Author(s): Neel Hajra, 2010

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PubPol 671: Policy & Management in the Nonprofit Sector

Lecture 12: Collaboration/Merger Wrap-up, Examination of NEW
Neel Hajra
Paper #2 Revised Due Date

- Friday, March 5 at midnight
- Regular office hours this Friday
- Welcome email questions too!
Collaborations

Image available here: *In Search of Strategic Solutions* (p. 10)
http://lapiana.org/downloads/InSearchofStrategicSolutions.pdf
Collaborations - Coopetition
Why Collaborate/Merge?

- Mission/Impact
- Efficiency (internal and/or external)
- Enabler
- Sustainability
Collaboration - Culture

- How important?
- E.g., NEW’s acquisition opportunity
Collaboration Is Hard Work!

• …and COMPLICATED!
Collaboration - Merging for Dollars
Collaboration - Staff Involvement
Collaboration - Control: E.D. Integration
Collaboration - Control: Board Integration
Collaboration - Alignment

- Mission AND strategic alignment are critical to successful collaboration
Collaboration - Funder Involvement

- What role should funders play in encouraging collaboration?
Collaboration - Diversity Ideal?

- Tension between merger pressures and the diversity ideal
- What about monopoly?
- Administrative consolidation is compromise between the two ends of spectrum
Merging for Sector Efficiency: Unexplored potential

- What about more efficient capital sources? (funders!)
- More or less efficient to combine capital with service?
Collaboration - Conclusions

- Remember that collaboration/merger is a continuous spectrum
- Collaboration and merger can sometimes be more challenging in the nonprofit sector because of double bottom line
- Real “cost” is often underestimated
- Competition is not always a bad thing!!!
EXAMINATION OF NEW
Overview – Capacity Building

- Strengthen infrastructure and operations of nonprofits
- Boom and bust in 90’s
- Still a developing field
- Diffuse and inconsistent network
## Nonprofit Capacity Builders Serving Metro Detroit

(Data for other providers derived by NEW from a June 2008 survey prepared by La Piana Associates for the Michigan Nonprofit Association)

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### NEW Collaboration Notes

1. [ArtServe Michigan](#)
2. [City Connect Detroit](#)
3. [Community Legal Resources](#)
4. [Council of MI Foundations](#)
5. [Detroit Exec. Service Corps](#)
6. [Dorothy Johnson Center at GVSU](#)
7. [LISC](#)
8. [MI League for Human Services](#)
9. [Michigan Assoc. for Evaluation](#)
10. [Michigan Museums Assoc.](#)
11. [Michigan Nonprofit Assoc.](#)
13. [Neighborhood Senior Services](#)

(continued)
History of NEW
NEW in 2006

- 11 services
  - Broad but shallow

- Profits for 5 straight years
  - Funder fatigue, home runs

- Serving 1,000+ nonprofits every year
  - Broad but shallow

- Popular programs, good feedback
  - Popular ≠ Impact
Strategic Planning Process

- 6 month process
- National interviews
- Local interviews
- Local focus groups
- Surveys and studies
- Outside consultants
- Internal task force
Creating the Solutions

- Protect Intellectual Property
- Create sales plan
- Develop support plan

Transform Nonprofit Sector

- Identify Needs
- Identify Solutions
- Build Solutions
- Distribute Solutions

- Research needs
- Prioritize program areas

- Brand solutions for program areas
- Identify BHAGs
- Determine goals, measures, and metrics

- Develop model (ST / LT programs)
- Determine delivery mechanism
- Create marketing plan
Determining Needs

- Customer Focus Groups (current & past customers)
- Stakeholder Interviews (foundations, NEW partners / supporters)
- National Research
- Program Evaluations & Feedback

Nonprofit Sector Needs
- Improved governance
- Compiled, reviewed resources & information
- Additional time to execute programs
- Reduction in overhead costs / resources / efforts
- Training for leadership
- Consulting services (strategy, fundraising)
Prioritizing Program Areas

- Improved governance
- Compiled, reviewed resources & information
- Additional time to execute programs
- Reduction in overhead costs / resources / efforts
- Training for leadership
- Consulting services (strategy, fundraising)

- Available funding to design & pilot
- Revenue potential from providing service
- Portability / replicability

SECTOR NEEDS

PRIORITY AREA

SUSTAINABILITY

CORE COMPETENCIES

- Innovation
- Program design & implementation
- Tbd
- Tbd

• Governance
• Resources
• Infrastructure
• Office Solutions
Result: Long Term Vision

- Impact through depth
Five Year Vision (2006-2011):

NEW is an innovator that has developed a focused set of high impact services for the benefit of the nonprofit sector.

Each service was developed locally and has been widely distributed to other communities benefiting the greater nonprofit sector and generating earned revenue for NEW.

NEW is generating a significant portion of its funding from earned revenue and is no longer dependent on contributed revenue.

Notes:

1. Innovator – no programs are commodities and NEW will be innovative when “going deep” into a subject matter.
2. Focused set – BoardConnect, NEW Center, ResourceConnect, Shared Services.
3. High Impact – go deep into a subject matter area, with high impact services.
4. Nonprofit sector – the customer is not the nonprofit organization, but the sector as a whole. This is inclusive of customers of distributed programming.
5. Developed locally – local community is our laboratory and will be the beneficiaries of high impact, innovative, service.
6. Widely distributed – NEW will not staff up outside of “local” area – distribution through virtual/franchise channels.
7. Other communities – no geographic limit, particularly critical for web-based expansion & programming.
8. Earned revenue – subject matter areas and services/programs will be developed based upon their potential to generate revenue locally AND through distribution/replication.
9. Significant portion of funding – goals to be set annually with Board of Trustees.

Four Program Areas:

BoardConnect (comprehensive board development)
npServ (shared backroom operations)
NEW Center (a greatly enhanced NEW Center)
ResourceConnect (personalized information referrals for any nonprofit need)
Business Plans

- Constant Iterations
- Why a social enterprise approach?
  - Independence!
  - Social enterprise makes us answerable to the REAL customer
  - Funders get tired of repetitive funding
  - Self-sustaining model ensures continuity
  - Earned income is unrestricted money
  - Fee model creates “skin in the game” on both ends
  - Proxy for impact
NEW Business Model

- National Foundations
- Large Corporations
- Major Donors

Innovator
Service Provider
Solution Distributor

Innovation Laboratory
Service User

SE Michigan

Other Communities / LSPs

Seed Money

Feedback / Earned Revenue

Innovation Engine

Pilots / Services
Services / Solutions
Earned Revenue

• National Foundations
• Large Corporations
• Major Donors

NEW

Innovator
Service Provider
Solution Distributor

Innovation Laboratory
Service User

SE Michigan

Other Communities / LSPs
Funding the Business Model

Funding Requirements

Note: 2003-05 (actuals); 2006 (budget); 2007-15 (extrapolated for illustration purpose only)
Sales & Service Transformation

- Long term, constant process
- Requires new mindset
- Requires new skillset
- Requires new staff
October 2009

**Styles**

- Analytical
- Driver
- Amiable
- Expressive

**Communication Tips**

*October 2009*

- We need to know your expectations
- We need the big picture and then all of the specifics
- Be direct with us

*We prefer one on one communication
- We prefer talking over other forms of communication
- We like to collaborate and partner up
- Working in small groups is preferred

- Know, and be clear about what you want
- Choose in-person or email communications depending on complexity
- Follow-through with us as we discussed

- Be direct with us
- We need feedback
- Be patient with us
Rollouts of the “new” NEW

• To staff
  ◦ Resistance and a few departures!

• To public
  ◦ Used marketing consultant
  ◦ A lot of pushback
  ◦ Effort continues today
Re-Organization