Beyond Collaboration: A How To Guide

Greater New Orleans Foundation
May 15, 2013
with Jo DeBolt

Mon Valley Story

Have you been involved in a partnership or collaboration?

In groups of 2 discuss:

- What worked?
- What didn’t?
We are looking at a significantly noticeable contraction in charitable giving in 2013....

...the funding relationship between government at every level and nonprofit service providers has permanently changed...

Source: Nonprofit Quarterly

Today’s Nonprofit Challenges

How do we leverage our current resources to provide more and better services?

How do we do more with the same or less?

The New Normal

Nonprofits compete for more than just funding.

Staff
Volunteers
Board leaders
Visibility
Economic pressure drives interest in nonprofit collaboration.

National Trends
- Significant and long-term cuts in public funding
- Heightened competition for philanthropic dollars
- Blurring sector boundaries create new competitors
- Growing interest in partnership as a strategy
- New opportunities & pressures in Affordable Care Act
- Demographic shifts have multiple impacts

Local Trends
Form groups of 4:
- Are you experiencing any of these national trends in New Orleans?
- What else is happening here?
- As an organizational leader, how are you adjusting or responding to these trends?
Compete or Collaborate?

Terminology

- Collaboration
- Back office consolidation
- Joint venture
- Acquisition
- Merger
- Partnership
- Collective action
- Networks

Strategic Partnerships

Further your organization’s **mission** by changing your **structure, business model, and/or place in the market or field.**
Why Do Nonprofits Consider Strategic Partnership?

- Pursue New Opportunities
- Build Capacity
- Greater Client Impact
- Greater Access to Funding
- Increase Efficiency and Reduce Costs

Examples of Strategic Partnerships
Joint Programming
The joint launching and managing of one or more programs to further the programmatic mission of the participating organizations

Case Study: Joint Programming
Ready Set Parent!

Administrative Consolidations
Sharing, exchanging, or contracting of administrative functions to increase the administrative efficiency of one or more of the organizations
Levels of Administrative Functions

- **Transactional**
  - Baseline transactions
    - Payroll, accounting, benefits administration, IT operations

- **Managerial**
  - Mission based management, planning and sustainability
    - Budgeting, financial analysis, employee trainings, employee recruitment, IT/systems planning

- **Strategic**
  - Future planning and strategy creation to lead, innovate, and change
    - Financial modeling, strategic planning,

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**Case Study: Shared Services**

The Chattanooga Museums

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**Management Services Organizations and Joint Venture Corporations**
**Management Services Organizations (MSO)**

Creation of new corporate entity (usually a 501(c)3 or LLC) for providing administrative services to nonprofit organizations.

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**Case Study: Management Services Organization**

MACC CommonWealth

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**Joint Venture Corporations**

Creation of new corporate entity (usually a 501(c)3 or LLC) for joint ventures
Case Study: Joint Venture Corporation
ARCH: Alliance for Rural Community Health

Outsourcing

Trends in Outsourcing

- Independent Consultants and Consulting Firms
- Professional Services Firms – CPA’s, IT service providers, Professional Employment Organizations, etc.
- Bulk Purchasing Coalitions/Organizations
**Case Studies**

- Read the first case study:
- Berks Coalition
- Missouri Alliance
- Form Groups of 4
- How did this collaboration begin?
- Were the challenges realistic?
- How effective was the management structure?
- How significant were the impact and efficiencies reported?
- Is this a good model?
The Process
Assessment

Self Assessment and Partner Assessment

Getting Started

- How does your organization regard partnership?
- What do you want to accomplish?
- Are you ready?
- How would you identify a partner?
- How would you assess a partner?
The Decision Tree

We seek the following ends:

- We hope to achieve specific, significant, but limited programmatic ends. We wish to remain an independent organization and to achieve these ends by working within our existing organization.
  - Consider joint programming

- Or if...
  - We hope to reduce administrative costs and increase administrative efficiency. We wish to remain an independent organization and to achieve these ends by working within our existing organization.
    - Consider administrative consolidation
  - We wish to achieve specific and significant programmatic ends. We may be able to combine our efforts to achieve these ends by working with another existing organization.
    - Consider creating a management service organization
  - If we seek even greater integration...
    - We wish to achieve specific and significant programmatic ends by creating a separate entity to fulfill a programmatic purpose.
      - Consider creating a joint venture corporation

Identifying Organizational Matches

Organizations with similarities and differences in...
- Mission and vision
- Constituents served
- Types of programs
- Strengths and weaknesses

Organizational Relatedness

<table>
<thead>
<tr>
<th>Business Model (Watershed Association)</th>
<th>Organization 1 (Friends of South River)</th>
<th>Organization 2 (Save the Water)</th>
<th>Organization 3 (Conserve the Land)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overlap in Geographic Area</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Overlap in Constituents</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Similarity in Programs and Services</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Overlap in Funding</td>
<td>4</td>
<td>2</td>
<td>3</td>
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<tr>
<td>Strong volunteer management programs</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15</td>
<td>12</td>
<td>13</td>
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</tbody>
</table>
**Reflection**

- What 3 or 4 organizations would be prospective partners for your organization?
- What criteria would your organization use in evaluating potential partners?

**The Process**

**Negotiation**

1. Assessment
2. Resolution
3. Negotiation
4. Agreement
5. Implementation
6. Legal
7. Integration

**Key Elements:**

**Contract or MOU**

- **Purpose of Partnership**
  - Vision Statement
  - Value Statement
  - Goals and Milestones
- **Term and Provisions for Renewal**
- **Partner Roles and Responsibilities**
- **Oversight and Leadership Structure**
  - Responsibilities ("job description")
  - Meetings (purpose, frequency, attendance)
- **Decision-making Model**
  - Rules and policies (decision-making criteria, levels of authority, voting)
- **Financial Relationship**
Resource Analysis and Impact

- Financial comparison
- Human Resource comparison
- Budget development
  - Projection for combined budget
  - Cost/savings analysis
- Donor comparison

The Process

Implementation

Key Success Factors

- Trust
- Joint Decision-Making
- Shared Culture
- Board Engagement
- Good Facilitation and Process
- Sustainable Structure
Understanding Trust

Definition of Culture
• Culture is the "shared life" of those within an organization and is defined by beliefs, traditions, history, values, and patterns of behavior.

Case Studies
• Read the second case study
  • MACC Commonwealth
  • Collaborating 4 Better Futures
• Form groups of 4
  • What type of process did they follow?
  • Does the model work?
  • Is there anything you would have done differently?
More Real-life Examples

Search the Nonprofit Collaboration Database

Proven Process

- Self and partner assessment
- Resolution of board to proceed
- Negotiate the terms of an agreement
- Board approves the agreement
- Implement the partnership
- Monitor and refine

Successful nonprofit collaborations are driven by mission attainment not financial goals.
Questions and Discussion

Learn more at:
www.foundationcenter.org/gainknowledge/collaboration
www.lapiana.org

Thank you.
debolt@lapiana.org
lapiana.org