



Take Fundraising to the Next Level: How to Capitalize on the Positive Impact of Strategic Alliances and Collaboration

2010 ADO Day Conference
Thursday, April 22, 2010



Why Are We Discussing This Topic?

- Decreases in charitable giving
- Increased competition for decreasing donor dollars
- Increased demand for services
- Lack of resources to meet increased demand
- “Pressure” from Funders





What is Collaboration?

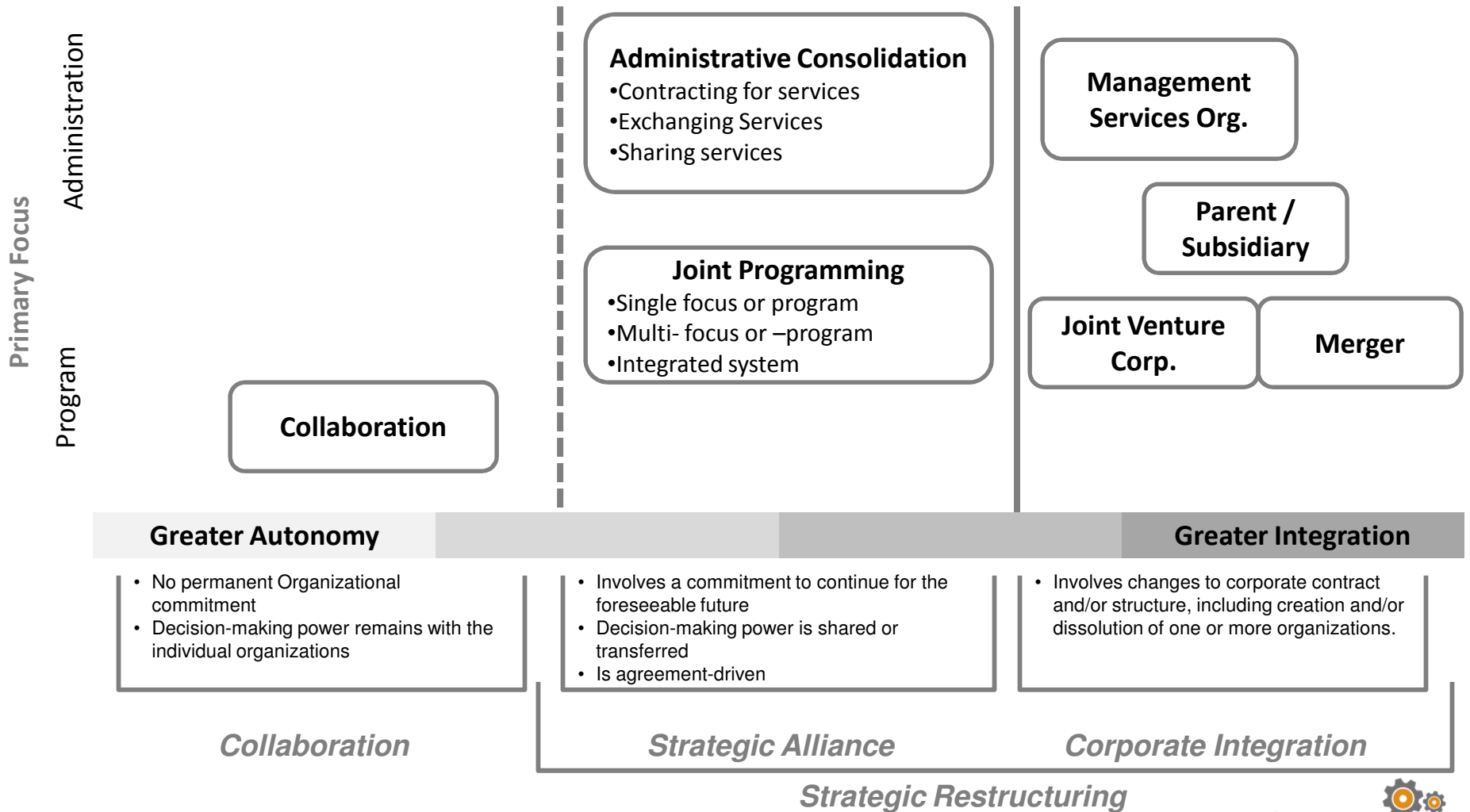
“Collaboration is a mutually beneficial and well-defined relationship entered into by two or more organizations to achieve common goals. The relationship includes a commitment to mutual relationships and goals; a jointly developed structure and shared responsibility; mutual authority and accountability for success and a sharing of resources and rewards.”

-The Amherst Wilder Foundation



Partnership Matrix

Strategic Restructuring Study by Amelia Kohn, David La Piana & Heather Gowdy





Collaboration

- Least formal
- No written agreement
- Organizations remain independent
- Limited in scope and time
- Requires trust, transparency and an effective working relationship
- Alignment of goals is essential





Alliances

- Share resources or cut administrative costs
- More formal
- No change in an organization's corporate or legal structure
- Requires a written agreement
- Involves a time commitment
- Organizations remain independent, but there is shared or transferred decision-making authority





Two Types of Alliances

- Administrative Consolidation
- Joint Programming



Administrative Consolidation

Two or more nonprofits sharing, exchanging or contracting for administrative services, functions or resources to maximize the efficiency and capacity of the participating organizations.



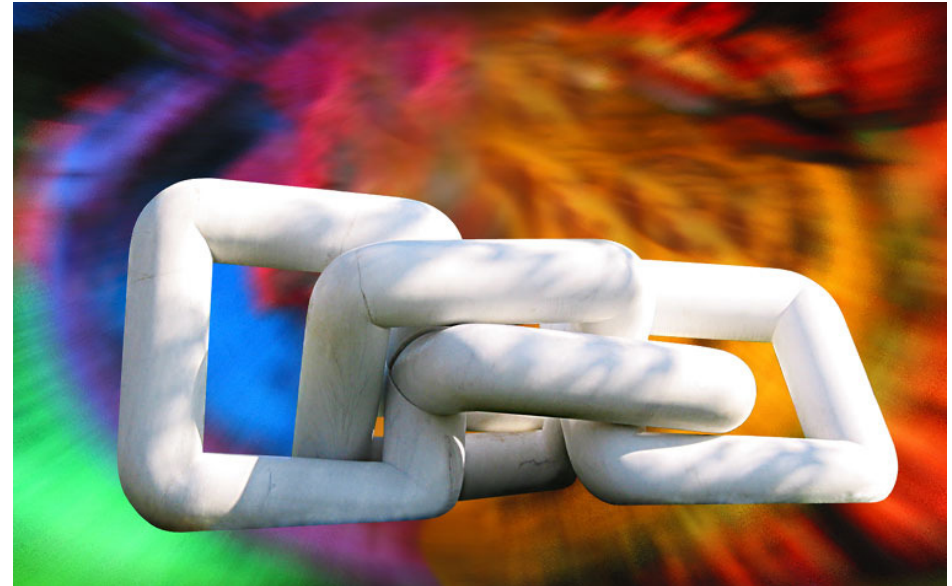
A Penny Saved is a Penny Earned





Joint Programming

Two or more organizations initiating and operating one or more programs that are consistent with and further the mission of the participating organizations.





Four Types of Integration

- Management Service Organizations
- Joint ventures
- Parent/subsidiary structures
- Mergers





Integration

- Most formal and complex of collaborative relationships
- Requires a written agreement
- Usually require assistance of tax, financial/accounting and legal experts
- Involves a change of corporate control and/or structure
- Involves a loss of autonomy of all, or some, of participating organizations, depending on the type of Integration chosen

Management Service Organizations (MSOs)

- Separate legal corporation
- Share administrative services in order to increase the efficiency and/or capacity of participating organizations
- The most common shared services: Finance, Human Resources and Information Technology





Joint Venture

A new organization is created by two or more organizations to achieve distinct program or administrative goals of the participants.





Parent/Subsidiary Structure

Two organizations join together to integrate some of the administrative services or programs with the goal of administrative efficiency and program quality.



Mergers

- Organization(s) dissolve and become part of another organization's structure
- Integration of all program and administrative functions of the merged organizations
- Surviving nonprofit may keep or change its name
- May or may not involve organizations of equal strength or capacity
- Two or more nonprofits dissolve and form a new organization that includes some or all of the programs and resources of the original nonprofits





Factors that Influence Collaborative Structure Chosen

- **Age of Organization**

<10 years or > 60 years are less likely to be involved in strategic restructuring

- **Size of Organization**

More organizations are involved in Alliances than Integrations



Organizations More Likely to be Involved in Alliances

- Focus on Arts and Culture
- Smaller Budgets
- Boards are less active
- Located in rural communities
- Tend to have larger number of participants



Organizations More Likely to be Involved in Integrations

- Focus on Human Services
- Larger budgets
- Boards are active and engaged
- Located in urban communities





Are you still with us?





Motivational Triggers

- Financial necessity
- Organization inefficiency
- Excess capacity
- Quality and range of programs and services
- Increased competition in the number of nonprofits providing the same service and for decreased donor funding
- Reaction to or anticipation of legal or policy changes which will impact an organization's operations and budget.
- Lack of power to impact major social issues
- Hard to recruit qualified board members and volunteer leadership





Potential Benefits

- Increases efficiency
- Increases capacity to better advance mission
- Fuller perspective of approaches to problem solving
- Enhances focus on core services
- Increases the flow of information and expertise
- Potential new source of board members, donors and volunteers
- Potential new source of funding opportunities
- Increases impact and visibility of missions and services



Potential Challenges

- Time intensive
- Requires high level of trust
- Cultural differences
- Leadership differences and issues
- Funder and donor misperception of structure and value of collaboration
- Lack of understanding that the partners still require funding
- Potential dominance of larger players
- Integration of staff
- Adjustment of staff to new roles





Potential Challenges *(continued)*

FEAR

- INTERNAL
- Loss of autonomy and control
 - Sharing of information and expertise
 - Losing donors or funding
 - Staff job security
 - Entrenchment/defensiveness of long-time board members and donors
- EXTERNAL
- Client fears that programs or services will be changed, diluted or eliminated



Impact of Collaborations on Fundraising

- Creates focused attention and decision-making on fundraising goals
- Potentially increases the number of fundraising staff or resources.
- Increases access to a different, but complimentary fundraising skill
- Provides exposure and access to new donors
- Broadens an organization's constituency
- Gain access to board members or trustees for additional fundraising muscle
- New collaborative fundraising events that build on partner strengths



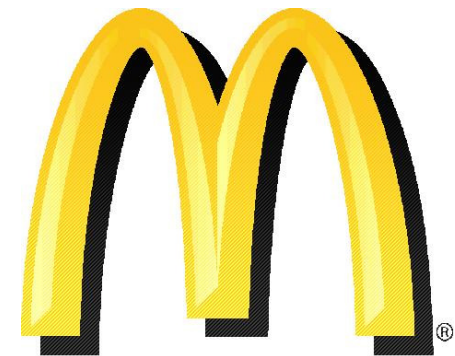
Strategies to Maximize Fundraising When Forming a Collaboration

- Create key stake-holder buy-in for the collaboration in the early stages
- Make the case for valued added by collaboration to maintain or increase donations from shared donors
- Seek grants for technical assistance in launching the collaboration
- Make fundraising a priority in assessment and implementation
- Find roles for volunteers, donors, community leaders and constituents in the collaboration



Marketing and Brand Identity

- Create a separate name, identity, logo
- Develop a common language for joint and individual marketing materials
- Cross promote through websites, newsletters, and other communication vehicles





What is Collaborative Fundraising?

A joint effort of two or more nonprofits to raise more money together than the individual nonprofits can raise alone.

Large Scale Efforts

- Community Foundations
- Federated fundraising programs
- Large annual events or festivals

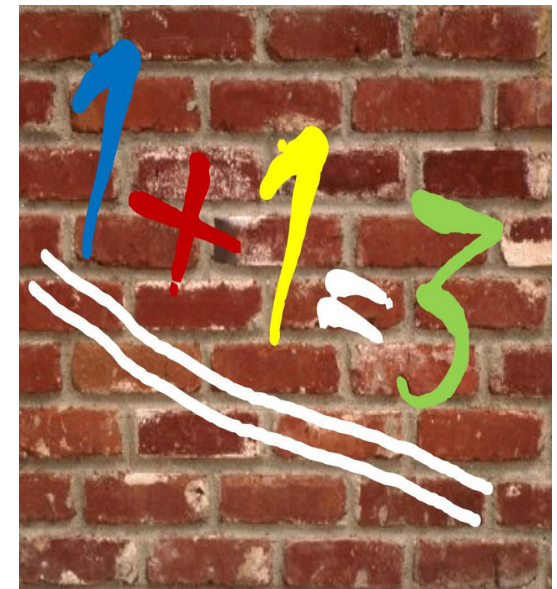
Small Scale Efforts

- Joint grant for shared resources
- Joint fundraising events targeted toward similar donor pool
- Sharing of list rentals for direct mail
- Capital campaign for a facility shared by multiple groups
- Sharing development personnel



Benefits of Collaborative Fundraising

- Allows for comprehensive and coordinated efforts
- Members can share expertise and experience
- Ability to approach larger funders and obtain larger grants
- Decreases competition and demonstrates collaboration, goal of funders
- Avoids duplication of effort and increases efficiency of time and resources
- Can maximize credibility for a smaller organization
- Provides mutual support among members





Challenges of Collaborative Fundraising

- Conflict over priorities and allocation of funds raised
- Coordination can be difficult, time consuming and the work or credit not shared equitably
- Commitment to collaboration can mean less time for individual members fundraising and organizational priorities
- Joint projects can involve complicated financial management, placing heavier burdens on the lead or larger agencies
- An organization may suffer financially if it typically seeks funding from sources now targeted by the collaboration



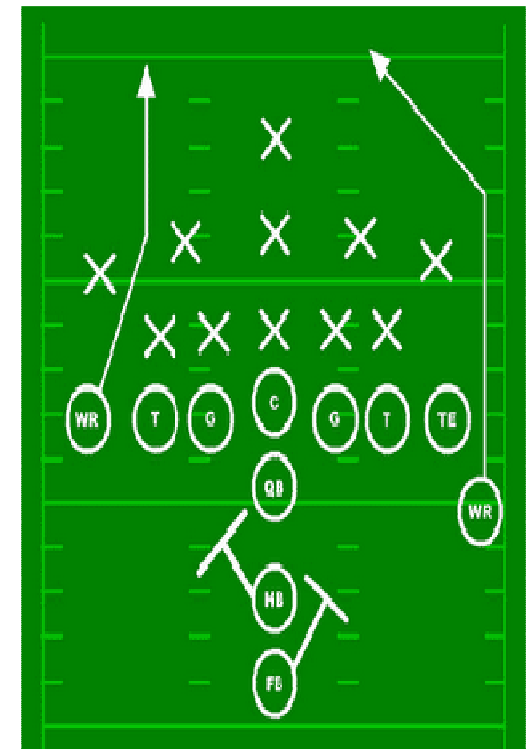
Source of Difficulties

- Issues of decision-making and control
- Unrealistic or differing expectations
- Difficult to ascertain value added from collaboration
- Unwillingness to engage in new strategies
- Incompatible values
- Lack of trust
- Poor communication and coordination
- Individual organizational interests conflict with joint goals
- Unclear oversight and accountability processes



Suggested Actions

- Have a written agreement
- Clarify goals and limitations
- Establish a process to obtain/manage funds
- Agree upon a fair decision-making process
- Create program management and oversight
- Articulate roles and responsibilities for fundraising
- Agree upon allocation of funds raised in advance
- Develop marketing, communications and public relations policies and procedures
- Develop policy for publicizing contributions of members and collaborative





Assessing Organizational Needs for Strategic Restructuring

- Administrative
- Programmatic
- Financial
- Leadership





The Dating Game





Matchmaker, Matchmaker, Make Me A Match!

Your ad should include information about:

- The community need you serve
- What you can offer
- Geographic location
- Budget/Organization size
- Culture you would work well with



Romeo, Where Art Thou?

- Examine your current relationships
- Assess your community needs and assets
- Always pay attention to opportunities
- Professional and networking associations
- Talk to Funders
- Who are your competitors?



**“Dude...
I’m right here”**



Now What?



Are You Having Commitment Issues?

- Take time to get to know your partner
- Have a shared vision
- Set clear goals
- Cost-benefit analysis
- Start small
- Write it down
- Build on success



Memorandum of Understanding: Key Provisions

- Purpose
- Membership (including ways new members may be added in future)
- Decision-making process
- Conflict resolution
- Appointment of lead agency, if necessary
- Commitment of resources (personnel time, money, equipment)
- Operational committee
- Fundraising policies



Do I Need “The Marriage Ref?”

- Is there committed leadership at both executive and staff level?
- Is there trust and mutual respect?
- Is the Board on board?
- Are the goals unambiguous and do we have a shared vision?
- Are the roles and responsibilities clearly defined?
- Do we have transparency and communication?
- Are we set up for sustainability and flexibility in the midst of change?





Funders Can Help Promote Real Collaboration

- Bring nonprofits together to discuss common issues/strategies
- Provide appropriate resources or successful collaborative models
- Structure grant to encourage and advance real collaboration
- Provide technical assistance funding
- Provide on-going support, encouragement and mediation





Collaboration Assessment

Collaboration Factors Inventory

Amherst H. Wilder Foundation



Lodestar Foundation as Research Tool

The Lodestar Foundation in Phoenix, Arizona

- Promotes collaboration among nonprofits and other business practices that increase the efficiency and eliminate the duplication of efforts in nonprofit organizations.
- A \$250,000 Nonprofit Collaboration Prize in 2009
- 600 nominations of nonprofit collaborations
- Searchable data base of successful effective practice models
- Used to initiate ideas and share knowledge about collaborations.

www.thecollaborationprize.org



Q&A





Resources

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- Gray, Barbara. Collaborating. 1989
- McLaughlin, Thomas A. Non Profit Mergers and Alliances: A Strategic Planning Guide. 1998

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- www.lapianaconsulting.org
- www.lodestar.org
- www.thecollaborationprize.org



Your mission's success is our business

Joanne Essig Stewart, Partner

tel/fax: 914-763-8856

jstewart@goodworksadvisorygroup.com

PO Box 240, Cross River, New York 10518

www.goodworksadvisorygroup.com



Sharon Guss Pollack, Partner

tel/fax: 914-861-2509

spollack@goodworksadvisorygroup.com