

Collaboration

NonProfit Learning Center
Walla Walla Community College
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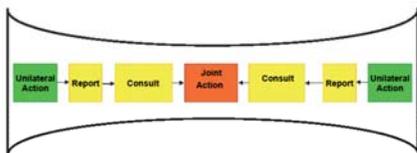


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What is Collaboration?

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Relationship Continuum



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Organizational Relationship Continuum

- Isolation
- Info sharing - 1 way
- Info sharing – 2 way
- Info sharing with input/feedback
- Coordination
- Cooperation
- Collaboration

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Structures for Ongoing Collaboration

- Collaboration with joint funding
- Contractual relationships
- Joint venture
- Partnership
- Management Support Organization
- Merger

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Why Collaborate?

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Benefits of Collaboration

- Improve **services**
- Improve **management**
- Strengthen **financial support**
- Increase **cost effectiveness**
- Expand community **awareness**
- Synergy & **innovation**

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Risks of Collaboration

- **Time:** takes longer to do it together than alone
- **Lack of capacity:** partner can't deliver
- **Conflicts:** values & priorities
- **Damage:** relationships & reputation

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Best & Worst Collaborations?

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Prerequisites for Success

- Common goals & compatible **values**
- Different **strengths**
- **Ability** to offset each others limitations
- **Capacity** to keep commitments
- **Structure** for decision-making, accountability & problem solving

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Exploring Collaboration

- Self Assessment
- Identification of potential partners
- Identify potential opportunities
- Clarify expectations
- Due diligence – understanding each other’s capacity
- Written agreement

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Agreement Elements

- Purpose & Scope
- Duration
- Decision-making structure & authority
- Legal & financial mechanisms
- Risk management strategies
- Accountability process & consequences

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**Collaboration Ideas for
Your Community ???**

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Could Working Together...

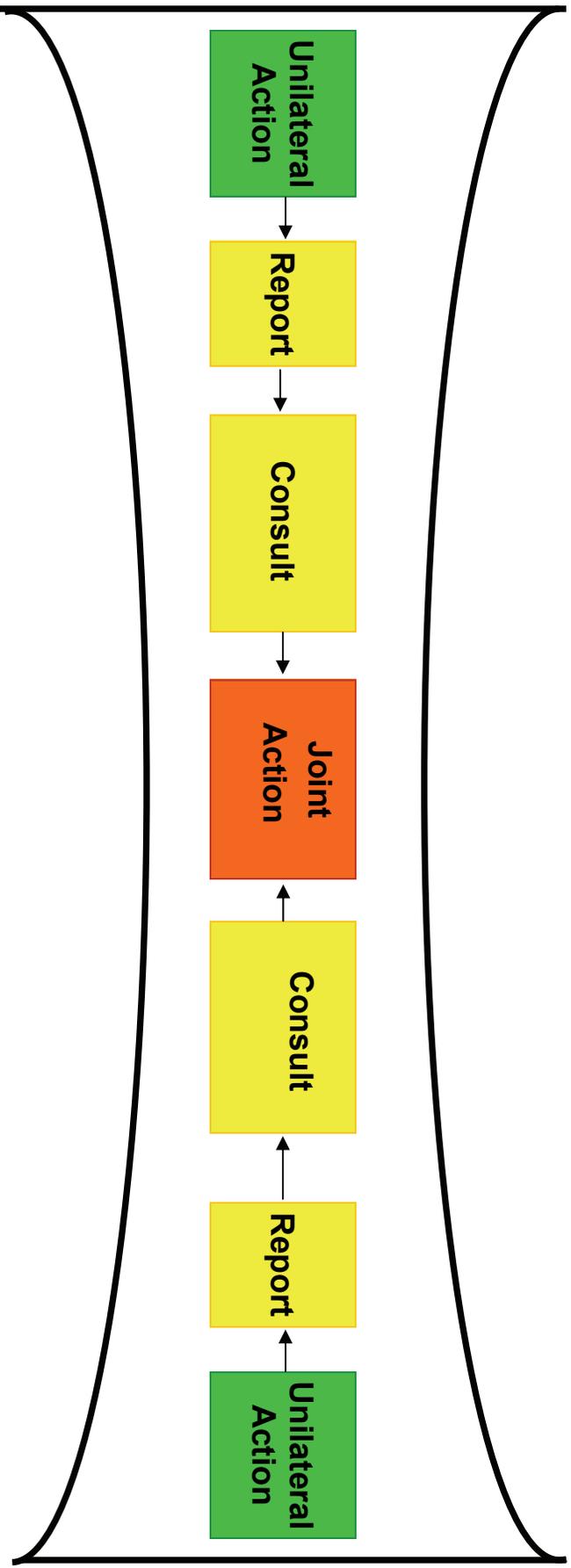
- Enhance service quality?
- Serve those currently left out?
- Enhance management & increase accountability
- Strengthen board & donor engagement?

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Next Steps???

- **SWOT analysis** - strengths, weaknesses, opportunities, & threats
- Identify potential **partners**
- Joint **discussion**
- Capacity **assessment**
- Identify pros & cons
- **Proceed with clarity**

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Continuum of Cooperation

A. Isolation

Your nonprofit operates with no or minimal awareness of the activities of other community resources and provides no or minimal information to other resources about your work.

B. Information Sharing–One Way

Your nonprofit collects information about other community resources or sends out information about your services but does not enter into mutual exchange of information.

C. Information Sharing–Two Way

Your nonprofit regularly exchanges info with other community services either in writing, through personal contacts, or by attending networking meetings.

D. Information Sharing–Input and Feedback

Your organization not only informs other resources about your work but seeks input or feedback from them about either current or proposed activities, and provides input and feedback to other resources about their activities.

E. Coordination

Your organization agrees to take into account the needs and activities of other organizations and considers changing plans to avoid conflicts with the work of others. For example, you agree to avoid holding your major fundraising event on the same date as another organization which may attract the same participants.

F. Cooperation

A more active form of coordination in which there is a clear attempt to help one another, cooperation may require more complex arrangements than coordination. For example, you agree to jointly staff a booth at a community fair with another nonprofit.

G. Joint Planning

You agree to work with another nonprofit to create a joint plan of action. For example, rather than just checking to be sure your fundraising events are not on conflicting dates, you work together to lay out a fund raising calendar for both organizations. Or rather than each organization separately planning what activity to conduct to attract people to your jointly staffed booth, you plan together how to operate the booth.

H. Joint Decision Making on a Specific Project

You reach an agreement about which organization will conduct services in which location. For example, two child care providers reach a joint agreement about which one will operate child care at which school location and agree not to submit competing applications for use of the space.

I. Collaboration

Your nonprofit and one or more other organizations reach a joint decision about activities which each entity will carry on which will have impact on the work of the others. Each organization will carry out the work with its own employees and own funds, but you have agreements about the nature of the work to be done by each. For example, an after-school youth program and a community health education program agree that the health program will organize and conduct health education activities for participants in the youth program.

J. Collaboration with Joint Funding

New funding is awarded to further the work that you and the other organizations have reached a collaborative agreement to perform. In some cases, the funding will be awarded separately to each participating organization. In other cases, the funder will award the funds to one organization with an expectation that the grantee or contracting organization will make resources available to the other organizations involved in the collaboration. This second approach will require creation of a contractual relationship between the entity receiving the funding and the other parties to the collaboration.

K. Joint Venture

Two or more organizations commit to acting together to accomplish a specified purpose, generally in a specified time period. They agree to share decision-making, risks and rewards. They agree on the investments each party will make in the joint venture. Unless they create a separate entity (like a partnership or a subsidiary corporation), the actions of the joint venture will be carried out by one or more of the organizations participating in the joint venture, but decisions will be made jointly.

L. Partnership

Formal partnerships provide a legal structure through which joint ventures can be operated and sustained. A partnership agreement establishes ownership and control of the partnership. The partnership is a separate legal entity with its own employees, financial records, and relationship with the IRS. It is controlled by the partners.

M. Management Support Organization

Typically a corporation, either nonprofit or for-profit, that is controlled by one or more nonprofit organizations. The MSO may provide shared services (fiscal management, information systems, etc.) on a contractual basis to the creating nonprofits or it may negotiate for and receive funding which it provides to the creating nonprofits or it may serve both functions. As a corporation, it is a separate legal entity, with its own board, records, employees, etc. The creating organizations control the MSO through appointing its board members.

N. Merger

Two or more organizations become one organization. The legal steps for joining the “merging” organizations may involve restating the by-laws and articles of incorporation of one which will go forward carrying out the work previously undertaken by the separate organizations, or may involve creating a totally new corporation.

Collaboration Structures and Implications

I. Collaboration without Joint Funding

Structural Requirements	Legal/Financial Realities
<p>Agreement regarding:</p> <ul style="list-style-type: none"> • Purpose • Participants • Duration • Activities to be performed by each participant • Information sharing and input expectations • Reporting • Public description • Accountability/ conflict resolution plan • Provisions for termination of the collaboration or • Removal of a participating organization. 	<p>Parties acting separately. Each assumes own legal risks. Each accounts for own funds and prepares own reports to funders.</p> <p>Potential issues: if collaborative agreement allows one organization's staff to act on behalf of another organization, can have risk management implications.</p>

II. Collaboration with Joint Funding

Structural Requirements	Legal/Financial Realities
<p>All elements listed in “Collaborations without Joint Funding” (previous page) plus:</p> <ul style="list-style-type: none"> • Agreement about which organization will receive and manage funds • Written agreement between organization receiving funds and other participants to which it will provide funds, which includes provisions for: <ul style="list-style-type: none"> ○ Admin fee to be taken by organization managing funds ○ Financial reporting by administering organization to participating organizations ○ Record keeping and compliance requirements of participating organizations ○ Reporting by participating organizations to administering organization ○ Authority of administering organization to require program performance of its subcontractors 	<p>Administering organization will act as the contractor with the funder, assuming all contractual responsibilities and potential liabilities.</p> <p>Other participating organizations will act as sub-contractors to the administering organization.</p> <p>Administering organization will report all contract income as revenue and report payments to participating organizations as subcontract expense.</p> <p>Subcontracting organizations will report payments from administering organization as contract income.</p> <p>Administering organization may be liable to funder for repayment of funds for which compliance requirements are not met.</p>

III. Joint Venture

Structural Requirements	Legal/Financial Realities
<p>Must determine the legal entity which will carry out the joint venture—i.e. contract for funds, employ staff, etc.</p> <p>If decide to use one of the existing organization, structural needs will be similar to the Collaboration with Joint Funding.</p> <p>If decide to create a separate entity to carry out project, must choose legal structure, most likely Partnership or MSO.</p>	<p>Will depend upon legal entity selected to carry out joint venture, i.e. Administering Organization similar to Collaboration with Joint Funding, Partnership, or MSO.</p>

IV. Partnership

Structural Requirements	Legal/Financial Realities
<p>Partnership agreement needs to include:</p> <ul style="list-style-type: none"> • Identification of partners detailing each of their % of ownership, % of profits and losses • Agreement about how managing partner will be selected • Agreement about initial and subsequent contributions to equity • Provisions for buy-out, termination, and revision of the partnership agreement • Agreements similar to those described for Collaboration without Joint Funding 	<p>Partnership will be a separate legal entity with its own federal EIN, employees, accounting records, and requirements for reporting to the IRS.</p> <p>If the partnership will employ staff, it will need employee handbook, benefits plans etc.</p> <p>If the partnership will conduct operations, it will need insurance and risk management plans.</p> <p>If partnership will enter into contracts for funding, it will need its own audit.</p> <p>If partnership will provide payments to the partner organizations to conduct specific programs or services, it will need to enter into written contracts with them similar to the subcontracts described for Collaboration with Joint Funding.</p> <p>Legal advice will be needed regarding protecting the participating organizations (owners) from potential liabilities of the partnership.</p>

V. Management Support Organization

Structural Requirements	Legal/Financial Realities
<p>Typically MSO's are corporations, either for-profit or nonprofit. Consequently, the MSO will need:</p> <ul style="list-style-type: none"> • Articles of Incorporation • By-laws • Board of Directors <p>If the MSO will be a for-profit, must clarify each participating organization's ownership interest (i.e. equal shares or some other arrangement) and right to participate in control (number of seats on board, etc.).</p> <p>If MSO will be nonprofit, must determine board composition and level of control to be exercised by each participating organization.</p>	<p>As a separate legal entity, the MSO will have its own federal ID #, board, employees, financial records, etc.</p> <p>Must establish the policies and plans described for partnership, and enter into contractual agreements for exchange of funds for services with participating organizations.</p> <p>Major difference between partnership and corporate structure have to do with potential liability of owners or creators. Legal advice will be needed.</p> <p>In general, it is somewhat easier in a corporation than in a partnership to bring new participating organizations into control of the MSO or to allow existing participating organizations to leave.</p> <p>If MSO is nonprofit, must determine whether to seek tax exempt status.</p>



Making Collaborations Work

Collaboration is an inescapable buzz-word of nonprofit life. It has long since passed from being a good idea – hopefully a natural way of approaching tough problems through cooperation with other resource providers – into becoming an explicit or implied requirement for grant funding.

“Collaborations” we’ve encountered have included every type of relationship, from long term agreements to submit joint proposals and exercise joint control of finances and programs, to casual listings of organizations that a grant applicant believes might offer some assistance to the applicant’s clients. We’ve even seen the term “collaboration” used to describe a relationship in which the funder would select, supervise, and evaluate the nonprofit service provider staff.

So with one term having such diverse meanings, it makes sense to start any discussion of collaboration with each participant being explicit about what they have in mind. If the interests of participants are limited to the referral model (we’ll tell our clients about your services, you tell yours about ours), all the collaborators need to arrange is a good system for exchanging information and keeping up to date.

If you want more than information exchange, you’ll need to invest more time in working out expectations, processes, and eventually, a written agreement for your collaboration. Among the key questions you’ll need to answer are:

What are You Trying to Accomplish Together?

Create new services? Improve current services? Reach new populations? Get money? If funding is the only really clear motivation, you may want to stop here. Few collaborations create “free” or even “cheap” money. They generally require more work than seeking funds independently.

What Contributions Can Each Organization Make?

Are these contributions truly essential to the deliver of service? Are contributions of potential collaborators different enough to make it worthwhile working together? The most successful collaborations involve groups that bring different skills and resources to the collaborative effort.

How Will You Handle Issues of Control, Accountability, and Responsibility?

Your funder will almost certainly want to contract with one entity. This reality may be confused by staff from the funder talking about relating to a collaboration steering committee, but when the attorneys have their day in reviewing the actually contract, one corporation will have to accept responsibility for managing funds and complying with contract requirements. Your collaborative will need an explicit, written agreement among participating groups about project decision making, compliance with funding requirements, and dividing up the money. Do you want every participating organization to have a say in budget and program decisions? If so, you’ll need to select a contracting agency willing to share control. If the groups agree that the contracting agency will exercise primary control, making budget and program decisions, include this in your written agreement.

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Collaboration Resources

Human Services Re-Structuring Pilot Project:

- Power point discussion of potential lasting collaborative structures
<http://restructurepilot.org/pdf/12-3%20Human%20Services%20Restructuring%20Workshop%20Presentation.pdf>
- Tool for early assessment of readiness
<http://restructurepilot.org/pdf/Self%20Assessment%20Worksheet%20-%20Initial%20Exploration.pdf>
- Tool to assess financial health
<http://restructurepilot.org/pdf/Self%20Assessment%20Worksheet%20-%20Beyond%20Exploration.pdf>

Stanford Social Innovation Review

- Collective Impact , John Kania & Mark Kramer, Winter, 2011
http://www.ssireview.org/articles/entry/collective_impact/

National Council of Nonprofits – Resources for Collaboration

- <http://www.councilofnonprofits.org/knowledge-center/resources-topic/administration-and-management/partnerships-and-collaboration>