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Optimizing Organizational Performance Through Collaboration

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Agenda

- Discuss the Philanthropic Landscape
- Review Collaboration Models
- Share Collaboration Best Practices
- Review Two Case Studies
- Q & A

The Philanthropic Landscape

- The average nonprofit has experienced a 23% increase in requests for services
- The demand for these same services are coming with a 12% increase in requested level of service
- To help with demand, approximately 30,000 new nonprofit organizations were created in 2008
- Only 16% of nonprofits expect to cover their operating expenses in 2009 and 2010
- 52% of nonprofits expect the recession to have a long-term / permanent negative financial effect

The Philanthropic Landscape cont'd

- Nonprofits, on average, have experienced a 12% decrease in funding
- Giving USA just published their results which indicate a 2% decline in charitable giving in 2008
 - Adjusted for inflation – 5.7%
 - The second year-to-year decline in more than a half-century
- Forecasts for 2009 are not looking promising
- Foundations' investments have lost on average 27% of their value
- More than 60% of Corporations' are reporting that their marketing / charity budgets are being reduced

Funders Frustrations

- Lack of coordination in programs and service delivery
- Duplication of efforts at the organizational and community levels
- Unnecessary competition amongst like-mission organizations
- Lack of measurable outcomes and outcomes evaluation
- Continual growth in the number of organizations which serve overlapping constituents
- Issues that seem to be cyclical and unresolved / unaddressed even with years of support

Nonprofits Frustrations

- On average, nonprofits are reporting more than 12% decrease in charitable revenue
- They are seeing new competition for staff, volunteers and contributions popping up everyday
- Foundations are “asking” to see more coordination / cooperation in resolving community issues
- Donors are beginning to say things like:
 - *I am tired of continually being asked to help when [name] can't seem to help themselves.*
 - *How many [type of organizations] do we need in [city]?*
 - *Maybe it is time for some nonprofits to fail / close.*

Nonprofits Frustrations cont'd

2010 Anticipated Outcomes	
Demand for our programs / services will increase and we will not have the necessary resources.	51%

Nonprofits Frustrations cont'd

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Nonprofits Frustrations cont'd

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Demand for our programs / services will decrease and we will make reductions to scale our operation.	9%

Is Collaboration the Answer?

What is Collaboration?

- Besides a buzzword we hear thrown out a lot; it sometimes means:
 - Alliance
 - Integration
 - Collective
 - Coalition
 - Partnership
 - M & A
- **Mutually beneficial and well-defined relationship** entered into by two or more organizations to **achieve common goals.**

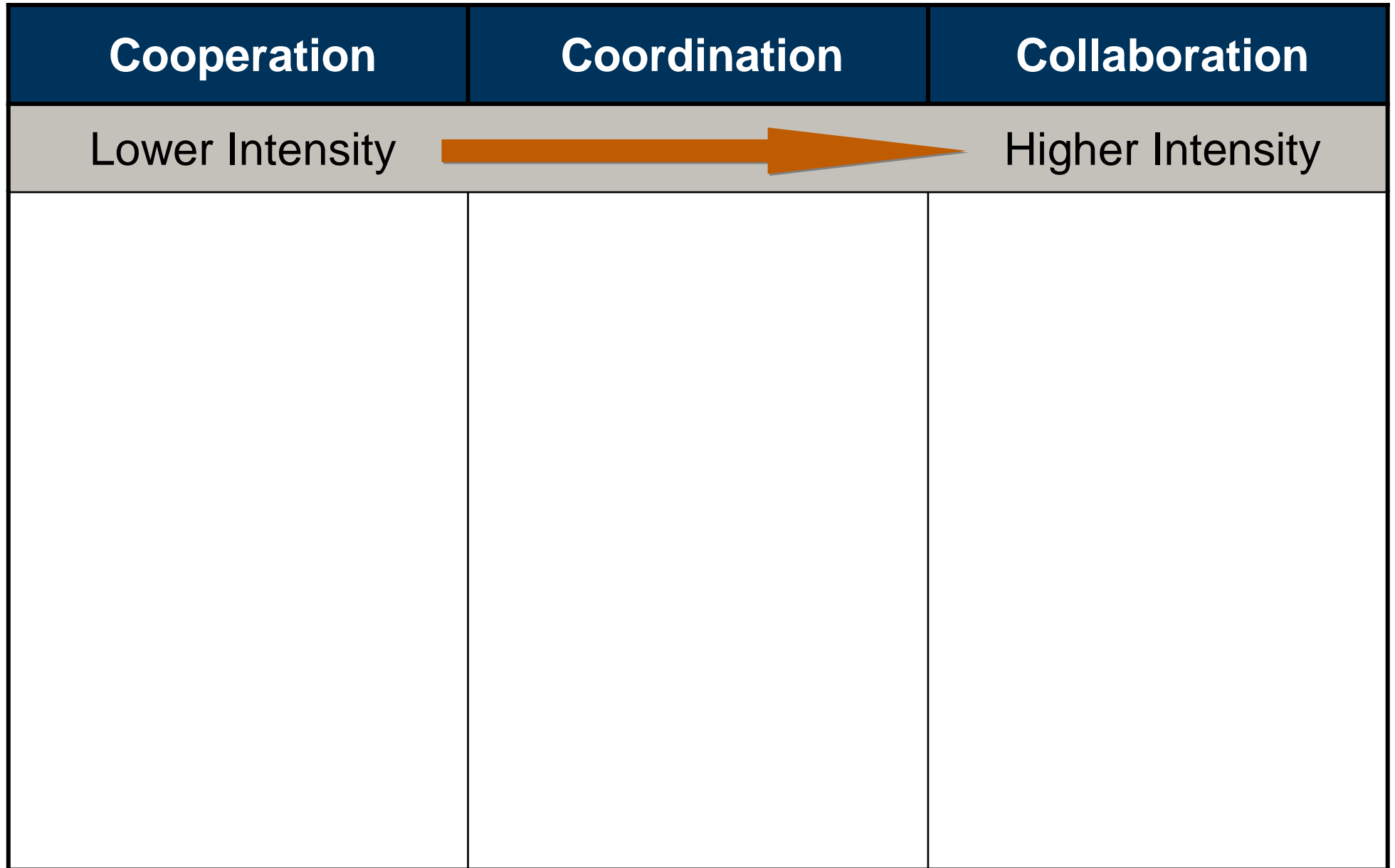
The Ideal Collaboration

- Involves nonprofit leaders working closely together on substantial issues
 - Not only in an effort to raise grant money.
- Is inherently interactive and will require engagement
- Is relationship-based
 - Built on a solid foundation of transparency and trust
- Is voluntary
 - Meaning that it is done for the right business reason
 - Should not be driven by the “encouragement” of a funder or a specific grant


The Ideal Collaboration cont'd

- Is developed over time
 - Will have time to develop and mature organically, rather than under a limited timeframe created by RFP's
- Is sometimes painful and difficult to achieve
 - Conflict and stress are byproducts of engagement, and are often healthy signs of a collaborative effort
- Transcends the “every organization for itself” mentality
- Should provide better outcomes for the beneficiaries of the services


Levels of Collaboration




Levels of Collaboration

Cooperation	Coordination	Collaboration
<p>Lower Intensity  Higher Intensity</p>		
<ul style="list-style-type: none">■ Shorter-Term, Informal Relationships■ Shared Information only■ Separate goals, resources, and structures		

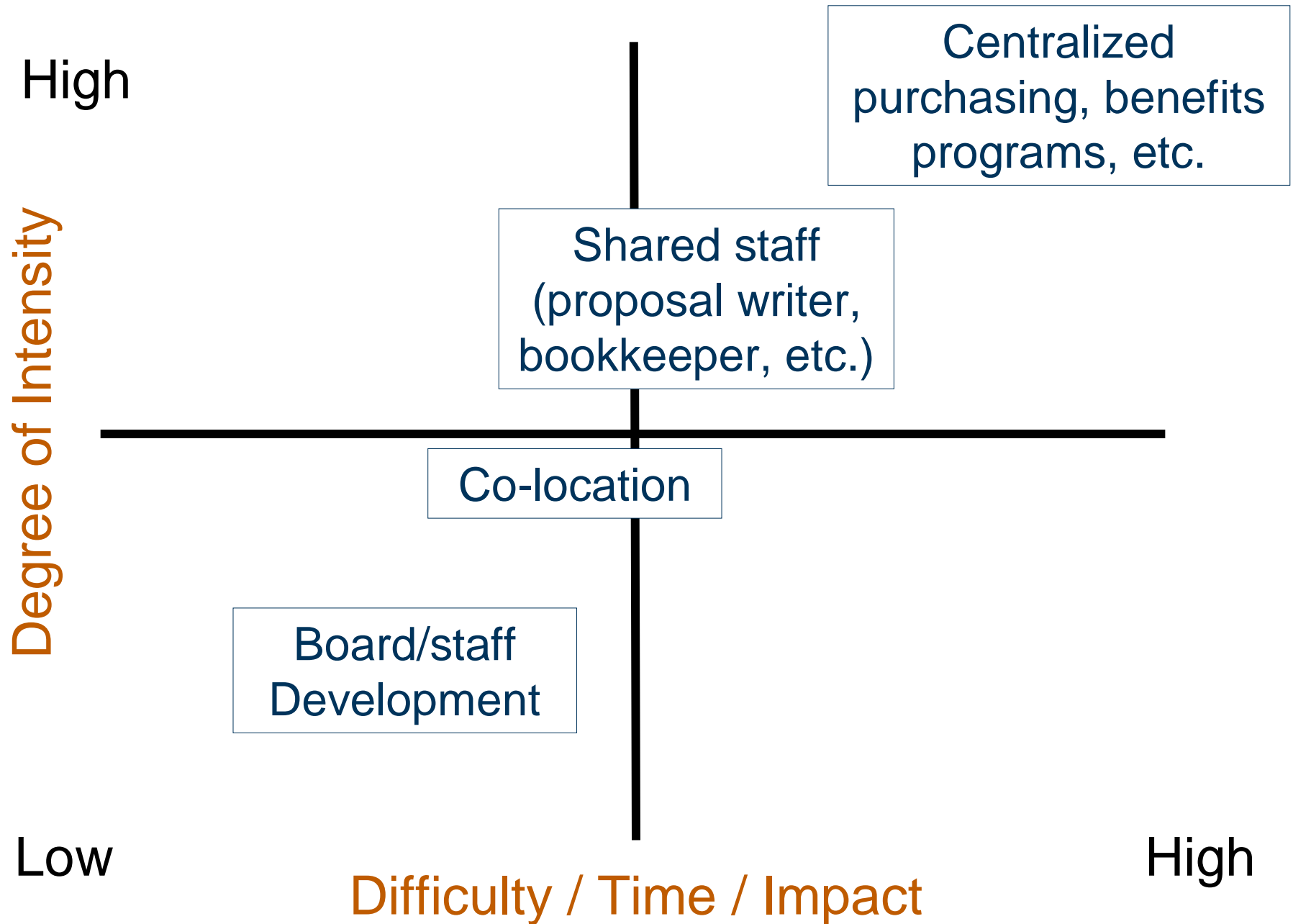
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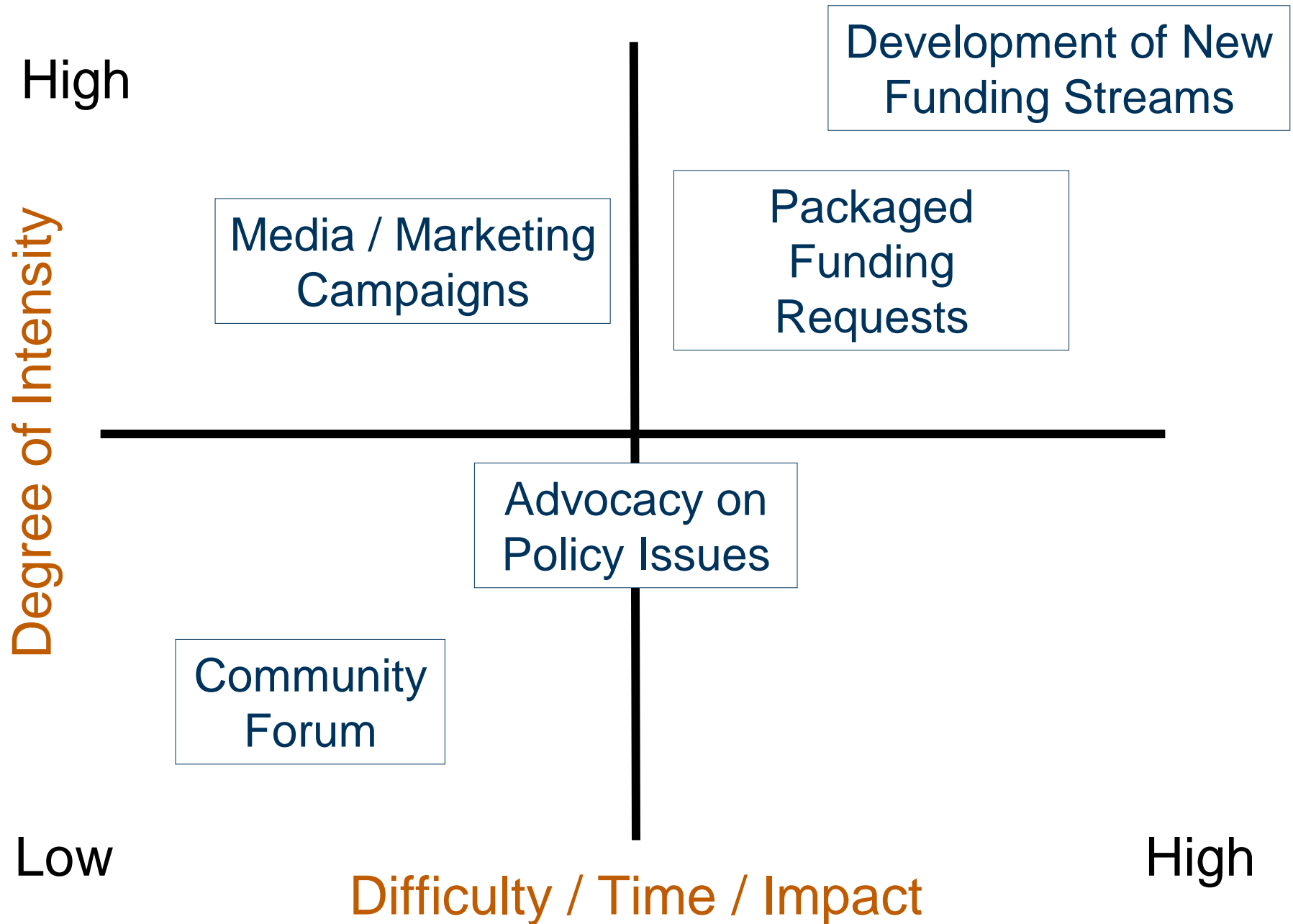
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<ul style="list-style-type: none">■ Shorter-Term, Informal Relationships■ Shared Information only■ Separate goals, resources, and structures	<ul style="list-style-type: none">■ Longer-term effort around a project / task■ Some planning and division of roles / responsibilities■ Some shared resources, rewards, and risks	<ul style="list-style-type: none">■ More durable and pervasive relationships■ New structure with commitment to common goals■ All partners contribute resources and share rewards and leadership

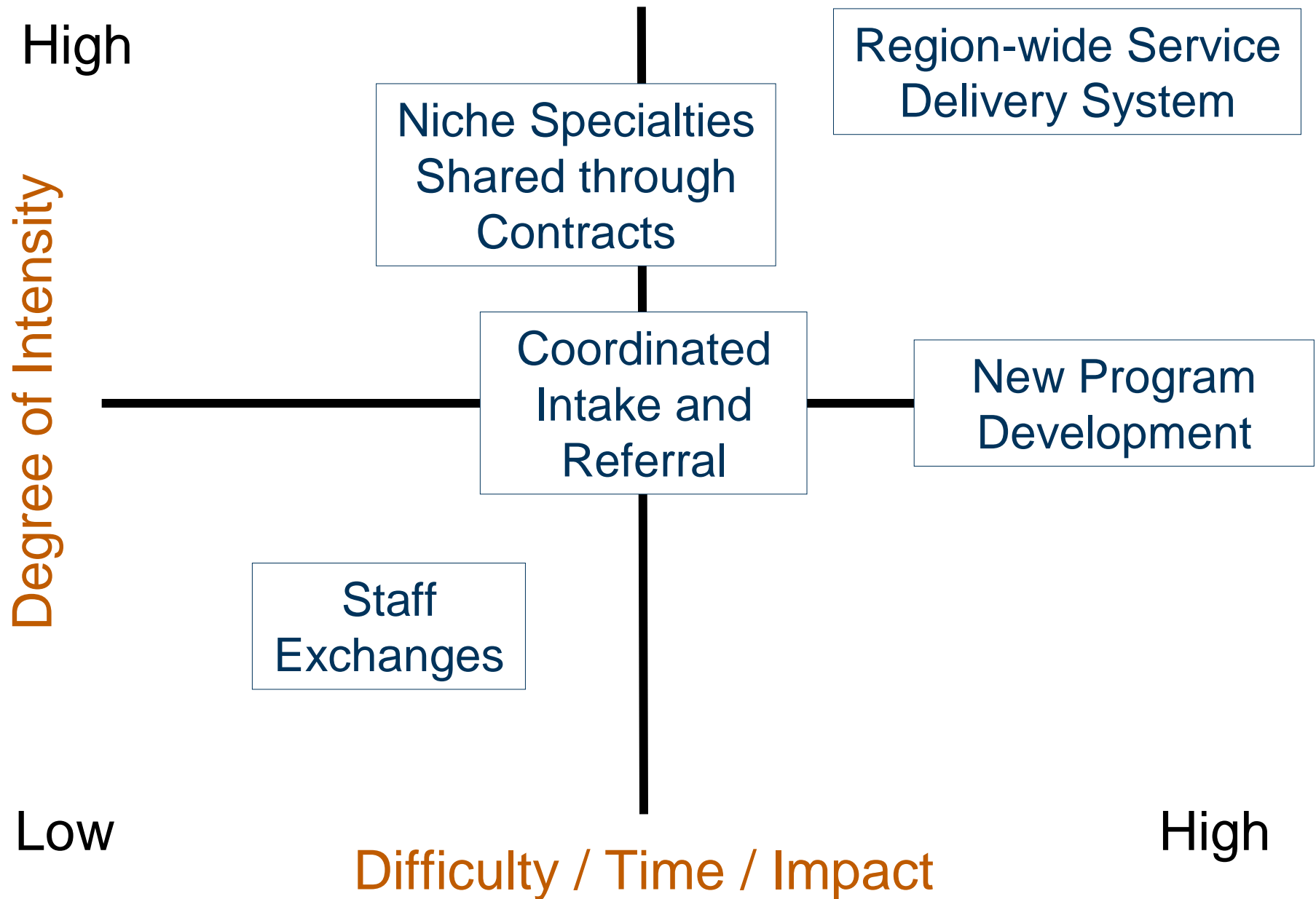
Administrative Collaboration



Fundraising Collaboration



Programmatic Collaboration



To Collaborate or Not to Collaborate...

When to Consider Collaboration

- As a response to:
 - Weak economic environments
 - A decrease in funding and / or community support
 - Funders “encouragement” ...
- As a strategy to:
 - Increase service delivery capacity and quality
 - Eliminate duplicate and/or inefficient / ineffective services
 - Gaining market share to drive economies of scale
 - Diversify resource bases – staff, Board, funders, partners, volunteers, etc.
 - Decrease administrative expenses / lower overhead costs

Potential Benefits of Collaboration

- Less duplication, competition and overlap of services among collaborating organizations
- Fuller spectrum of approaches to problem solving is brought to the table
- Increased ROI for philanthropic dollars
- Decreased expenditures on “limited value-add” activities
- Ultimately stronger nonprofit organizations which are better able to advance their social missions
- Others???

Influencing Factors

- Environment
 - History of collaboration and cooperation in the community
 - Organizations' position as a legitimate community leader
 - Favorable political and social climate
- Purpose
 - Concrete, attainable goals and objectives
 - Shared vision
 - Unique process
- Resources
 - Sufficient funds, staff, materials and time
 - Skilled leadership – staff and Board

Influencing Factors cont'd

- Membership Characteristics
 - Mutual respect, understanding, and trust
 - Appropriate cross section of members
 - Members see collaboration as in their self-interest
 - Openness to change and ability to compromise
 - Belief that they are in “business to serve, not be in business”
- Process and Structure
 - Members share a stake in both process and outcomes
 - Development of clear roles and policy guidelines
 - Appropriate pace of development

Influencing Factors cont'd

- Communication Styles
 - Open and frequent communication – Transparency is the new trustworthiness
 - Information is Power – and without information, people create myths
- Management Styles
 - People as a commodity or as an asset
 - Command and control vs. collaborative leadership
- Constituencies
 - Those who are served
 - Those who serve / support

Collaboration Best Practices

- Involve the right people
 - Change is driven from the top – leadership must be involved
 - Keep staff and constituents informed and involved
 - Leverage outside resources to help facilitate the change
- When choosing partners, consider these questions:
 - Do you share the same goals?
 - Do they have the required capabilities and resources?
 - Do they have credibility in the community?
 - Do you have a trusting relationship?
- Inclusiveness is important – but only involve as many people necessary to get the job done.

Collaboration Best Practices cont'd

- Get it in writing
 - The most common reason for a collaboration meltdown is disagreements and uncertainty about operating norms
 - Create a collaboration charter, operating agreement or memorandum of understanding
- When creating your MoU, be sure to include:
 - Mission and Purpose
 - Values and Assumptions
 - Vision, Timelines, and Milestones
 - Governance and Membership Policies
 - Specific Roles and Organizational Contributions
 - Operating Policies and Procedures

Questions to Keep in Mind

- Vision

- Do you have a clearly identified and articulated vision that works for all involved parties?

- Trust

- Is everyone committed to the same common goal?
- Are all stakeholders, members, and employees willing to be reliable and respectful?
- Is everyone compatible to a certain extent?
- Can everyone be trusted to keep group conversations confidential?

Questions to Keep in Mind cont'd

- Culture
 - How will you handle discrepancies in organization size and resources?
 - How will you handle differing management styles/execution?
- Implementation
 - Who takes the lead?
 - How is the work done without impacting day-to-day?
 - How will you allocate resources once the work is finished?
- Timing
 - When is the “right” time?
 - What pace is appropriate?

Questions to Keep in Mind cont'd

- Donors
 - How will you retain donors across the collaboration?
 - Will you lose donor money?
- Role of Technical Assistance
 - Who will promote consensus-building around real work, not just vision?
 - Who will tee up the questions that neither partner will?

Case Studies

Case Study – Merger



Case Study – Merger cont'd

Organization Facts	The Women's Union Established in 1877	Crittenton Established in 1824
Mission	Supporting and empowering low-income women & families	Supporting and empowering low-income women and their families
Services	<ul style="list-style-type: none"> ■ Providing legal aid and instructional courses to working women ■ Drafting legislative policy and advocating in support of low-income women / families ■ Helping counsel and place college-educated women 	<ul style="list-style-type: none"> ■ Providing parenting education and mentoring for unwed mothers ■ Promoting health & wellness programs for mothers / child ■ Providing transitional housing ■ Educational achievement
Goals	Empower women to achieve economic self-sufficiency	Empower women to become responsible parents; capable of promoting the healthy development of their children

Case Study – Merger cont'd

- The two organizations merged in July, 2006 to become The Crittenton Women's Union
- The Women's Union wanted to marry its strengths in research, advocacy and program incubation with a large-scale effort to serve greater-numbers
- Crittenton wanted to adopt the Women's Union analytical approach to better understand the root causes of poverty
- Over the course of several months, both Boards began with an intensive study of Opportunities, Risks, and Benefits / Costs

Case Study – Merger cont'd

- After the study was completed, both organizations established review sub-committees on Governance, Staffing, and Strategic Planning
- Subcommittees made recommendation to progress with merger
- They then expanded their work to outside constituencies – including funders like Citizen's Bank
- It was decided that the combined organization would enable them to more effectively provide:
 - Direct services; Undertake research and innovative thinking; and Advocate for public policy changes

Case Study – Collaboration



Case Study – Collaboration cont'd

- Five, small social-service nonprofits located in Minneapolis were struggling to appropriately handle financial and personnel issues
- They decided in early 2007 that the answer was to combined back-office operations
- To facilitate this, they collaboratively created another nonprofit, **MACC Common Wealth**, whose mission was simply to support the “back-office” activities of the founding orgs
- They developed a scope of work / service for the organization

Case Study – Collaboration cont'd

MACC Service Offerings



Case Study – Collaboration cont'd

- All of the member organizations' employees were co-located in a centralized office
- Systems and processes were integrated
 - This was no easy job and much cooperation and compromise was needed
 - It also was dependent upon an investment of \$400,000...which was mostly raised through grants and corporate gifts
- In its first full year of existence, MACC saved its founding organizations more than \$200,000
- Word of its success spread rapidly...
- Now it serves 12 community organizations and saves participating organization more than 30% annually

Case Study – Public / Private



Case Study – Public / Private

- Over the years, Georgia Pacific has hired The Nature Conservancy to assist them with environmental impact studies
- They have given the Nature Conservancy millions of dollars and thousands of acres of land
 - Most recently they partnered on the development of the Roanoke River National Wildlife Refuge
- Georgia Pacific's CEO sits on The Nature Conservancy's Board
- And of course, Georgia Pacific gets to demonstrate how it is being environmentally responsible and focusing on sustainability – not just profits

Summary – 7 C's of Collaboration

- Establishing a **connection** based purpose that engages people
- It must have a **clarity** of purpose
- Ensuring the mission, strategy, and values of the two organizations are **congruent**
- Developing a relationship that **creates** value
- Developing and maintaining effective **communication** between all involved parties
- Viewing the alliance as dynamic and one which involves **continuous** learning
- Partnership is based **commitment** and relationships

Q & A

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- La Piana Consulting
- MACC Common Wealth
- National Housing Institute
- The Nature Conservancy
- Non Profit Finance Fund
- Non Profit Management Fund
- United Way of Greater Milwaukee