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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!



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Collaborations

Image of
Partnership Matrix
removed

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



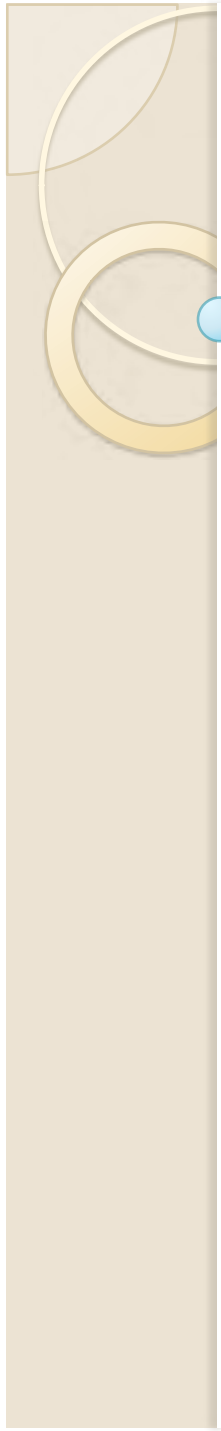
Merging for Sector Efficiency: Unexplored potential

- 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



History of NEW

NEW in 2006

- II 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

- 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



- 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**¹ that has developed a **focused set**² of **high impact**³ services for the benefit of the **nonprofit sector**⁴.

Each service was **developed locally**⁵ and has been **widely distributed**⁶ to **other communities**⁷ benefiting the greater nonprofit sector and **generating earned revenue for NEW**⁸.

NEW is generating a **significant portion of its funding**⁹ 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)



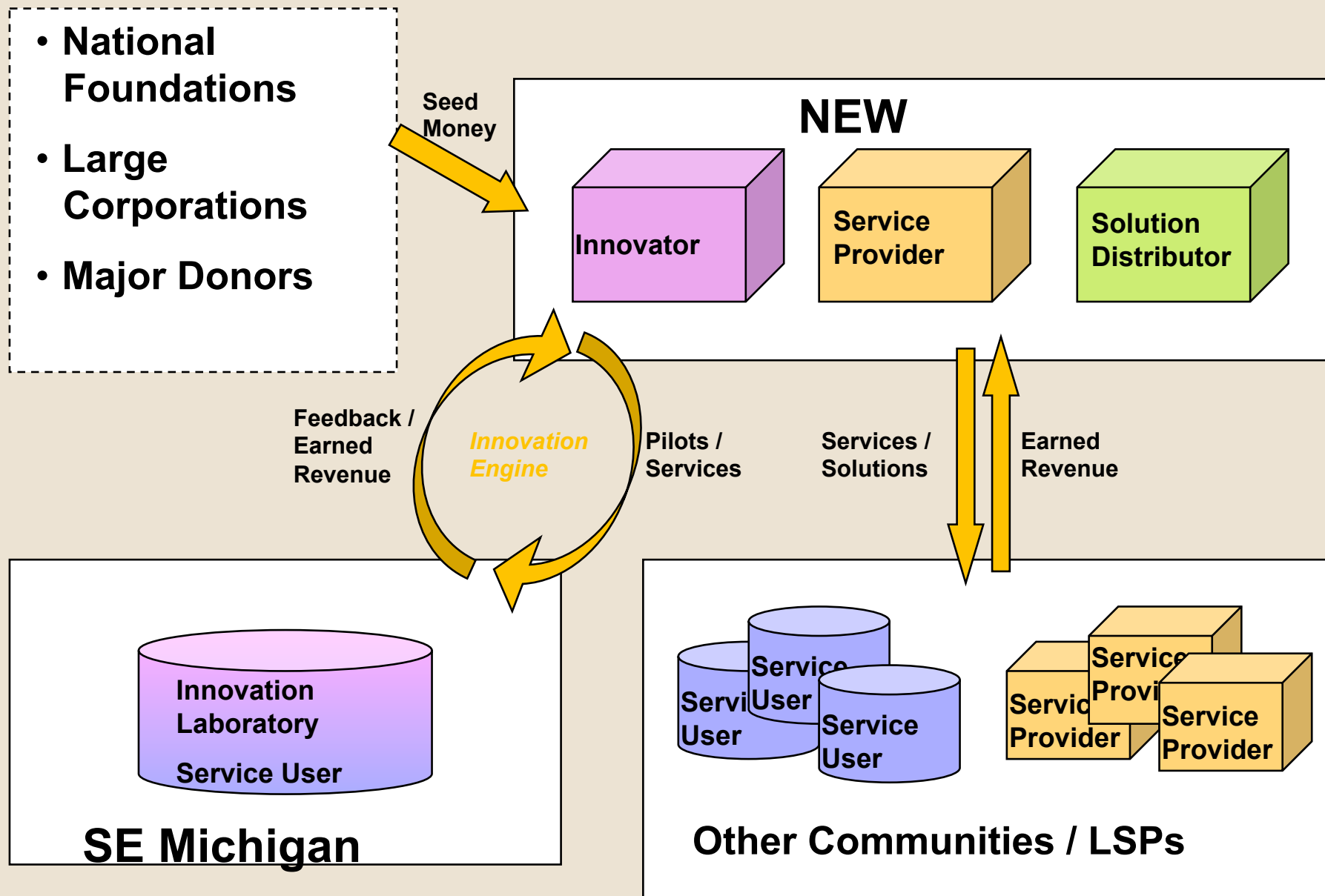
NEW



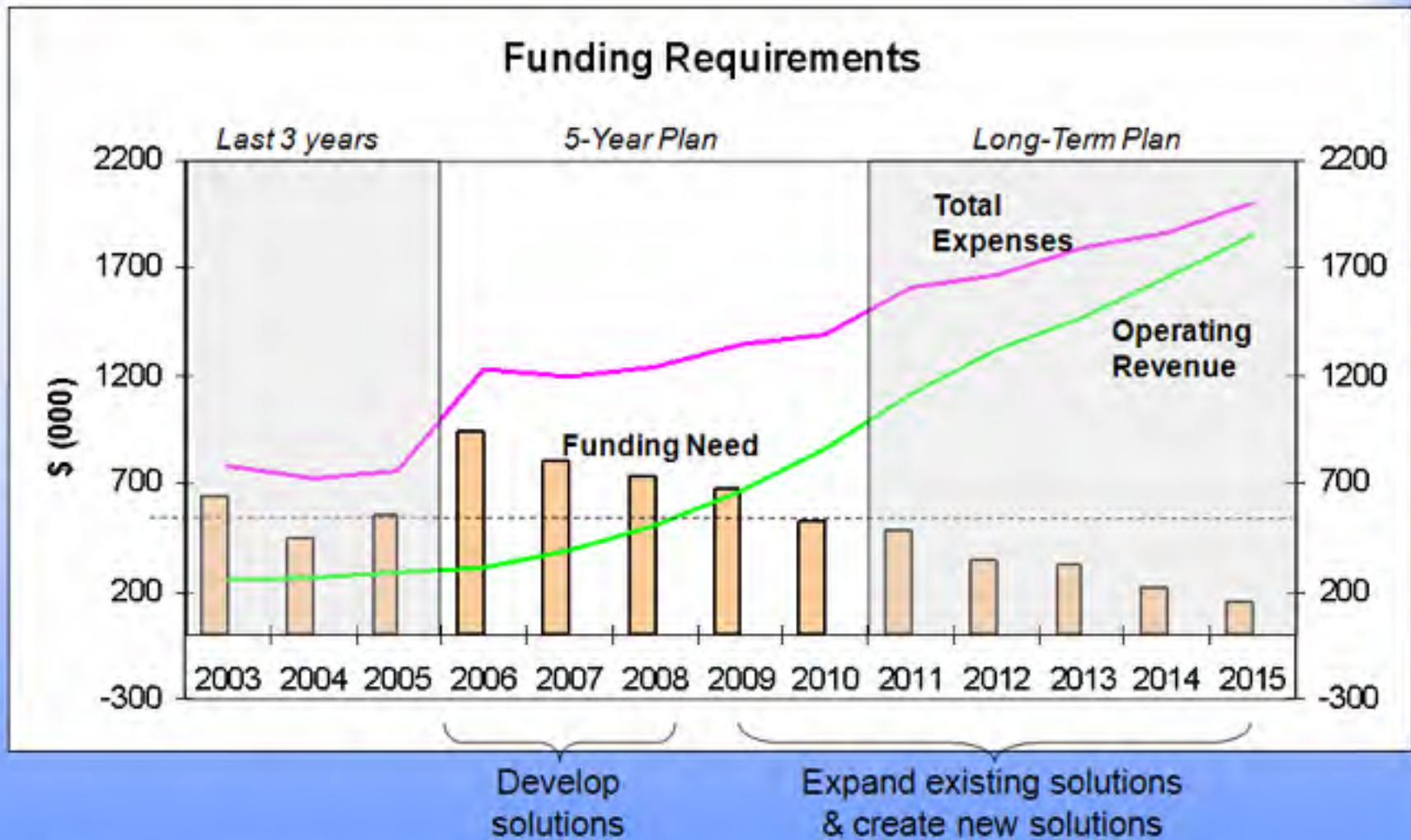
Business Plans

- 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



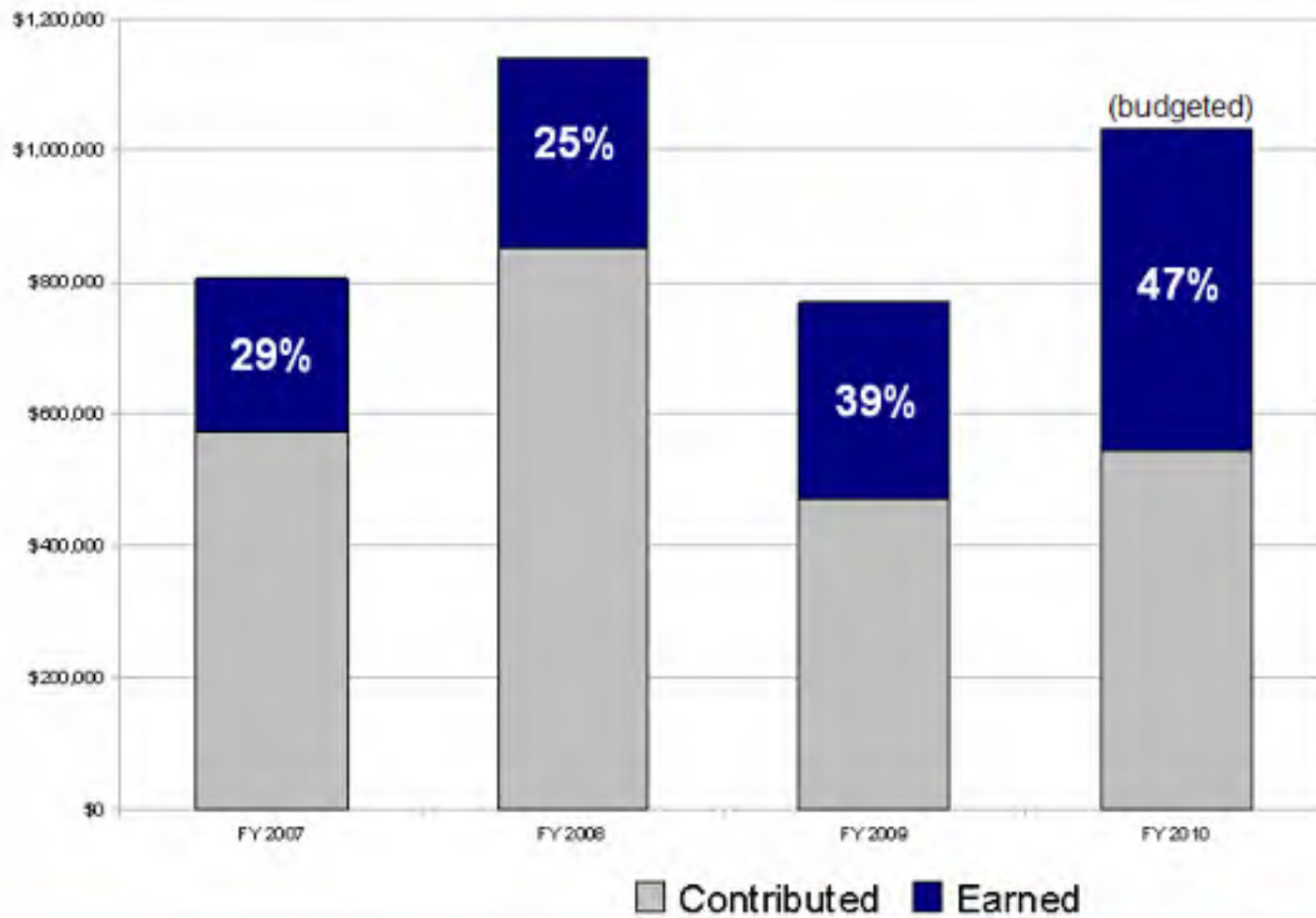
Funding the Business Model



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



NEW





Sales & Service Transformation

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



Observe



Conclude



Adapt



Act

October 2009

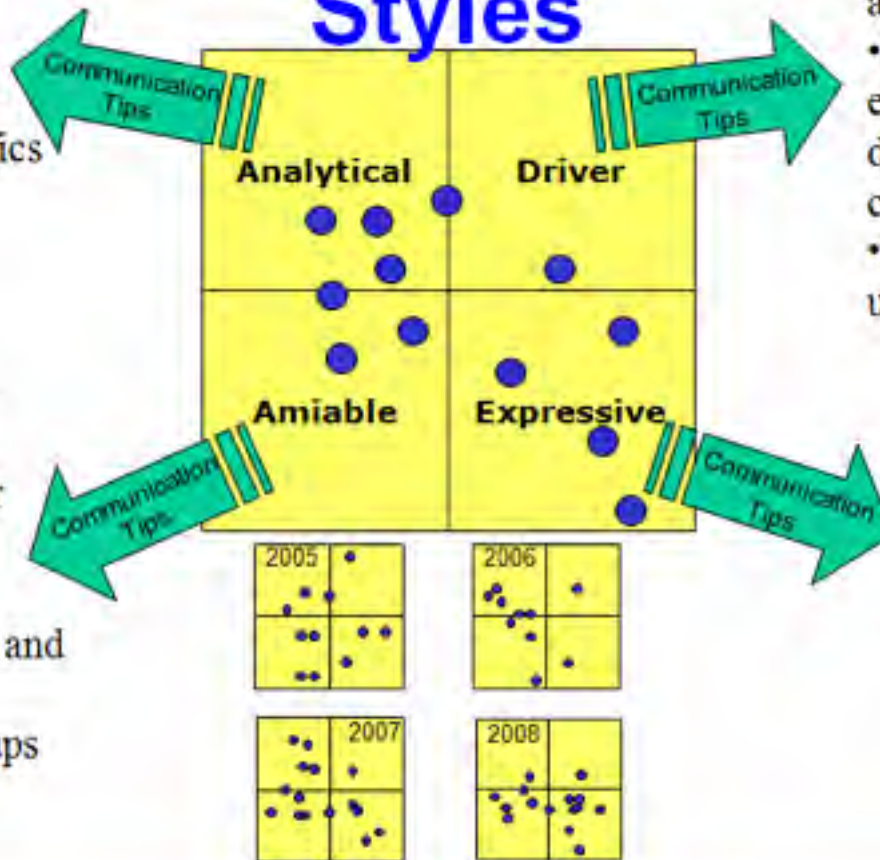
Styles

- 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



NEW



Rollouts of the “new” NEW

- To staff
 - Resistance and a few departures!
- To public
 - Used marketing consultant
 - A lot of pushback
 - Effort continues today



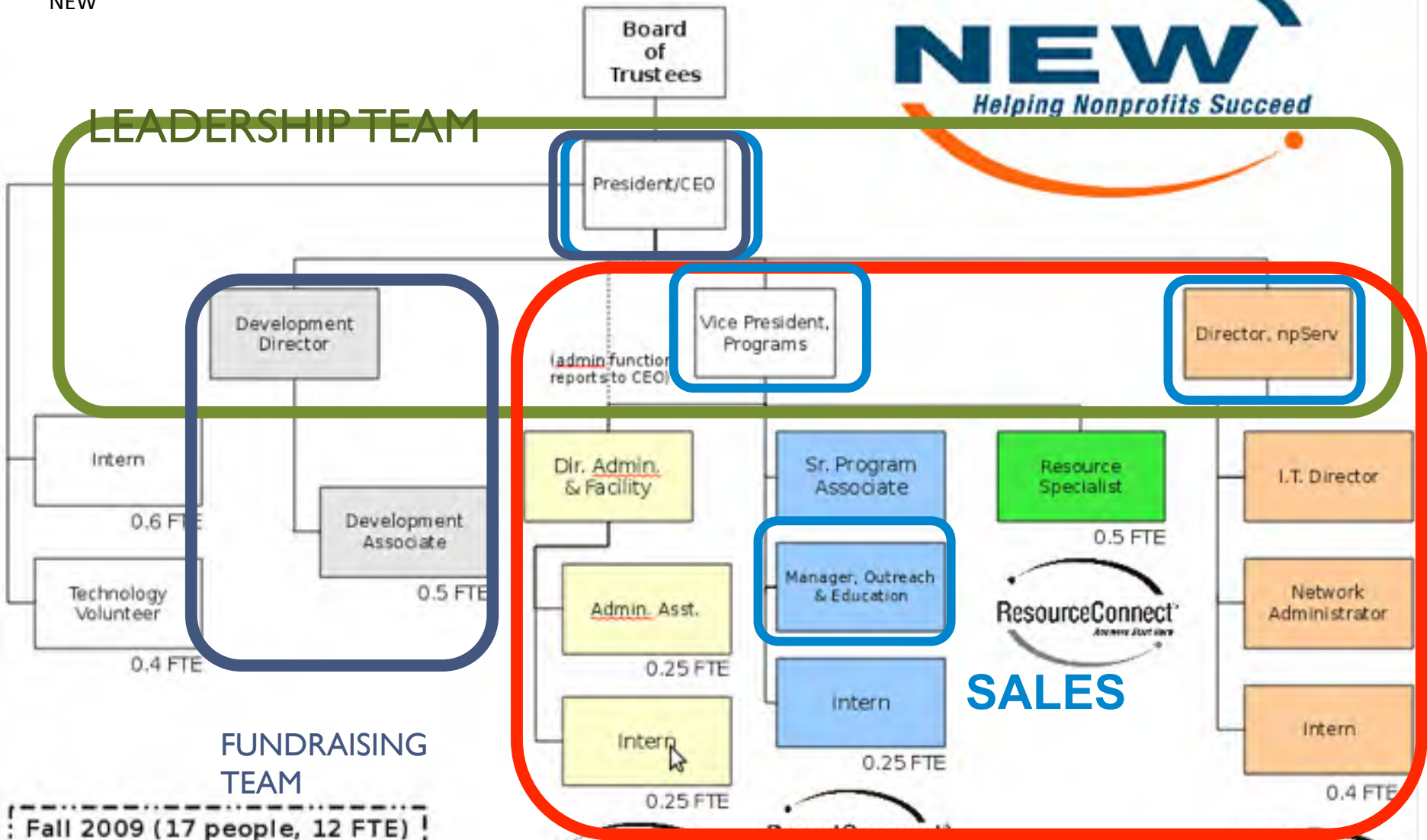
Re-Organization



NEW



LEADERSHIP TEAM



FUNDRAISING TEAM

Fall 2009 (17 people, 12 FTE)
 9 full time staff (9 FTE)
 3 part time staff (1.25 FTE)
 4 Interns (1.35 FTE)
 1 Regular Volunteer (0.4 FTE)

SALES

SERVICE TEAMS

