



COMMUNIQUE

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Source Sharing: Banding Together to Save Money

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On March 30, 2011 Jacobson Jarvis and MarketFitz, Inc. co-hosted a discussion on nonprofit resource sharing and ways CEOs, EDs, COOs, and Board Chairs are leveraging this trend to help their organizations run more efficiently. Response to the event was overwhelmingly positive and the models the four panelists discussed provided valuable information to the nonprofit community.

The panel consisted of moderator Susie Burdick, Executive Director of the Hearing Speech and Deafness Center, Debbi Lewang, a not-for-profit consultant, Heather Fitzpatrick, President and CEO of MarketFitz, and Kevin Maifeld, Founder and Professor of the Master of Fine Arts in Arts Leadership at Seattle University. The models discussed offer interesting insights into how not-for-profit organizations can come together and better use resources to find effective long-term management solutions.

- **Shared Resource Coalitions:** Executives of multiple nonprofits whose missions are not aligned, banding together to focus on effectively running the business aspect of the organization. Shared services include training, resources and information.
- **Combined Resource Sharing:** Five competing arts organizations banded together to leverage their purchasing power and resources to implement a new high-level software system. On their own, none of the organizations would have had the ability to move forward.
- **Combined Executive Sharing:** Five not-for-profits in Tennessee shared executive personnel. This allowed them to keep high-level staff, with advanced knowledge, employed full time.
- **Outsourcing of Services:** Organizations streamlined operations and received better return rates on their investment in marketing with a provider who could provide high-level work at the fraction of the cost of regular employees.

While these models varied in scale, organization and process, common benefits and challenges emerged. Some of the benefits discussed included:

- Reduced cost of operations through sharing staff, software and resources
- Ability to share ideas and concerns with a peer group, thus identifying best practices and problem resolutions
- Higher levels of employee satisfaction because of increased variety of responsibility and resources

Jacobson Jarvis is a full-service certified public accounting firm focused exclusively on the not-for-profit community. From audit and tax services, to assistance in addressing operational challenges or selecting new information technology, Jacobson Jarvis offers clients the expertise required to reach the right decision for their organizations.

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- Ability to keep high level staff employed full-time and provide better staff training and opportunities for development
 - Focused efforts through outsourcing allowed organizations to better allocate resources

The panelists all agreed that a strong leader from each organization was critical to the success of these projects. Those champions also needed the support of the board of directors and additional staff members. Some obstacles to successful collaboration were also discussed, and while not insurmountable, the panelists did offer this advice to those of you considering some form of source sharing:

- Identify potential barriers early in the process and eliminate them
- Be willing to commit the necessary time and resources from your organization
- Pick collaborating organizations carefully, build solid relationships and take faith in the ability of colleagues, as a level of trust must be developed
- Clearly define the roles and expectations of each organization
- When sharing resources or assets, be sure the accounting side of the relationship is handled by the organization with the strongest accounting team, as distributing costs and allocating them appropriately can be tricky
- Educate board and existing staff to get past the fear of "loss of control." Carefully manage employee expectations and fears, as they will often feel threatened with the prospect of job loss. Communicate the benefits to your organization and how it will impact the ability to fulfill its mission
- Board support is critical to the success of the project and they must be kept informed throughout the process

The current economic downturn has been difficult for the not-for-profit community, but it has encouraged organizations to take a hard look at their operations and come up with innovative approaches to running the business side of their organizations. In doing so, they can continue to deliver – and even increase – services in our community. The panelists concluded the discussion by encouraging organizations to think creatively about how to band together to save money, support one another, and improve results.