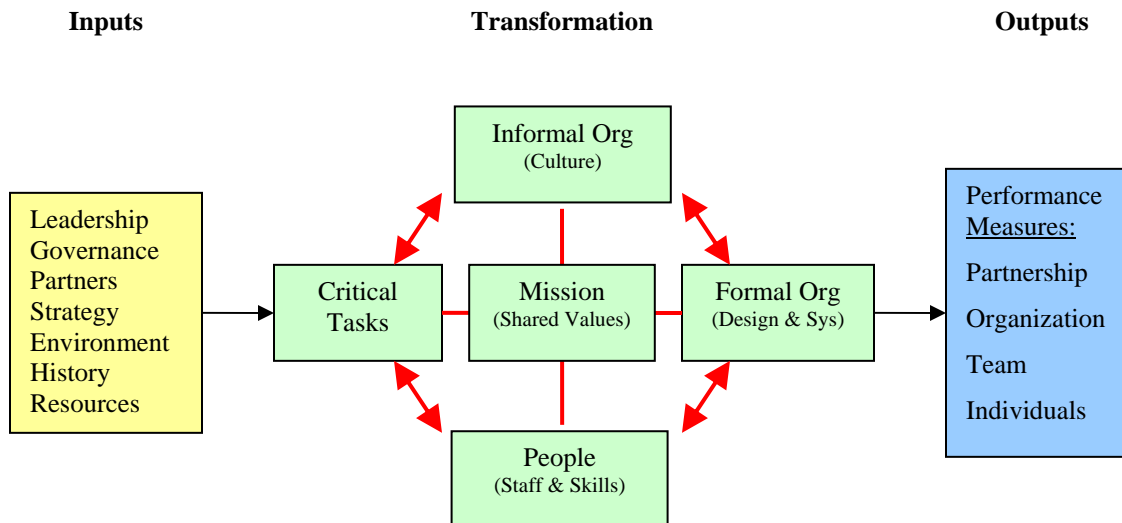
Activities and Outputs:

To guide the development of the MAC Board workshop and lead the workshop in D.C., MAC successfully reengaged the Packard Environment Fellow, who had performed the organizational effectiveness review and presented his work to the Conservation and Science Program staff of the Packard Foundation in September 2006.

For the first time ever in MAC’s history, a majority of Board members convened in person, at the D.C. offices of the International Union for Conservation of Nature (IUCN). Six of ten Board members – including Board Chair Steven Broad (Executive Director, TRAFFIC), Board Treasurer Frank Vorhies (former CEO of Earthwatch Europe), VP for Conservation Scott Hajost (Executive Director, IUCN-US), and VP for Industry Chris Buerner (Owner, Quality Marine US) – attended, with three others participating by phone at various points of the workshop. Representing MAC senior management were the MAC Executive Director, Finance Director, and Asia Programs Director. Participants traveled from around the world – including Asia, Europe, and Hawaii – to attend.

The consultant used an analytical framework to devise and lead workshop participants through the workshop agenda. This framework, also utilized during the organizational effectiveness review, was adapted from classic models of organizational effectiveness and modified to reflect MAC as a mission-driven organization globally dispersed and working within both the private and public sector to effect change:

Figure 1: Adapted Model for MAC Mission-Driven Organizational Effectiveness



The resulting agenda for the MAC Board workshop reflected this framework in its design, flow, and anticipated outputs.

2007 MAC Board of Directors – Corporate Development Workshop Agenda:

- Introductions and Overview
- MAC Mission and Goals
- MAC Program and Activities
 - Standards setting
 - Accreditation body
 - Outreach
 - Capacity building
- Marketing & Communications
 - Fundraising
 - External communications
- Operations
 - Structure
 - Resources
 - Processes
 - Internal communications
- Governance
 - History and structure of the Board
 - Communications and workflow
 - Finance and HR
- Wrap-up and Next Steps

The workshop resulted in two days' worth of invaluable team-building and discussions on how to realign MAC with its mission and primary objectives. Participants were invited to express their viewpoints on a broad range of topics, including their own interpretation of the core mission of the organization and their vision for MAC. The consultant's organizational effectiveness review was also presented and discussed, as well as senior staff responses to the review. The Board also convened for a formal MAC Board meeting during day one, as well as a Board-only session on day two.

Given the diversity of professional and personal backgrounds in the workshop, critical organizational issues received thorough consideration from the perspective of multiple organizational stakeholders, including the conservation field, industry operators, hobbyists and trade associations, governments, and funders. Discussions were captured and fed into the MAC corporate development plan, with two Board members assigned to each item for follow-up purposes.

In the words of one Board participant, "This opportunity to meet each other in person has been invaluable. I now have a much clearer understanding of what MAC is and my role in helping to guide the organization. I also have a much stronger awareness of who the other Board members are and where they are coming from, which will greatly increase my effectiveness in working with them."

Challenges and Lessons Learned:

A number of challenges surfaced during the workshop and subsequent corporate development planning efforts, including:

- **Ownership.** Workshop design and outputs to be fed into the corporate development plan were initially controlled by the MAC Executive Director. The Board's increased governance of MAC and turnover of this position *after* the workshop mitigated this issue; however, ownership of the process should have ideally been placed with the Board from the beginning.
- **Institutional knowledge.** The Board would have benefited from the participation of some past founding Board members, to provide additional historical perspective.
- **Stakeholder feedback.** The participation of various MAC stakeholder representatives at select points of the workshop would have also helped to inform MAC Board and management in corporate development planning. However, issues such as costs and timing played a role in removing this component.

Outcomes:

As a direct result of the workshop and organizational realignment efforts, a reinvigorated MAC Board took a far more assertive and active role in governing MAC during the second quarter of 2007. A new management team was assembled, with the former Finance Director assuming the role of new MAC Executive Director and the Packard Fellow becoming the organization's first Chief Operating Officer.

Working in close collaboration with the Board, the new team realized that a streamlined change in organization for MAC was necessary to provide efficient, transparent, results-based management. To steer this process, a strategic planning meeting was conducted in mid-2007 by the team with project partners and the regional teams across all geographic locations. The meeting enabled the team to finalize the MAC corporate development plan and integrate it into the new MAC business plan. This new plan included:

- ❖ Clarification of the MAC mission and objectives, as fortified and supported by organizational values.
- ❖ Improvements to MAC's organizational structure, which
 - Significantly reduced general and administrative costs by eliminating excess layers of management,
 - Simplified accounting, and
 - Provided for greater flexibility in the design and management of project and partner-related activities.
- ❖ Enhanced communication channels, to facilitate workflow and increase morale among internal staff (i.e. employees and consultants) and external stakeholders (e.g., project partners and beneficiaries).
- ❖ Review of and any necessary amendments and extensions to staff contracts, to:
 - Clarify roles,

- Establish expected deliverables, and
- Set forth performance review goals.
- ❖ Establishment of program management principles, tying project timelines and expected deliverables to resource and budget requirements.
- ❖ Redesign of existing monitoring and evaluation systems, to ensure that strategic decisions and goals could be driven and supported by reliable evidence and project metrics.
- ❖ Development of new strategies to
 - Reengage organizational stakeholders,
 - Help hobbyists and the public understand the conservation value of MAC's work and enlist them to encourage MAC adoption by industry,
 - Encourage industry operators to participate in MAC certification,
 - Address organizational "scope creep," as a result of past organizational investment into projects that now fall outside of the MAC mission, and
 - Revamp the MAC certification system and underlying standards.

In late 2007, MAC held its second face-to-face Board of Directors meeting in D.C., where a number of key decisions were agreed to, including changes to the certification system (to be described in the following section) and a clear vote of confidence in the new MAC management team. While earlier recognition of the need for – and implementation of – these changes would have been more ideal, the new leadership team is now well-positioned to properly manage and conduct activities going forward. With new plans and protocols in place, management can now focus on the work that lies ahead, instead of being mired in the legacy, dysfunction, and inefficiency of the past.

II. MAC Certification System Redesign

Principle Objectives:

1. *Develop Senior Managers and Certifiers input into the internal assessment, lessons learned and Strategic Plan for the revision of the MAC Certification System through a workshop.*
2. *Develop the final draft of the Strategic Plan for the revision of the MAC Certification System.*

Activities and Outputs:

The MAC certification system and its underlying set of standards were rolled out in 2001, after several years of development and refinement that included multi-stakeholder reviews and approvals. Since rollout, several hundred fish collectors and industry operators (collectively referred to as "clients") have been certified, with many more indicating interest in future certification, especially as MAC's various outreach and capacity building programs generate awareness and demand. As a result, much feedback on the MAC certification system has been collected from uncertified and certified clients,

certifiers, peer certification bodies for other industries, and others, with MAC consolidating critiques and suggestions into lessons learned and potential areas for improvement.

In mid-2006, a team of MAC senior managers and consultants met in Cebu, Philippines, to develop pre-assessments of the MAC certification system and a roadmap to achieve review of the system and, ultimately, system redesign. This pre-assessment meeting served to guide the efforts of the certification system workshop, which also included participation by certification experts as independent reviewers.

The consultant who led both the pre-assessment meeting and the resulting workshop in Bali in May 2007 had previously served as a former MAC senior manager, with deep experience in development, interpretation, and implementation of the MAC certification system, as well as expertise in program management and monitoring and evaluation systems. The workshop of MAC senior management and certification experts accomplished the following:

- Mapping of the current system, including identification of gaps,
- Development of a framework for a comprehensive system in compliance with the ISEAL Code of Good Practice, and
- Recommendations for a simpler, more user-friendly certification process, with suggestions on making certification materials more easily understood by clients and certifiers.

Additional discussion of these outputs is provided in the consultant's final certification review report, included in the appendices of this grant report.

Challenges and Lessons Learned:

The following challenges arose and were considered, during the planning efforts to revise the MAC certification system and underlying standards:

- Revisions to the system are being performed in a unique context, where MAC is also actively engaged in providing on-the-ground training to prepare clients for certification, potentially resulting in conflicts of interest. To treat this issue, MAC has been phasing out of these capacity building projects, preferring to operate in a mode of guidance and stewardship, versus direct implementation.
- During this period of system redesign (and organizational realignment), recertification of collectors and operators that were certified under the original MAC standards and certification system, as well as new clients prepared for certification, needed to be considered.
- The position of MAC Certification Systems Director was vacant during the pre-assessment meeting and follow-up workshop, with the MAC Executive Director performing the duties of that position. MAC has since decided to keep such responsibilities with the Executive Director position, given the refocus of the MAC mission on stewardship of the certification system (and phase-out of capacity building activities).

- The planning workshop occurred at a time in which the parallel organizational realignment efforts included changes in other MAC senior management positions. As a result, the new MAC management team reengaged the certification workshop consultant to ensure hand-off of all workshop outputs for consideration in the redesign of the certification system, under the broader organizational realignment process. Fortunately, the new team also includes staff who participated in the certification workshop in Bali.

Outcomes:

As a result of the certification systems workshop, MAC targets rollout of its redesigned standards and certification system by early 2009, upon review by a number of key stakeholders, supporters, and critics. The MAC standards are being revised in such a way so as to focus on a key checklist of compliance requirements that are assigned risk levels. These risk levels are installed as a means to prioritize key activities, streamline implementation, resolve interpretation issues, and clearly define evaluation tools and methodologies. This same checklist structure will become the basis for the third-party certification and audit process. These revisions are expected to result in a more effective, simplified, and transparent process that adds value for those who adopt the standards.

Conclusion

Through the continued support of the Packard Foundation, a new MAC management team, led by a reinvigorated Board of Directors, has revamped its business model and certification system, after reengaging with key stakeholders, including hobbyists, industry leaders, government officials, and funders, to better position MAC certification for success in the marketplace. The organizational realignment process started at the top with a refinement of the organization's core mission, moved through a review of key objectives and priorities, and ultimately brought MAC to a redesign of all products, processes, and protocols, as well as a phase-out of all non-core activities. As a result, the new MAC is now well-positioned to design and implement mission-driven activities that support sustainability in a consumer-driven manner, through the propagation of healthy fish, healthy reefs, and, ultimately, a healthy hobby.

Marine Aquarium Council
 Packard Foundation Organizational Effectiveness Grant
Final Financial Report

	Budget	Project Phase		Total
		Corporate Development	Certification System	
Revenue				
Grant Funds Received	\$ 50,000.00	\$ 28,500.00	\$ 21,500.00	\$ 50,000.00
Total Revenue	<u>50,000.00</u>	<u>28,500.00</u>	<u>21,500.00</u>	<u>50,000.00</u>
Expense				
Consulting fees	12,000.00	4,800.00	7,960.73	12,760.73
Travel	38,000.00	23,700.00	13,539.27	37,239.27
Total Expense	<u>50,000.00</u>	<u>28,500.00</u>	<u>21,500.00</u>	<u>50,000.00</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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