

THE LODESTAR FOUNDATION

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Maximizing Philanthropic Impact by Funding Nonprofit Collaboration

Jerry Hirsch, Founder and Chair

The Lodestar Foundation

Mission: To maximize the leverage of philanthropic dollars and engagement through the pursuit of two strategies:

- ▶ To increase philanthropic resources by supporting organizations, programs and projects that encourage philanthropy, public service and/or volunteerism; and
- ▶ To increase philanthropic impact by (1) encouraging and supporting long-term collaborations among nonprofits working in the same area, and (2) encouraging the adoption of other sound business practices.

Our Collaboration Funding Strategies

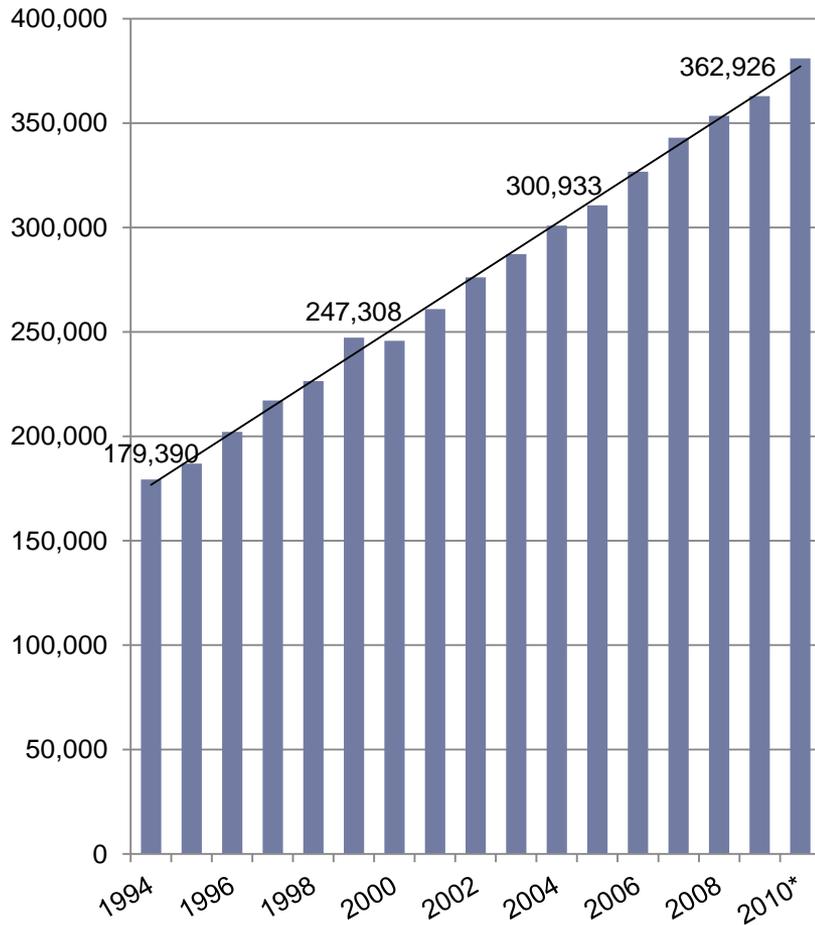
- ▶ To support collaborations among nonprofits
- ▶ To provide educational opportunities to learn about collaboration
- ▶ To build the field

The Imperative for Collaboration

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Growth in Number of Public Charities



Data from the National Center for Charitable Statistics
(Urban Institute).

* Estimated using *Giving USA* and NCCS
data

The number of organizations more than doubled in the past 15 years.

Exclusions and Inclusions:

- ▶ Excludes religious congregations and organizations that did not file an IRS Form 990 (less than \$25,000 in revenue per year).
- ▶ Includes support organizations, which comprise roughly 12.5% of the total, and which grew at a slower rate than the rest of public charities.

Growth of Nonprofit Organizations

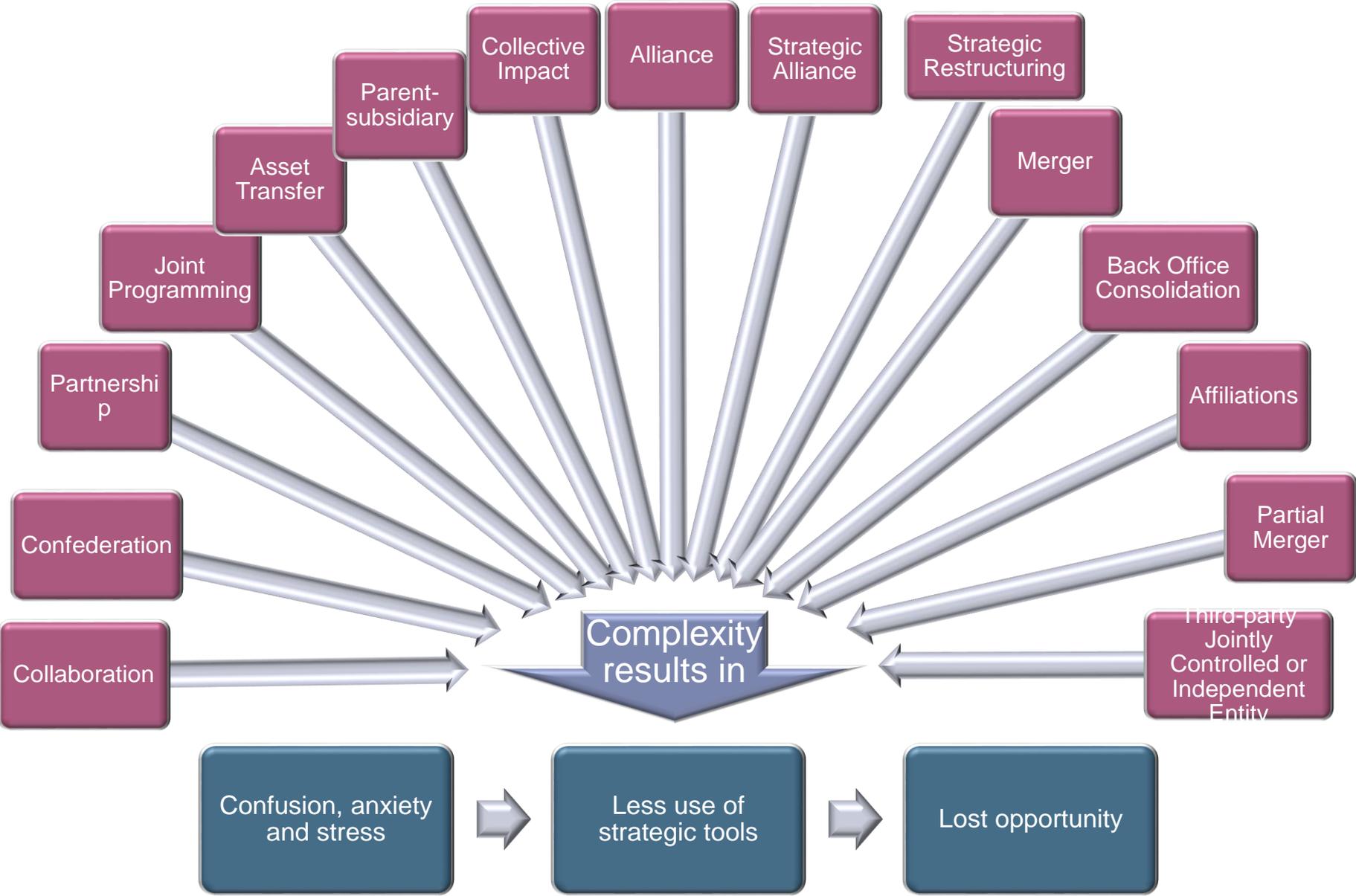
- ▶ The number of organizations that are commonly thought of as nonprofits (not the number of all tax exempt organizations) has doubled in the past 15 years – a 102% increase.
- ▶ Over this same time period,
 - ▶ the population of the United States has increased 17%; and
 - ▶ total giving by individuals, foundations, and corporations to these organizations has increased by 34%.
- ▶ This analysis does not include changes in fee income or government support.

Sources: *Giving USA, Foundation Center, and Urban Institute*
(Revenue adjusted for inflation.)

Reasons Why Nonprofits Hesitate to Explore Collaboration

- ▶ Failed previous attempts at collaboration – often in response to funding opportunities or mandates from community leaders rather than grounded organically in organizational mission and strategy;
- ▶ A history of competition between organizations and/or their leaders – they simply don't like one another or don't take the time to build positive relationships;
- ▶ Fear that collaboration will weaken an organization's competitive or comparative advantage and leave it unable to successfully compete in the future if the collaboration doesn't work; and
- ▶ Other fears about collaboration and lack of knowhow to overcome them.

Many Terms: What Do They Mean?



What Collaboration Means to Lodestar

Funding Criteria

- ▶ Organizations, on their own initiative, have a serious interest in exploring how they might collaborate or have already agreed to collaborate;
- ▶ The prospective collaboration is intended to be long-term (not limited by time or funding) and is to be memorialized in writing;
- ▶ The form of collaboration may be:
 - joint programming
 - sharing of administrative/back office functions
 - merger or acquisition
 - confederation
- ▶ Grants are used only to cover a portion of the one-time costs required to explore or complete the collaboration.

The Collaboration Prize and Nonprofit Collaboration Database

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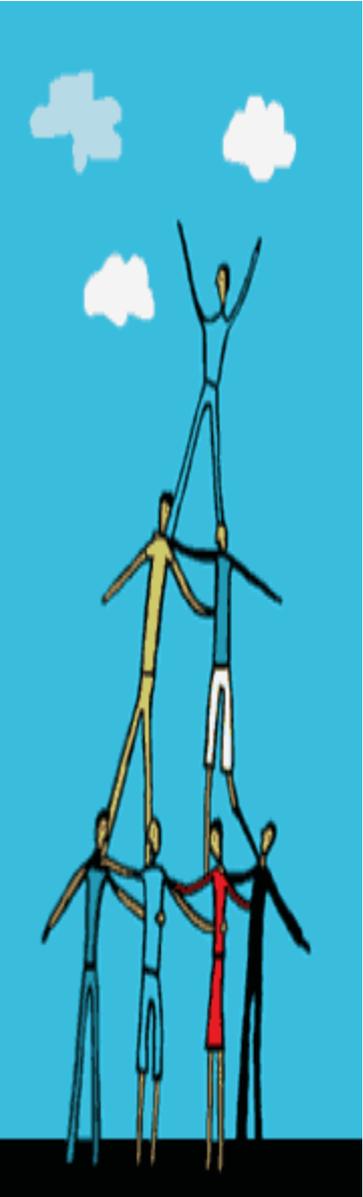


Goals

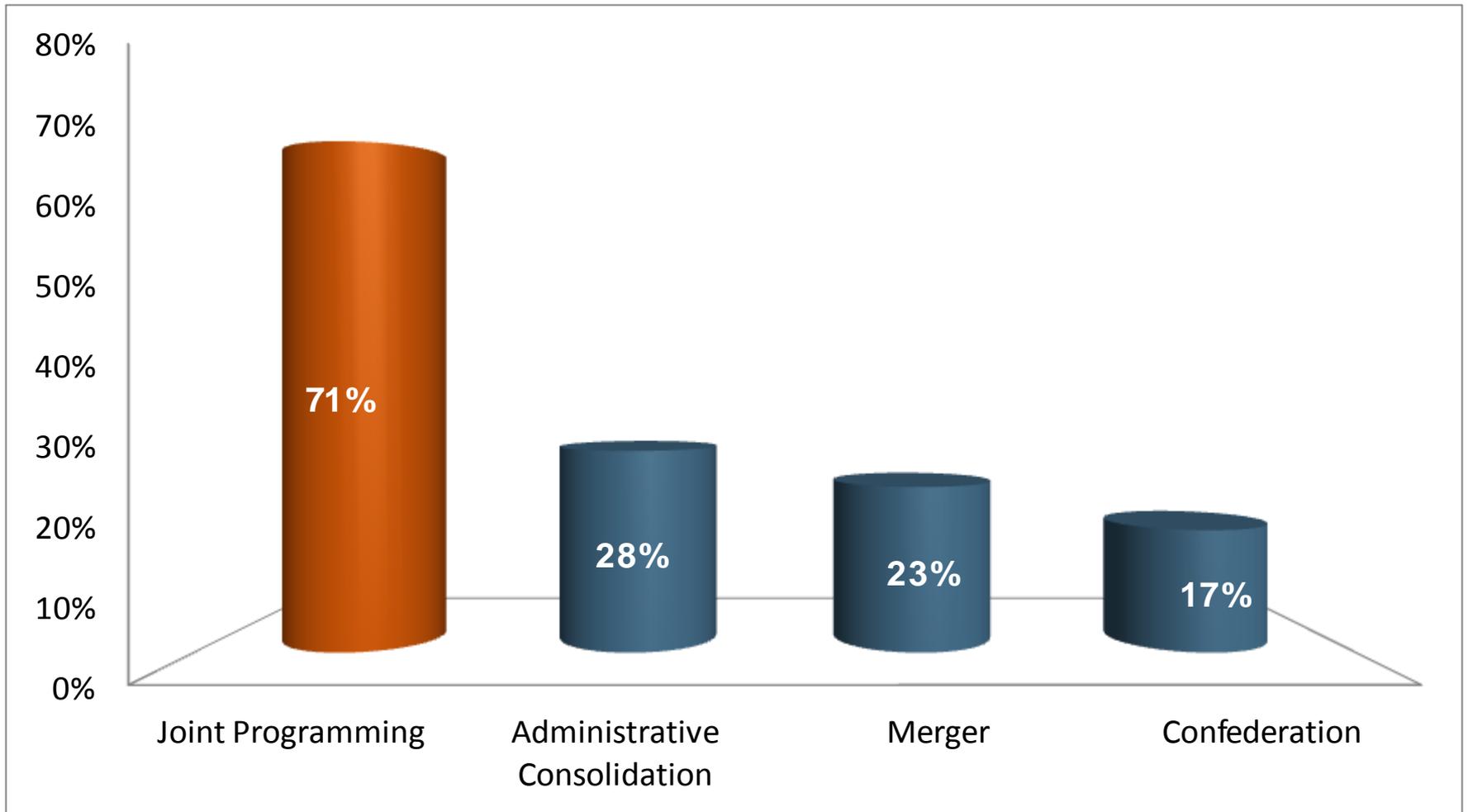
- ▶ To identify models of nonprofit collaboration for inspiration and replication in the nonprofit sector
- ▶ To build an information database of effective practice models for research and use by nonprofit leaders, grantmakers, academics, consultants and others

Results

- ▶ Database of more than 650 examples of collaboration (The database is a partnership between The Lodestar Foundation and the Foundation Center.)
- ▶ Heightened publicity for finalists and nonprofit collaboration

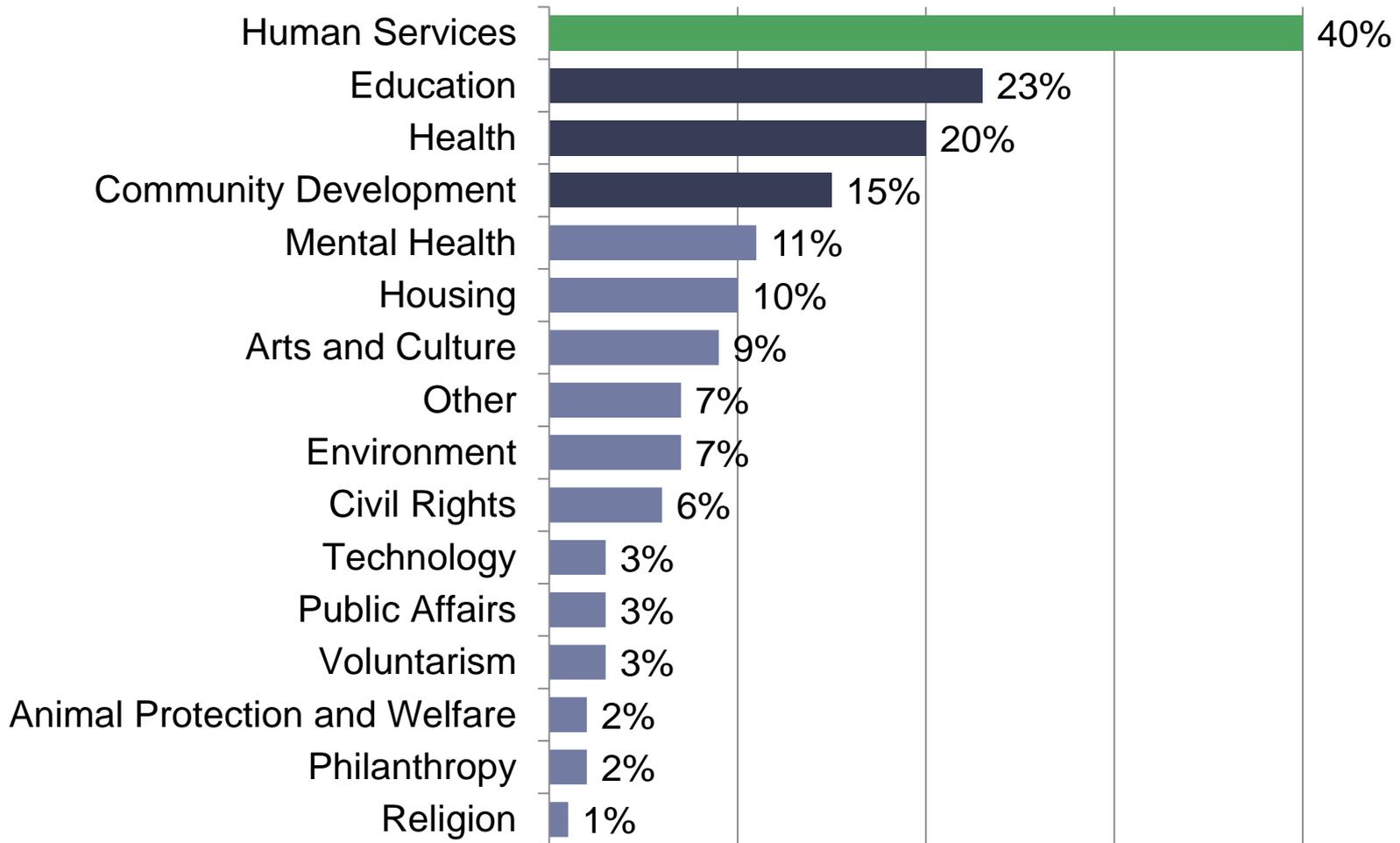


The Nonprofit Collaboration Database: Type of Collaboration



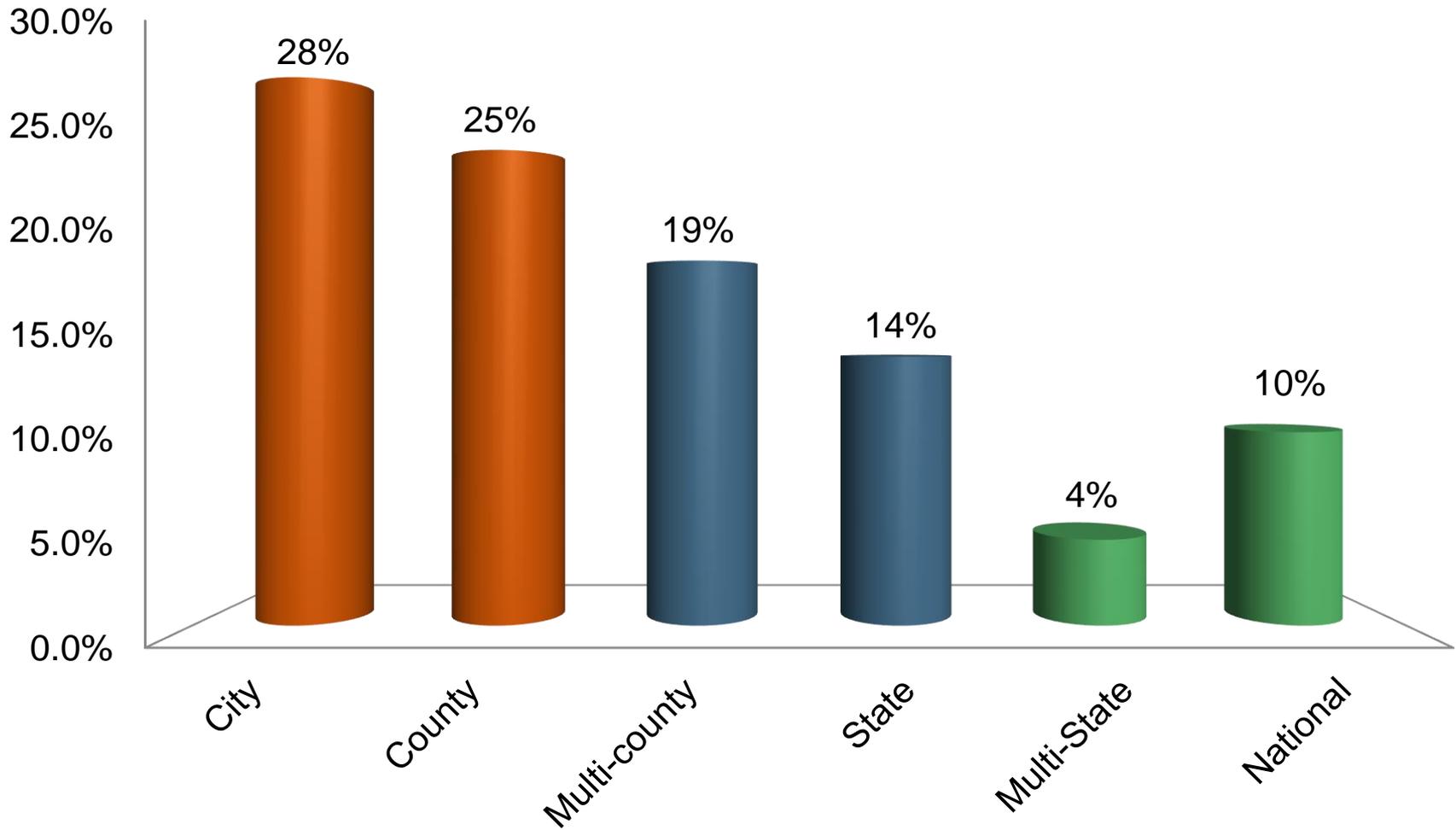
Percentages will not add up to 100% because nominees were able to select more than one category.

The Nonprofit Collaboration Database: Collaboration Focus Area

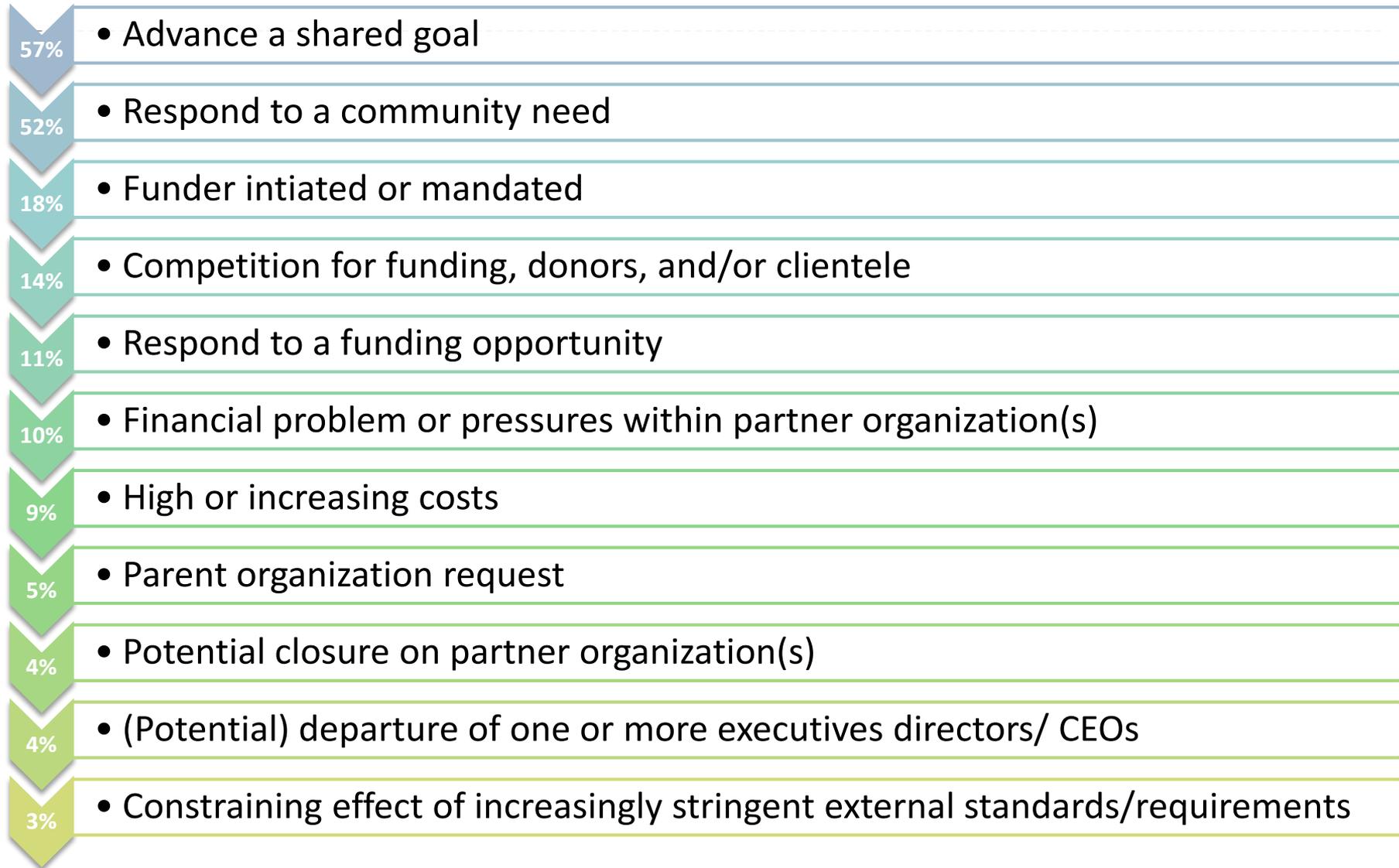


Percentages will not add up to 100% because nominees were able to select more than one category.

The Nonprofit Collaboration Database: Geographic Scope

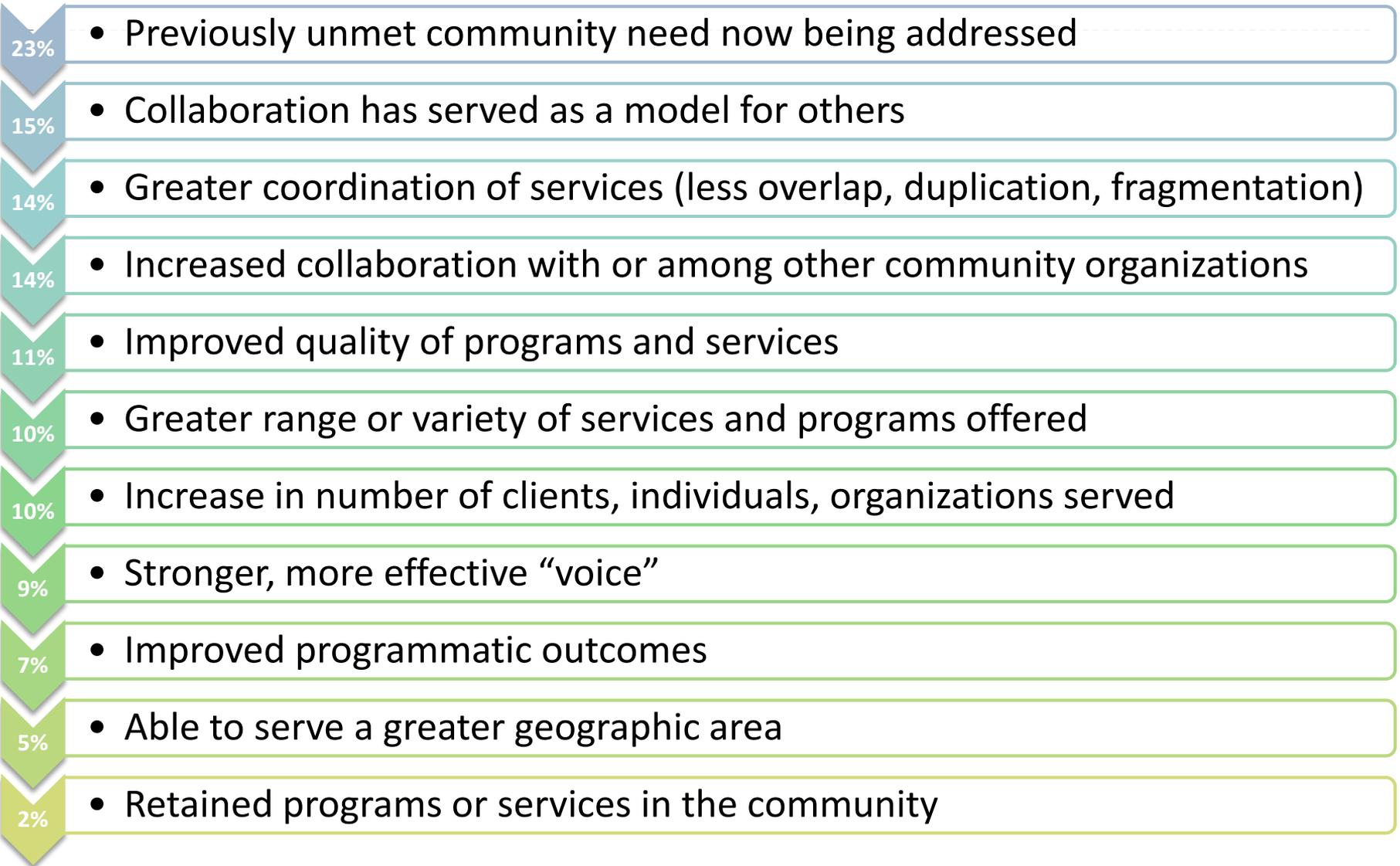


The Nonprofit Collaboration Database: Circumstances Prompting Collaboration



Percentages will not add up to 100% because nominees were able to select more than one category.

Nonprofit Collaboration Outcomes: Community Impact



Percentages will not add up to 100% because nominees were able to select more than one category.

Nonprofit Collaboration Outcomes: Organizational Efficiencies and Effectiveness

52% - Financial savings

47% - Fund development

37% - Greater ability to allocate resources to areas of need

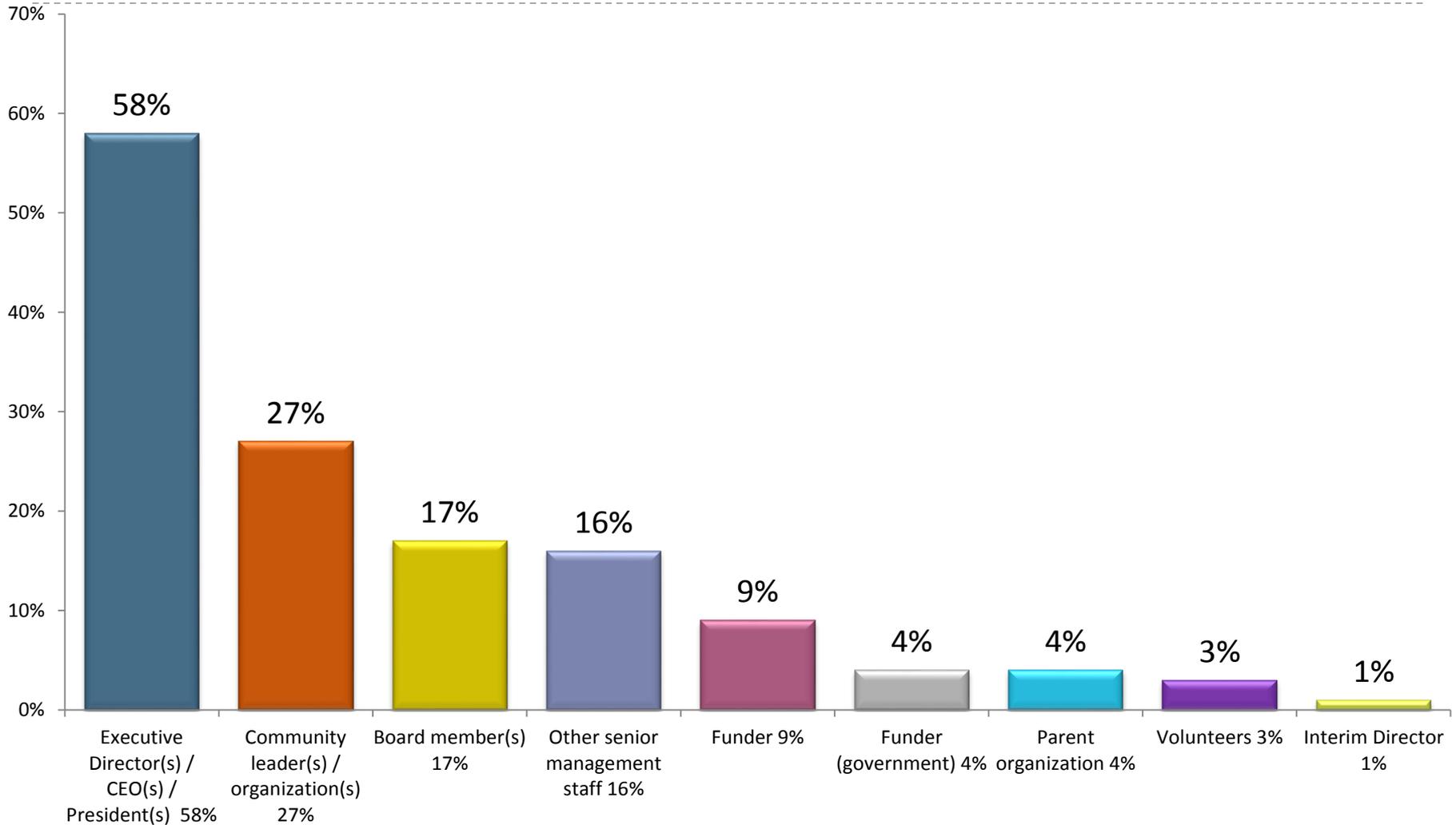
37% - Human resources

32% - Improved marketing and communications, public relations and outreach

31% - Greater ability for each partner to focus on core competency

Percentages will not add up to 100% because nominees were able to select more than one category.

The Nonprofit Collaboration Database: Initiators of Nonprofit Collaborations



Percentages will not add up to 100% because nominees were able to select more than one category.

Lessons Learned

- ▶ Many innovative and successful models of nonprofit collaboration exist.
- ▶ Collaboration takes time and resources.
- ▶ Funders have a critical role to play in the collaboration process:
 - ❑ Provide resources
 - ❑ Create an environment that encourages collaboration
 - ❑ Educate.
- ▶ Language of collaboration is confusing.
- ▶ Collaboration can be a highly effective capacity-building tool.
- ▶ Collaboration progresses more rapidly and effectively when participants are more focused on their mission than on their organization.
- ▶ Collaboration can provide an incredible bang for the buck.

Search the Nonprofit Collaboration Database

foundationcenter.org/gainknowledge/collaboration/



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GAIN KNOWLEDGE

Focus on...

- The Economic Crisis
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- Funding for the Arts
- Funding for Education
- Global Issue - Access to Water
- Global Issue - Climate Change
- Global Issue - Education
- Global Issue - Food Security
- Global Issue - Health Care
- Global Issue - Post-Conflict Countries
- Global Issue - Poverty
- Haiti Earthquake Relief and Recovery

Glasspockets

Research Studies

Nonprofit Collaboration Database



Tell Us What You Think
Take Our Survey »

This unique database provides models and best practices of exceptional nonprofit collaboration efforts drawn from projects presented for consideration for the 2011 and 2009 Collaboration Prizes. Explore different collaboration models, learn about strategies for overcoming challenges to working together, find metrics for measuring outcomes, and more. Get additional information about **the database**. Tell us what you think! **Contact** us anytime or complete a very brief survey to leave your **feedback**.

MAP SEARCH

See the geographic spread of nonprofit collaborations and access information about each one.

View the nonprofit collaborations on a map»

BASIC SEARCH

Ways to Collaborate accelerates your search by delivering results from categories of collaboration that interest you.



Collaboration Summary

Adoption Coalition of Texas

[«Return to Search Results](#)

Collaboration Details

To learn more about the Adoption Coalition of Texas, we encourage you to read the narrative search information related to the origins of the collaboration and challenges faced along the way.

Click [here](#) to read this collaboration's narrative.

Collaboration Summary

Please note that all data below was derived from PrizeSource independently.

Read the collaboration's full [narrative](#) via this link.

Partners	Lutheran Social Services of Texas, Texas Department of Family and Protective Services, Marywood Children and Family Services, Arrow Child and Family Ministries, Pathways Youth and Family Services, Austin Community Foundation
Type of Collaboration	Joint Programming - Involving Joint Programming - Creator Joint Programming - Creator
Geographic Scope	Multi-County
Collaboration Focus Area	Human Services
Populations served	Children and Youth Families

Year collaboration was established	2003
Collaboration Prize Year	2011
Goals Sought Through Collaboration	Address unmet and/or escalating community need Expand reach and/or range of services / programs Develop a stronger / more effective "voice"
Circumstances Prompting Collaboration	Advance a shared goal Respond to a community need
Initiators	Community leader(s) / organization(s)
Nature of Funder Involvement	Lead Investor Funded implementation
Number of Participating Organizations	5-7
Were Partners Added or Dropped?	No
Management Structure	One Executive Director / CEO / President
Challenges	Raising funds or integrating fund development to support the collaboration
Consultants	
Organizational Efficiencies and Effectiveness	Greater ability for each partner to focus on core competency Financial savings - Combined / coordinated marketing Improved marketing and communications, public relations and outreach
Community Impact	Previously unmet community need now being addressed Greater range / variety of services/programs offered

Collaboration Narrative

View the full multi-page narrative submitted for The Collaboration Prize.



Dear Selection Committee Members:

I am most pleased to nominate the Human Services Campus, LLC (HSC) located in downtown Phoenix for The Collaboration Prize. It is estimated that approximately 10,000 homeless men, women and children are living in Maricopa County, Arizona. About 1,000 of those individuals congregate in downtown Phoenix at any one time. To address this problem, Maricopa County government joined forces with the Maricopa Association of Governments' Continuum of Care Regional Committee on Homelessness to better coordinate services for the homeless and at risk populations in the region. Their planning efforts culminated in the recommendation that an integrated, collaborative downtown center be established as one component of a regional plan to combat homelessness in Maricopa County.

In November 2005, the Human Services Campus, LLC (HSC) opened in downtown Phoenix. A faith-based, non-profit, private, and public collaboration that provides wrap-around services for the homeless. This collaboration has become a national model, as well as a recipient of the National Association of Counties 2005 Platinum Innovation Award. The Campus consists of

The Collaboration Database: Value

- ▶ Lodestar partnered with the Johns Hopkins Listening Post Project to assess the value of The Nonprofit Collaboration Database to the nonprofit sector.

Key Findings

- ▶ Nearly 3 out of every 4 respondents (70 percent) ranked the database as a “very valuable” or “valuable” resource for the nonprofit sector
- ▶ In sharp contrast, just 3 percent ranked it as “not valuable.”
- ▶ Similarly, well over 2/3 of all respondents (68 percent) noted that they would be “very likely” or “likely” to recommend the database to an organization exploring collaboration. By contrast, just 8 percent noted that they would be “not likely.”
- ▶ Only 7 percent of the respondents had heard of the database before the survey.

Why and How Community Foundations Should Encourage Collaboration

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Why Encourage Collaboration?

- 1) Demonstrates leadership in encouraging more efficient and effective use of philanthropic dollars within the community.
- 2) Is a potentially high-impact form of nonprofit capacity-building, which many community foundations currently support; nonprofits often benefit from the self-examination that collaboration exploration demands, even if the collaboration does not progress.
- 3) Provides a marketing opportunity to attract business-oriented donors.

How to Encourage Collaboration

- ▶ Form a collaboration fund:
 - ▶ Funds are available when needed
 - ▶ The fund can be small and still be effective
 - ▶ Just awareness of the fund can promote collaboration in the community
 - ▶ An opportunity for the community foundation to form a funder collaborative

Other Ways to Encourage Collaboration

- ▶ Sponsor seminars and workshops on collaboration.
- ▶ Sponsor seminars or programs for affinity groups of nonprofits.
- ▶ Use capacity-building technical assistance grants to encourage collaboration exploration
- ▶ Make tools and resources on collaboration available to nonprofits.
- ▶ Support the training of consultants.
- ▶ Serve as a confidential match-maker for nonprofits seeking to collaborate.

Be sure to visit the
Nonprofit Collaboration Database!
collaboration.foundationcenter.org

Thank You

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