Framework for Administrative Collaboration

The administrative challenges facing nonprofits are increasing:

- Lots of mandatory administrative requirements
- Important to comply with processes to minimize risk
- Administration getting more complex (healthcare, accounting, IT, data, etc.)
- Managing administrative detail generally **NOT** the core competency of most nonprofit organizations

**What do we do about it?**

**Models to Consider**

- **Insource**
- **Outsource**
- **Cooperate**
- **Collaborate**
- **Partial Mergers**
- **Co-location**
- **Cooperatives**
- **Joint Admin Operations**

**Insourcing:** (building your internal administrative capacity) is difficult.

**Outsourcing:** an important option not to be overlooked - trusted administrative vendors/contractors can help you focus on what you are good at - your mission, **NOT** your admin burden.

**Collaboration:** can have strategic benefits nonprofits should capitalize on.
# Administrative Collaboration Models & Examples

<table>
<thead>
<tr>
<th>Model</th>
<th>Who is Accountable to Participating Orgs</th>
<th>Who Owns/Operates the services</th>
<th>Governance of the org/services</th>
<th>Examples</th>
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<tbody>
<tr>
<td>Partial Merger</td>
<td>Lead organization</td>
<td>Lead organization</td>
<td>Lead organization</td>
<td>• AARP/Experience Corp.</td>
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<td>Co-Location</td>
<td>Lead organization</td>
<td>Lead organization</td>
<td>Lead organization</td>
<td>• Schoenbaum Center</td>
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<td>• Sabathani Community Center</td>
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<td>• Alliance Center for Sustainable Colorado</td>
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<td>Co-op</td>
<td>Co-op or Lead organization</td>
<td>Co-op directly OR a third party</td>
<td>Often representative of partners</td>
<td>• Chicago’s Back Office Co-op</td>
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<tr>
<td>Joint Admin Operations A.</td>
<td>Lead organization</td>
<td>Lead organization</td>
<td>Lead organization</td>
<td>• PPL: Property management &amp; support for neighborhood-based orgs</td>
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<tr>
<td>(contracted to another nonprofit)</td>
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<td>• Springboard for the Arts Incubator</td>
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<td>Joint Admin Operations B.</td>
<td>Standalone admin nonprofit</td>
<td>Standalone admin nonprofit</td>
<td>Standalone admin nonprofit, often representative of partners</td>
<td>• Aris Solutions</td>
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<tr>
<td>(contracted to a standalone admin nonprofit)</td>
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<td>• MAP for Nonprofits</td>
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<td></td>
<td>Lead organization</td>
<td>Lead organization</td>
<td>Varies, often representative of partners</td>
<td>• Office Prodigy</td>
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<td>• CompassPoint</td>
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<td>• MissionCenterL3C</td>
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<tr>
<td>Hybrid</td>
<td>Lead organization</td>
<td>Lead organization</td>
<td>Varies, often representative of partners</td>
<td>• MACC CommonWealth</td>
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<td>• Greater Public</td>
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Administrative Collaboration Resources

Things to Keep in Mind: Lessons Learned

If administrative collaboration was easy, everyone would be doing it. Your “social capital bank” is where to start.
- There are inherent challenges- technical, legal, risks assumed by the partners, trust-building necessary, politics, costs to manage etc. Creating partnerships like this takes courage.
- Trust and relationships are essential and take time- so in locating potential partners, starting in your own backyard is wise.

Enlightened self-interest is the “sweet spot” for collaboration.
- What are you good at/assets you have, where are your gaps? Connect with others that may offer what you are lacking
- Important to remember that you get out of the relationship what you put in.

Find partners that share similarities or complement one another.
- Either in programs or overall mission, work that is administered similarly can be done cooperatively
- This also provides the framework you need in order to develop additional synergies between the partners

Partners must to be willing to cede some autonomy and delegate
- Administrative collaboration requires leaders who are self-aware, able to see where their organization’s gaps and risks lie, smart enough to know what they don’t know, willing to share what they DO know.
- We all come from a world where we have to wear a lot of hats in our organization- collaborating with a partner can allow you to finally focus on what you are good at.

Typically need at least one strong partner at the table.
- Organizations most attracted to administrative collaboration are often those with nothing to lose; They are also the organizations that probably don’t have much capacity to bring to the table.
- The business model requires some strong partners at the table in order for it to work.

Articulate clear goals- what benefits can the collaboration yield? Not necessarily about saving money- that is challenging to achieve.
- Across almost all of the examples of types of administrative collaboration (with the exception of some of the cooperatives we’ve seen) it is rare to save money by collaborating.
- High quality expertise, Technology, and Risk management is not cheap. Often organizations have starved their administrative functions- so when joining into a cooperative or collaborative administrative partnership- it still almost always represents an increase in cost.
- Be clear about what you have to gain and loose. The biggest gain here is often having trusted partners and resources that can help you manage your organization more effectively and lower your operating risk
Things to Keep in Mind: Lessons Learned Cont.

Why collaborate? Collaborating creates possibilities for so much more: deepening and expanding your community impact.

- When we looked at all of the models for administrative collaborations around the country— one thing is clear— collaborating isn’t the easiest way to solve your administrative headaches. But it can bring the partner organizations some really important strategic benefits— aligning you with valuable partners and creating opportunity a greater impact.

<table>
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<th>Benefits &amp; Challenges: Administrative Collaboration Models</th>
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<td><strong>Model</strong></td>
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| Partial Merger | - Stronger partner assumes risk  
- Building and maintaining trust throughout the process  
- Respecting autonomy and org cultural differences  
- Identity & client perceptions | - Smaller partner gains resources & stability  
- Larger partner gains established programs not easily developed on their own  
- Broaden the reach of your mission  
- Scaling programs that would otherwise not be possible | |
| Co-Location | - Managing tenant relationships  
- Clear contracts/roles/goals and communication  
- Difficult to integrate service delivery (trust, compliance concerns) | - Sharing space can allow for natural sharing of admin functions  
- Potential opportunities for economy of scale  
- Co-location enables easy communication among partners  
- Synergy and opportunity for partnerships between organizations | |
| Co-op | - Cost-savings can be difficult to realize in some areas  
- Some savings larger occurs only for larger scale participating organizations  
- Building trust in services, managing vendor relationships  
- Costs of set up/ managing coop  
- Continuing to drive down costs (beyond just the first year of membership) | - High quality services for smaller size orgs  
- High-level expertise not affordable to a standalone org  
- Ability to drive down costs together, power to negotiate, economy of scale and purchasing power | |
| Joint Admin Operations A. (contracted to another nonprofit) | - Tensions of standardization vs. partner’s unique operations  
- Ceding autonomy can be a challenging change  
- Smaller orgs often see greater benefit than larger in relationship, managing risks on either side  
- Being very clear about goals & values before entering into a partnership, weighing the | - Improved efficiency, focus on mission not on admin functions  
- Can present partnership opportunities to both organizations  
- Stability for smaller org, larger org gets presence in community | |
| Joint Admin Operations B. | | |
Administrative Collaboration Resources

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<th>contracted to a standalone admin nonprofit</th>
<th>risks/rewards</th>
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<td>• Doesn’t always reduce cost- challenging to achieve</td>
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Tools You Can Use/ Reading List

**Nonprofit Collaboration Best Practices:**

- [http://foundationcenter.org/gainknowledge/collaboration](http://foundationcenter.org/gainknowledge/collaboration)
- [www.fieldstonealliance.org/client/tools.cfm#collaboration](http://www.fieldstonealliance.org/client/tools.cfm#collaboration)

**Nonprofit Outsourcing:**

- Nonprofit Outsourcing Assessment [http://jitasa.is/assessment](http://jitasa.is/assessment)

**Nonprofit Mergers:**

- MAP Realignment Resources: [http://mapfornonprofits.org/resources/#realignment](http://mapfornonprofits.org/resources/#realignment)

**Nonprofit Co-Location:**

- Nonprofit Centers Network [www.nonprofitcenters.org](http://www.nonprofitcenters.org)

**Cooperatives:**

- [www.cooperativenetwork.coop](http://www.cooperativenetwork.coop)
- [www.ncba.coop](http://www.ncba.coop)

**Nonprofit Joint/Shared Administrative Services:**

- Shared Services: A Guide to Collaborative Solutions for Nonprofits
www.nonprofitcenters.org/publications-and-research

- Outsourcing Back-Office Services in Small Nonprofits: Pitfalls and Possibilities