Beyond Collaboration:
A How To Guide

Greater New Orleans Foundation
May 15, 2013
with Jo DeBolt

La Piana
CONSULTING

Mon Valley Story

Have you been involved in a partnership or collaboration?

In groups of 2 discuss:
- What worked?
- What didn't ?

Today's Nonprofit Challenges

"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

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The New Normal

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

How do we **do more with the same or less**?

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Nonprofits compete for more than just funding.

Staff

Volunteers

Board leaders

Visibility

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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?

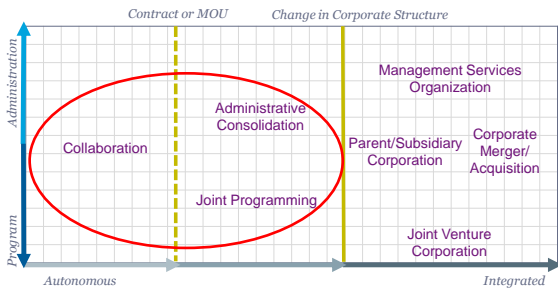*Compete
or
Collaborate?*

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.**

The Partnership Matrix

	Contract or MOU	Change in Corporate Structure	
Administration		Management Services Organization	
	Administrative Consolidation	Parent/Subsidiary Corporation	Corporate Merger/ Acquisition
Collaboration			
Program	Joint Programming	Joint Venture Corporation	
Autonomous		Integrated	

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 Partnerhips

Joint Programming

The joint launching and managing of one or more programs to further the programmatic mission of the participating organizations

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Case Study: Joint Programming
Ready Set Parent!

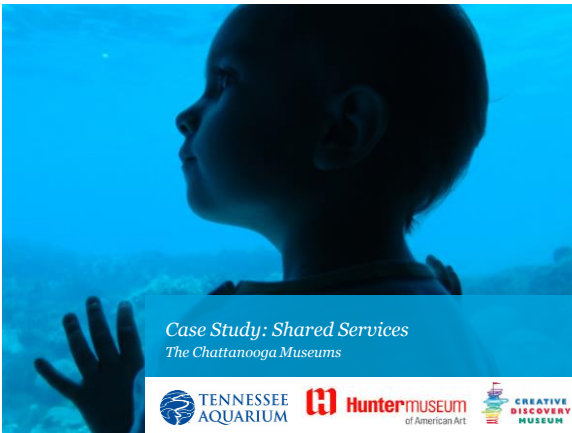## Administrative Consolidations

Sharing, exchanging, or **contracting** of **administrative functions** to increase the **administrative efficiency** of one or more of the organizations

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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,

Case Study: Shared Services
The Chattanooga Museums

TENNESSEE AQUARIUM · Hunter MUSEUM of American Art · CREATIVE DISCOVERY MUSEUM

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.
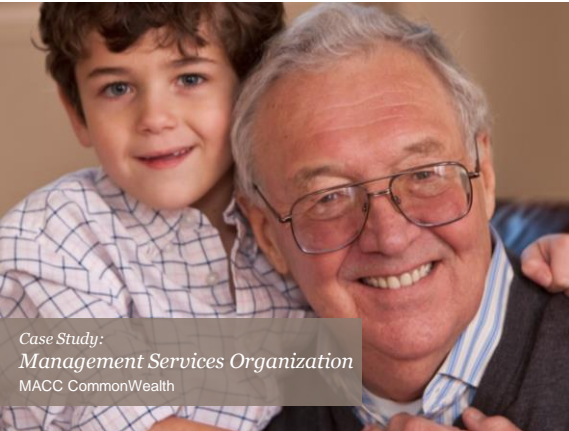
Case Study:
Management Services Organization
MACC CommonWealth

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
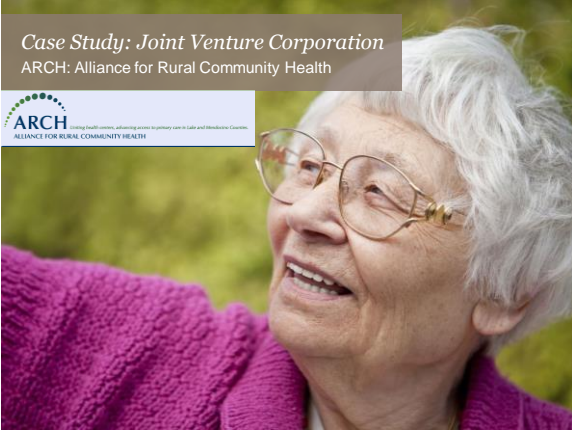
Outsourcing

Trends in Outsourcing

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

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Center for Nonprofit Advancement

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Networks and Collaboratives

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Toledo Regional Autism Network

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Structure

Financial Operations

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

Assessment | Resolution | Negotiation | Agreement | Implementation | Monitor and Refine

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Self Assessment
and
Partner Assessment

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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?

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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
If we seek even greater integration…	We wish to increase our administrative efficiency on a large scale by creating a separate business that can provide services to multiple organizations.	Consider creating a management service organization
Or if…	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
If we seek even greater integration…	We hope to achieve synergistic gains in our ability to achieve our mission by integrating our organizations and our corporate structures.	Consider a parent/subsidiary structure or a merger

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Identifying Organizational Matches

Organizations with similarities and differences in…

- Mission and vision
- Constituents served
- Types of programs
- Strengths and weaknesses

My Organization

Organization A

Organization B

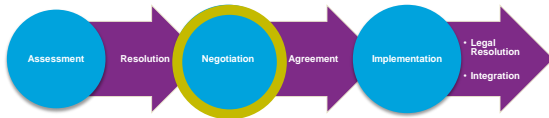## Organizational Relatedness

Business Model (Watershed Association)	Organization 1 (Friends of South River)	Organization 2 (Save the Water)	Organization 3 (Conserve the Land)
Overlap in Geographic Area	1	2	3
Overlap in Constituents	2	3	3
Similarity in Programs and Services	4	1	1
Overlap in Funding	4	2	3
Strong volunteer management programs	4	4	3
TOTAL	15	12	13

Reflection

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

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The Process

Negotiation

Assessment → Resolution → Negotiation → Agreement → Implementation → • Legal Resolution • Integration

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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)
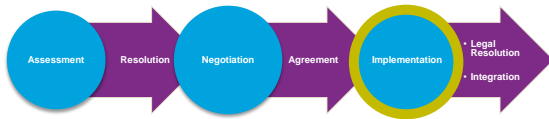
Decision-making Model
- Rules and policies (decision-making criteria, levels of authority, voting)

Financial Relationship

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Resource Analysis and Impact

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

The Process
Implementation

Assessment → Resolution → Negotiation → Agreement → Implementation → • Legal Resolution • Integration

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Key Success Factors

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

Understanding Trust

Openness

Reliability

Integrity

Benevolence

Competence

Mishra, 1996; Tschannen-Moran & Hoy.
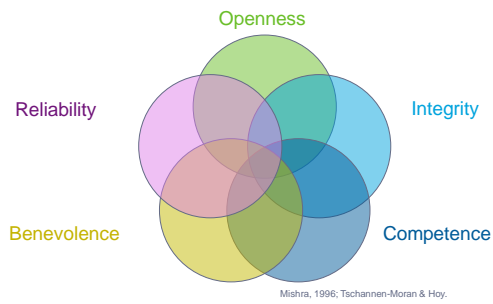
Definition of Culture

- 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

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Learn more at:

www.foundationcenter.org/gainknowledge/collaboration

www.lapiana.org

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Thank you.

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lapiana.org

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