



2012

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Recommended Citation

Goldkind, Lauri and Pardasani, Manoj, "More Than the Sum of Its Parts: An Innovative Organizational Collaboration Model" (2012). *Social Service Faculty Publications*. 14.
https://research.library.fordham.edu/gss_facultypubs/14

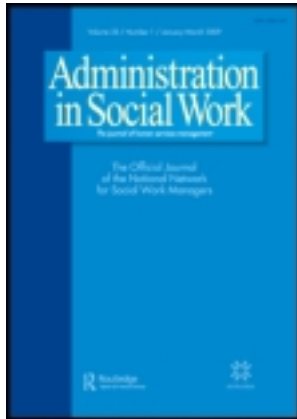
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On: 25 January 2014, At: 12:01

Publisher: Routledge

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



Administration in Social Work

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/wasw20>

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Accepted author version posted online: 05 Jan 2012. Published online: 20 Apr 2012.

To cite this article: Lauri Goldkind & Manoj Pardasani (2012) More Than the Sum of Its Parts: An Innovative Organizational Collaboration Model, *Administration in Social Work*, 36:3, 258-279, DOI: [10.1080/03643107.2011.584366](https://doi.org/10.1080/03643107.2011.584366)

To link to this article: <http://dx.doi.org/10.1080/03643107.2011.584366>

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More Than the Sum of Its Parts: An Innovative Organizational Collaboration Model

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For at least the past decade, the social service sector has been pressed by external forces to develop models of interagency collaboration. While many organizations use strategic partnerships, joint service delivery models, and even mergers to remain viable in climates of competition, few agencies have explored the possible rewards of sharing development and fundraising tasks. This article examines an innovative collaborative fundraising entity forged by three child welfare organizations in the New York City area. The authors conducted structured interviews with key stakeholders at each of the three agencies to describe the model as implemented by the agencies as well as begin to identify the organizational and executive characteristics that may make such models successful. The article concludes with a discussion of recommendations and suggestions for organizations interested in pursuing similar collective efforts, in addition to providing areas of consideration for agency executives.

KEYWORDS *development models, interagency collaboration, mergers, nonprofit administration, planned giving*

INTRODUCTION

With the economic downturn of the recent past and few prospects for a speedy recovery, merger and collaboration models are becoming increasingly attractive to agency leaders, boards of directors, and funders as vehicles

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for maintaining organizational viability (Ailworth, 2009; La Piana, 2010). One recent merger study identified over 3,500 mergers in four states over the last 11 years (Cortez, Foster, & Milway, 2009), suggesting that mergers are far more common than one may realize.

The notion of merging two or more organizations can connote power struggles, turf squabbles, brand identity issues, as well as the potential for disgruntled and displaced staff. However, not all merger tales are fraught with discord or conflict; the Foundation, a pseudonym for the actual organization the researchers investigated, is a replicable example of three agencies combining forces to create a fourth new entity. Examining this novel inter-agency collaboration may expand the current thinking on mergers and collaborations. The Foundation is a partnership of three youth services/child welfare organizations in the New York City area. Its expressed purpose is joint fundraising, specifically utilizing planned giving as a tool for ensuring organizational sustainability.

PURPOSE OF STUDY

While many organizations have made use of traditional merger or inter-agency collaborations, the Foundation is a model not frequently seen in the nonprofit realm. In this case, three organizations have committed time and resources (money, personnel, etc.) to create a fourth entity entirely for the express purpose of engaging specialized fundraising strategies. Specifically, the Foundation was founded with a mission of increasing the individual donor base of all three agencies via planned giving campaigns. Planned giving is typically the domain of universities and hospitals (Brown, 2004). However, as a fundraising tool, planned giving offers nonprofits many benefits, such as larger gifts, sustainable income, as well as fiscal benefits for individual donors. Many agencies, however, forgo involvement with planned giving campaigns because of the legal and financial complexity the investment tools may offer (Barrett, 2008; Sargeant, Hilton, & Wymer, 2006).

This study documents an innovative partnership model co-created by three child welfare organizations located in a large metropolitan area. The organizations have significant roots in the community and together have over 400 years of combined services to children in the region. Key stakeholders at each of the three agencies participated in structured interviews exploring the start-up process, the implementation process, and the future of the Foundation. The purpose of this paper is to document the founding of the Foundation and describe the course of action the three agencies engaged in to launch it. Additionally, this project sought to identify the factors that may enhance or hamper the sustainability of such collaborations.

LITERATURE REVIEW

Often organizations are pressed by environmental forces such as funders, changing populations, and otherwise dwindling resources to join forces with similar agencies. Collaboration and mergers for the sole purpose of building fundraising capacity are nearly unheard of. However, three New York City-area child welfare executives have taken up this challenge head on and are building a new model of collective agency partnerships. As mentioned above, the focus of the Foundation is on increasing individual donors for all three organizations via planned giving. The following brief review of the collaboration and planned giving literature sets the context for a deeper look at three agencies who have come together to create a new organization entirely, the Foundation, a fourth entity founded solely to benefit the other three.

Collaborations/Mergers

Over the past 40 years nonprofit agencies have increasingly been pressured to operate more like the private/corporate sector. From total quality management and accountability schemes to inter-agency partnerships, collaborations, and mergers, nonprofits are being nudged toward consolidation and resource conservation efficiencies (Toepler, Seitchek, & Cameron, 2004). In the midst of the United States' "great recession" and the worldwide financial crisis, funders are even more aggressively suggesting that nonprofits consider merging—that is, fusing their boards, program management, and identities, and creating newer, more comprehensive organizations (Banjo & Kalita, 2010). Nonprofit leaders cannot ignore these trends. A recent Bridgespan Group poll of nonprofit executive directors found that 20% of 117 respondents stated that mergers could play a role in how they respond to the economic downturn (Cortez et al., 2010).

La Piana (2010) articulates two ideas supporting the pressure toward mergers for nonprofits: first, a perspective exists among funders that there are too many nonprofit organizations to support; the second perspective is that most nonprofits are too small and therefore cannot operate efficiently. Mergers, some suggest, would reduce service duplication and the intense competition for scarce funding. Consolidating organizations would also introduce economies of scale to the sector, increasing efficiency and improving effectiveness (La Piana, 2010). One could argue that social services do not duplicate services since clients cannot "double-dip"; in other words, clients cannot access the same services from two agencies. However, in densely populated regions, there are a multitude of agencies that attempt to provide all the services they can for their clients—even when similar services are available in neighborhood agencies. This means that agency resources are stretched and their core services are affected. It would be helpful if agencies

could partner strategically and focus on specific core services that they excel in, while promoting client access to other services through structured referrals and service sharing. While many agencies do provide referrals, due to the competitive nature of grants based on utilization rates (number of consumer served), some agencies shy away from introducing their clients to other agencies for fear of losing them altogether.

Nonprofit mergers and even interagency collaborations are not without challenges that can hamper service delivery, unduly burdening already overstretched staff and challenging good faith relations between agencies (Golensky & DeRuiter, 1999). Like individuals entering into a marriage, agencies bring their unique cultures and perspectives with them to the merger table.

As Wimpfheimer, Bloom, and Kramer (1990) state, "When agencies come together to discuss a possible collaborative effort, they bring with them the history of their respective organizations; their present available resources, personnel, and organizational structures, and a future, as set forth in their agencies' philosophies and goals" (p. 90). This can lend itself to new efforts being hampered, unless clear communication channels and honest appraisals of strengths as well as liabilities are discussed and agreed upon from the outset of the collaborative or merged relationship. Often the terms *merger*, *collaboration*, and *partnership* are used interchangeably. However, slight nuances in meaning separate the concepts from simply serving as synonyms of each other. *Merger* can be defined as the result of a decision by two or more organizations to combine their operations in a permanent relationship (Golensky, & DeRuiter, 2002; Toepler, Seitchek, & Cameron, 2004). *Collaborations* more typically refer to the sharing of resources and facilitation of knowledge transfer between organizations (Hardy, Phillips, & Lawrence, 2003; Johnson, Zorn, Kai Yung Tam, & Johnson, 2003). Lastly, *partnerships* refer to more time-limited arrangements where two organizations share resources for a limited time to meet a specific goal. Partnerships arise through two main trajectories: like-minded executive directors who propose that their agencies join forces to meet a goal, or at the behest of funders who see opportunities for maximizing resources (DiConsiglio, 2004).

Cortez et al. (2010) suggest five strategic benefits that nonprofits should evaluate when considering merger situations: quality improvements, improved efficiencies, increased funding, the development of new skills, and/or entry into new geographic locations. The newly established Foundation represents three of the five benefits they define. By pooling resources and forming the Foundation, all three agencies are entering into the possibility of improving their results in the area of cultivating individual donors and raising levels of individual giving. These organizations have signed on to the ideas of increasing access to greater fundraising capabilities, as well as developing new skills in the planned giving and individual donor cultivation arena.

Planned Giving

Often the levels of fiscal and legal complexity of planned giving tools are outside the realm of human services and social welfare organizations. Yet these agencies' survival in climates of intense competition and tight finances makes engaging with planned giving a strategy that can't be ignored. It is predicted that a minimum of \$6 trillion will be transferred to charities through bequests alone in the last decade and predicted through 2052; this trend has proved true despite the economic downturn (Richardson & Chapman, 2005). Additionally, conventional wisdom suggests that planned giving, the transfer of wealth to charities in the form of gifts of assets rather than gifts of cash, is growing dramatically (Richardson & Chapman, 2005). Particularly in the current economic climate, nonprofit executives and fundraisers have a critical need to understand gift assets and deferred or planned giving.

Planned giving has been described as the process where "people (givers) are doing what they want to do with their assets, and gift planners are helping them to do it" (Sharpe Sr., 1999). This simple idea has given rise to a variety of financial products that allows donors to share their resources with nonprofits in a mindful or planned fashion. Donors can plan their contributions in a time-phased or deferred manner. Donors engaging in planned giving have considered integrating their personal financial objectives with their altruistic impulses (Dresner, 2008; Madden & Scaife, 2008).

Dame Greene (2003) investigated donor's motivations for engaging in planned giving and found donors identified two main reasons for such gifts: a) belief in the organization and the desire to support it (nominated by 97%); and b) support for the ultimate use of the gift (82%). In other words, donors were convinced of the worthiness of the organization and, just as importantly, they were convinced of how their gift would be used. An added advantage for some philanthropists is that certain planned giving products allow the donor to receive interest income on their contribution, while allowing the principal amount to support the nonprofit organization.

Planned giving strategies can be as simple as writing an organization into one's will and as complex as engaging in charitable remainder trusts, with many mechanisms in between. Planned gifts can be organized into two categories: current gifts and deferred gifts; each donation type has a set of possible options or choices available as vehicles for the donor (Dame Greene, 2003; Phillips & Robinson, 1997). Table 1 describes the basic array of current and deferred gifts more specifically.

The United States enables planned giving through 'charitable remainder' or 'split interest' trusts. These arrangements allow affluent taxpayers to irrevocably contribute property to a charity, but retain the income derived from that property for their and their spouse's lifetime. An immediate income tax deduction for the contribution's present value is allowed together with concessional capital gains tax and inheritance tax (Madden & Scaife, 2008).

TABLE 1 Types of Planned Gifts

Current Gifts	Deferred Gifts
Charitable remainder trust: An irrevocable trust that pays a specified annual amount to one or more people for a fixed period of years. At the end of the term of the trust the remaining trust assets are distributed to the charity.	Life insurance: A donor gives a life insurance policy to the charity. The cash value of the gift is tax deductible as are any future premiums the donor may opt to pay on the policy.
Charitable lead trust: Similar to a charitable remainder trust, in this case the principal reverts to the donor or donor's heirs at the end of the trust term. If the principal reverts to the donor, she gets a charitable gift deduction.	Bequest: A provision in a will or estate plan that allocates all or part of the individual's estate to a designated charity.
Charitable gift annuity: An irrevocable transfer of property (securities) in exchange for a contract to pay the donor an annuity for life.	Life estate: A provision in which a donor gives her/his home to the nonprofit while retaining the right to live there for life. The donor receives an immediate income tax deduction, upon the donor's death; the charity may sell the property.

In spite of their complexity, development professionals who choose to invest time in learning the facets of the planned giving universe will be able to bring powerful fundraising tools to human services organizations. Especially for agencies reliant on city, state, federal, and municipal contracts in this era of shrinking budgets, the ability to provide individual donors with a range of giving options may afford them greater opportunities to cultivate new revenue streams.

Planned giving is a specialized fundraising tool. An organization or group of organizations interested in planned giving must invest resources either in time, money, and staff or all three in order to begin a planned giving campaign. Some economists have argued that due to the relatively small percentage of overall budget that private donations make up, pursuing such investments would not be cost effective (Okten & Weisbrod, 2000). Similarly, scholars have also questioned whether government grant making displaces or supplants private sector giving and philanthropic behavior (Andreoni & Payne, 2003; Oketne & Weisbrod, 2000). While these are important considerations, for the three executive directors who founded the Foundation and crafted its mission of pursuing planned giving for child welfare activities, diversifying their funding bases and working collaboratively on a planned giving project trumped other possible considerations. Given their sizable annual budgets, even a small proportion of the budget to be raised privately could add up to \$1 million or more (as seen in Table 3). Also, the leaders of the three organizations want to develop a "legacy" of giving that ensures guaranteed private support for their agencies over the long term.

TABLE 2 Interview Questions

Area of Investigation:	Questions:
Collaboration/Inception	<ul style="list-style-type: none"> ● What factors led to the creation of this collaboration? ● Describe the steps that were involved in the creation of this collaboration? ● What resources were essential? ● How were staff, board members, and other leaders involved? ● What, if any, obstacles were encountered?
Implementation Process	<ul style="list-style-type: none"> ● Describe the implementation process? What, if any, obstacles were encountered in this phase? ● What advice do you have for other organizations seeking to create a similar project?
Outcomes	<ul style="list-style-type: none"> ● Is the current model of collaboration as it was originally envisioned or has it changed? ● What are some of the successes of this collaboration—material, psychological, operational, administrative, etc.? ● What are the obstacles to maintaining this collaboration? ● What, if anything, would you do differently if you could do over? ● Why do you believe this model is significant or critical?
Future Plans	<ul style="list-style-type: none"> ● What are the possibilities for expanding the current collaboration model? ● Thinking about the future, can you envision any challenges to continuing the collaboration?
Individual's Background	<ul style="list-style-type: none"> ● What is your title? ● How many years have you been in your current position? ● How many years have you worked in the nonprofit realm? ● What is your educational background?

Competition is fierce between nonprofit organizations vying for sustainability in a field crowded with service providers. The Foundation represents a visionary new model of partnership and collaboration where three organizations have together built a fourth entity for the express purpose of supporting each other and growing in tandem rather than any one of the organizations absorbing the other two. What follows is documentation of the start-up process of a jointly founded organization whose mission is to educate and engage donors in planned giving both collectively on behalf of the new organization and individually on behalf of the founding organizations. The researcher's analysis attempts to understand the impetus for such a partnership, the successes and challenges of building a collaborative entity, and a look at the future of this innovative fundraising union.

METHODOLOGY

The authors used qualitative methods, specifically open coding, to explore key constituents' experiences creating, starting, and operating a joint

fundraising organization. Structured interviews were conducted between 15 May 2009 and 30 September 2009. The individuals interviewed included executive directors, directors of development, and board members from each of the three agencies. Interview questions were organized around three broad strands: the design of the collaboration, the implementation process, and outcomes that resulted from the process. Table 2 describes the interview questions.

The interviews were conducted at the sites of the three agencies, all located in the greater New York tri-state area. All participants provided written informed consent. The study's authors have no prior relationships with the agencies or the Foundation.

Participants – Sampling

The three agencies each have long histories of serving children and families in the metropolitan area they are situated in. Collectively, the organizations have been serving children, youth, and families for over 400 years. The agencies are described in greater detail below, as well as in Tables 3 and 4:

AGENCY A

Founded in the middle of the 19th century, Agency A has a long history of providing a diverse array of child welfare-related services. With a budget of over \$55 million, Agency A has offices and facilities across the urban and suburban area. In the 2007–2008, the agency served youth and families in the following child welfare areas: residential schooling, day schooling, family preservation services, youth shelters, foster homes, crisis residences, and youth outreach.

TABLE 3 Summary Agency Information as Reported in the 2008 IRS 990

	# of Individuals Served	Total Expenditures	# of board members
Agency 1	7,300	\$60,069,137	34
Agency 2	10,000	\$12,222,235	14
Agency 3	5,500	\$9,127,674	23

TABLE 4 Annual Agency Revenues by Source as Reported in the 2008 IRS 990

	Government Contracts	Medicare/Medicaid	Private Contributions/Grants	Interest Income
Agency 1	\$43,000,000	\$9,000,000	\$2,000,000	\$800,000
Agency 2	\$9,000,000	0	\$3,000,000	\$22,000
Agency 3	\$3,000,000	\$3,000,000	\$4,000,000	0

AGENCY B

Agency B has done business in the region since its inception in the early part of the 20th century. Part of the original settlement house movement, Agency B has largely stayed true to its original mission of sheltering poor youth and providing assistance to families in dire circumstances. It serves clients in the urban area where its central office is situated. Agency B offers programs in three core areas: children and family services, young adult services, and community health services.

AGENCY C

Established as a residence in the early 19th century, Agency C works exclusively with delinquent girls. Today, Agency C continues to work with a predominately female population providing services for pregnant and parenting teens. Agency C operates a variety of youth programs across the metropolitan area based on its award winning asset-building, mental health model of teen pregnancy and disease prevention serving youth ages 14 to 23.

The Foundation

The Foundation is an incorporated nonprofit entity founded in 2007. The founders of the Foundation are the development and executive directors of Agencies A, B, and C described above. It was incorporated as an organization whose mission is to promote planned giving programs on behalf of the three founding agencies. Each agency has committed a volunteer to serve as a board member who is also a board member of the founding agency's board. The professional advisory council are professionals including lawyers, accountants, private equity analysts, estate and financial planners who promote the existence of the Foundation and offer the Foundation as a giving option to their clients. Members of the professional advisory council have been cultivated from the networks of the development staff at the three founding agencies. The Foundation operates with small budget contributions from each of the three founding organizations and also benefited from a two-year start-up grant provided by a local private foundation interested in interagency collaboration. Table 5 details a timeline of Foundation start-up activities.

Data Analysis

Interviews were recorded using an Olympus WOW SRS digital recorder and transcribed verbatim. Transcripts were imported into a qualitative software program to facilitate analysis (Atlas.ti 6). The co-authors who were the two investigators conducted the interviews using an iterative process to identify a

TABLE 5 Foundation Development Timeline

Task	Date
Proposal of Foundation idea	June 2006
Approvals by respective boards of each agency	June 2007
Development of the Foundation (legal process)	Fall 2007
Establishment of the Foundation	December 2007
Appointment of the Advisory Council and board	April 2008
Marketing	Ongoing

broad range of categories pertaining to subjects' understanding of the organization's milestones. The open-ended responses were coded techniques suggested by Strauss and Corbin (1990). This process included independent reading and coding of the transcripts to identify codes, comparison between investigators, and refinement of conceptual categories via consensus-building discussion (Strauss & Corbin, 1990). In the open coding phase of data preparation, the authors generated 130 unique codes. After the authors believed they had reached the point of saturation, where coding was becoming redundant, they met and compared their results (Bowen, 2008; Padgett, 1998). The next step was the distillation of those codes based on relatedness, shared meanings, overlap, and definitions into six major conceptual categories (categories are described in Table 6.). The authors proceeded based on processes outlined by Strauss and Corbin (1990), Miles and Huberman (1994), and Marshall and Rossman (1999), who suggest open coding to first

TABLE 6 Interview Conceptual Categories and Codes

Category:	Congruence	Obstacles/challenges	Resources
Codes:	Compatible Mission Common goal Longevity Strong and Supportive Leadership Prior relationships	Competing priorities No immediate benefit Complex process Lengthy process Economic climate Resistance (board) Turnover (staff/board/leadership/agencies)	Start-up funds Lead gift Professional Expertise Stakeholders
Category:	Board	Sustainability	Innovation
Codes:	Board priorities Buy-in Involvement	Cost to operate Collaboration Turnover Results Formal agreement Capacity Consensus Credibility Marketing	Planned giving Capital campaign Cultivation

break the data down into discrete parts and apply codes to it, then comparing and contrasting the codes and group sets of similar codes into conceptual categories.

A member-checking process was subsequently used in which two participants reviewed the analysis to provide opinions as to whether their views were appropriately represented. Lincoln and Guba (1985) describe member checks as “the most crucial technique for establishing credibility” (p. 314) in a study. In this way, the participants may add credibility to the qualitative study by having a chance to react to both the data and the final narrative (Creswell & Miller, 2000).

DISCUSSION OF FINDINGS

The Foundation’s history is rooted in the relationships that predate the foundation and exist between agency development staff. In 2007, development staff was discussing possible collaborative opportunities and the seeds of the Foundation were born. By choosing to focus on planned giving, an area of limited expertise for all three agencies, the thinking was that all three organizations would be on equal footing in terms of knowledge building and expertise; as none of the three agencies had a planned giving program, it was thought that they would learn and evolve their planned giving programs together. After conversations with executive directors and agreement between executive leadership and development staff to move forward, board members were recruited from the existing relationships in the networks of the agencies and development staff. As the structure of the Foundation evolved, each agency agreed to provide at least two board members for the new Foundation. To date those board members have been the executive directors of the partner agencies as well as a board member from each agency who serves a dual role of being a board member at their home agency as well as a board member of the Foundation.

A systematic analysis of the interviews with administrators, development directors, and board members from each of the three partner agencies yielded critical factors that they viewed as having played a significant role in the development of this innovative collaboration. The common categories that emerged from all of those interviewed were: board, challenges, congruence, innovation, resources, and sustainability. Table 4 describes the conceptual categories and the corresponding codes.

Congruence

All of the individuals interviewed identified congruence, or the alignment of agency missions, visions, leadership characteristics, and populations, as key factors that supported the development and implementation of the merger that resulted in the creation of the Foundation. The three founding

agencies have similar orientations, yet they are not in direct competition with each other. In fact, their child welfare mission was viewed as a positive element and was helpful in bringing them together. All three agencies receive a significant portion of their funding from their state and city children welfare divisions. Perhaps most importantly, all of the agencies also found themselves in the same predicament—they needed to supplement their contractual appropriations with additional fundraising and needed to diversify their funding bases.

The leaders of the three agencies recognized the need for a strategic and systematic plan for resource/fund development with their organizations. Long-term sustainability was already at the core of their individual fundraising efforts. They all were searching for an array of fundraising ideas that would excite their board and potential funders. As one executive director stated, “Well, I would say that the main factors are that . . . all three agencies had mutual goals for long-term stability and being leaders in the sector—those are two things that all their agencies share.”

BOARD INVOLVEMENT

Across interviews, the critical role played by key board members was highlighted repeatedly. The first step for the administrators in each agency was to pique board members’ interest in this initiative and create buy-in. What seemed to resonate with all of the board members was that creating the Foundation would support and not supplant their current efforts.

One of the chief hurdles for the administrators and development directors was the lack of knowledge on part of the board members about this type of merger. Since the model being proposed was complex and the fundraising tool, planned giving, was new to all three agencies, it was essential to have key supporters on the board who bought into the idea and understood the potential benefits of both a new organizational relationship as well as a complicated fiscal tool. The role played by these titular board members in shepherding the cause cannot be underestimated. All three agencies identified a key member of the board to build buy-in to the idea and help champion it to their colleagues.

“ . . . I mean he jumped at the idea, and boy I could tell you if [board member] hadn’t jumped on this it wouldn’t have happened, not because the board was disinterested, because nobody has time to understand this concept . . . he embraced it. [Board member] has the stature among the trustees, the financial background—it made it easy.” —Executive director

After a board member from each of the agencies had been recruited to support this plan, it was essential to educate them further on the intricacies of planned giving as well as the proposed merger. The board members from

each of the agencies met with one another and the attorney attached to the Foundation to discuss the structure of the merger, its potential benefits, and the fiscal and legal impact on each individual agency. Armed with this information, the board members set out to seek allies among their colleagues. As one board member noted, “Our board spent a considerable amount of time discussing this and how would it work and what happens if we decided to get out—where would the money go and how much would we get?”

Board members reaching out and educating their fellow trustees is one of the most critical steps that contributed to the development of this innovative collaboration. If such mergers are to be replicated by other social service agencies, it is essential for administrators, staff, and board members to become informed and fluent with the legal, fiscal, and process issues involved. Otherwise, such an idea is destined to fail from inception.

Innovation

A core strength and a simultaneous challenge of this merger is the lack of precedence for pooling resources in this shared fashion. Innovation can be exciting and inspiring, yet require a significant time and resource commitment. Since this is a unique venture in the social service arena, all the stakeholders recognized the need to educate and inform their traditional support base (regular funders) as well as potential new funders. The administrators and development directors had to first become well versed in the structure, legalities, and processes of planned giving themselves. It was only after they felt confident in their ability to interpret the structure and purpose of the merger that they embarked on a journey of marketing and outreach. One of the selling points of the Foundation was that individuals could either support all three agencies or select one agency within the merger. However, all monies would be channeled through the Foundation, since it would be legally permitted to issue annuities.

“The Foundation . . . would house the annuity program and . . . Agency B would go and sell it. I would sell it to my donor and say, ‘Why don’t you do a charitable gift annuity, \$25,000? The contract would be with the Foundation, but at the end of the day they would leave the dollars to Agency B.’” —An associate executive director

The individuals interviewed for this study noted that this innovative idea was exciting for their board members and their traditional funders. They also believe that the core principle that three social service agencies working with similar populations and issues could actually collaborate was an inspiring marketing tool. They posit that funders (traditional and new) would be motivated by the possibility of realizing major impact for their contributions by the pooling of funds raised. Additionally, the ability for a funder

to address their own financial needs (utilizing the income earned from the annuities) while supporting a cause they were passionate about would be a draw for many individuals and foundations. As one executive directed noted, “The underlying idea . . . is that the Foundation could issue annuities. These annuities allow folks to receive an income while supporting the organizations they want to—it’s a win-win for all.”

Resources

Engaging in a collaborative endeavor such as this merger required a strong commitment of resources from all three agencies. For the design and implementation of the Foundation, there was a need for both financial and professional knowledge resources. All the stakeholders pointed to the pioneering guidance and financial support from the Charitable Giving Foundation as being instrumental in the creation of the Foundation. The specific idea for the type of collaboration (planned giving) came from the associate executive director of one of the agencies, but it was the Charitable Giving Foundation that provided seed money (\$50,000) to support its development. All who were interviewed agreed that, without the initial infusion of funds, it would have been difficult to get the ball rolling and may have limited the support expressed by the board members for the development of the Foundation. As one board member shared, “The Charitable Giving Foundation was the one . . . they came up with the idea of funding a research effort on collaboration generally—what areas might organizations with like missions collaborate on?”

All the individuals involved in this merger underscored the importance of professional expertise to this joint venture. None of the development directors or executive directors had previously initiated planned giving programs in their home agencies. Additionally, while everyone was aware of the nature of planned giving, all agreed that the complexity of the fiscal management process was a learning experience for them. “We obviously all had three similar capacity challenges, so we didn’t have staff expertise. We didn’t have board knowledge or board experience with planned giving—we didn’t have that,” recalled one development director.

The agency administrators and development directors highlighted the critical need for specialized legal and financial knowledge in this merger. They all agreed that the merger would have been severely hampered without the participation and professional expertise of an attorney who was well versed in the intricacies of the structure of planned giving.

“We completely underestimated the complexity of this beast. I mean no wonder it’s only hospitals that do this stuff. I mean the details, the minutia, the legal stuff. I mean next to [board member], and actually along with [board member] . . . was the fact that we were lucky to have [attorney].”

You know [attorney] was a dog with a bone. He stayed on it. He stayed with us. He's the most amazing attorney I've worked with." —Executive director

As the Foundation became formalized as a legal entity, all the stakeholders recognized the need for additional experts to support its implementation. Thus, they agreed to create an advisory council comprised of "outside" experts from the worlds of finance, business, banking, nonprofit management, and law. Currently there are 11 members who serve as advisors. The main purpose of the advisory council is to guide the board of the Foundation and promote the fundraising efforts of this new entity.

Obstacles and Challenges

One of the major challenges to the success of this innovative merger is the lack of immediate benefits in the form of annuities underwritten. Based on fiscal policy, the Foundation cannot issue annuities until a decade after its incorporation. Consequently, the three agencies have discussed looking at alternate sources of fundraising for the foundation including private grants and the joint cultivation of potential funders—individuals and family foundations. The Foundation is also considering specific events to raise its profile and raise additional funds for continued operations. The establishment of the Foundation was made possible by an initial grant that has now been exhausted. The Foundation will need an immediate influx of funding to support its ongoing existence. As one associate executive director posits, "Two years from now each agency is going to have to really look at it and say, 'Okay, are we getting real value out of this?'"

Another issue that impinges upon the future operations of the Foundation is competing priorities. Each agency has their own unique set of operational concerns in addition to the common goals of fund development. All three agencies have their own individual plans for fundraising and have been working with their boards on strategic fundraising initiatives such as capital campaigns, special events, and annual fundraising initiatives. The concern for both administrators and board members is how these plans will be affected by the additional drives launched by the Foundation. Nearly all individuals interviewed highlighted the delicate balancing act that their organizations need to perform to manage the demands of the Foundation as well as their individual needs.

"We have a campaign—a capital campaign going on. How will this detract from that? Maybe we're biting off more than we can chew. We do have this campaign going on and we need those resources, so we shouldn't be diverting our attention." —Foundation board member

Members of the boards of all three agencies have raised the issue of competing priorities. The board members are concerned that the agencies may be headed in too many divergent directions and may risk losing focus. They are concerned that the funding programs of the Foundation will hamper their individual fund raising efforts by exposing their current funders to other agencies. Therefore, the challenge for the development directors and administrators is to convince the board that this project is worthwhile and needs to receive their ongoing support. One board member shared, "At some point a board says, 'Why are we doing this? We're wasting development people's time.' The chemistry could change—let's be realistic. I'm so enthusiastic now but I recognize that could falter."

Another crucial obstacle to the continued survival and health of the merger is that this is a new model of operating (for fundraising and partnerships) for all three agencies. The process of developing the foundation was complex and required expert knowledge and considerable legal and financial prowess on part of some of the leaders. Most of the stakeholders were unprepared for the complexity involved. The learning curve is steep and ongoing. "We completely underestimated the complexity," said one executive director.

Another important factor highlighted by several individuals was the issue of personnel turnover, especially with reference to the administrators. As discussed earlier, all three administrators (and to some extent, the development directors as well) were known to each other and had a record of collaborating on prior projects. The concerns they expressed referred to the future potential of the merger if any of the administrators left their agency. One of the agencies has already experienced a departure of an administrator who was a key proponent and initiator of this merger idea. This departure has been difficult for all parties involved. Issues related to continuity of motivation and interest, knowledge/competence of the new personnel, or compatibility of personality styles with the changing configuration of leaders may play a significant role in the daily operations and future prospects of this merger.

Sustainability

As of this writing, the Foundation has not raised any additional monies save for a seed grant that was awarded from a charitable giving foundation in the Foundation's geographic region. The issue of sustainability for the Foundation and this innovative model is at stake. There are several factors that may influence the future sustainability of the Foundation. One of the most critical factors is the level of funds raised, not only those used to support ongoing operations, but also to enhance the capacities of each of the three organizations. If the Foundation does not raise significant funds,

the board members and administrators could question the relevance of this merger and argue that the resources needed to support the Foundation far outweigh the benefits derived from it.

“Well, the first challenge will be seeing some activity on this hypothesis, because if five years down the road the only gift is my chairman’s gift it will be a real hard sell. It might be easier for us because we have [board member], but it might be difficult for one of the smaller organizations to say this is still a good idea, so that’s . . . how we got to show fruit and show it fast and good fruit.”—Executive director

The three founding agencies have discussed the possibility of contributing a set amount of funds to support the foundation after the grant has been exhausted. They have yet to decide if this would be an annual contribution or a one-time payment to shore up the Foundation. Some of the Foundation’s board members have also explored the idea of allowing new partners to join the merger for a fee, but new members may only be attracted by evidence of success.

Another critical factor that may impact the success of the Foundation is the financial stability of each of the three partner agencies. Agency A has the largest operating budget among the three organizations; Agencies B and C have comparatively smaller budgets. But all three rely heavily on public funding for their operations. If one of them were to lose a contract for services or incur significant budget cuts, their survival may be threatened. Fiscal instability may also curtail their continued interest and participation in the Foundation. Thus, the sustainability of the partnership is heavily dependent on the financial health of each of the partner agencies.

IMPLICATIONS

This study raises some important implications for administrators of social service agencies. Faced with stagnant public funding, or worse, significant cuts in allocations, social work agencies find themselves turning to private individuals and foundations for support. But as the U.S. economy suffers, philanthropic giving to nonprofit organizations has progressed in a downward spiral (Banjo & Kalita, 2010). Thus, human service organizations must implement innovative and attention-getting fundraising ventures that attract savvy contributors. As discussed earlier, planned giving allows donors to support causes or agencies they believe in while ensuring their own financial health. This model seems to be mutually beneficial to both funders as well as social work agencies.

Achievements Thus Far

Since its founding, the Foundation has made some significant strides in strengthening its fundraising goals. First, all of the key stakeholders have expressed significant appreciation for, and commitment to, the professional partnerships that have evolved through the development process. Across groups of staff, the executive directors, and the senior development staff, the strong social and professional support derived from working on the Foundation as a joint project was viewed as an indirect benefit of participation. Second, the Foundation has organized a series of workshops and seminars on financial planning and planned giving for individual contributors, philanthropic foundations, trusts, and family estates. These presentations have allowed the Foundation to highlight the work of the three agencies, as well as educate potential supporters about complex financial instruments. Pledges for support have been received by the individual agencies as a result of this outreach. Finally, some of the board members of the individual agencies have committed to planned giving to the Foundation as soon as the foundation is legally able to operate them.

The Foundation is still in its infancy in terms of developmental growth, and significant commitment, planning, and efforts will be required for it to realize its mission of fund development. However, the future looks promising based on the feedback from the staff, leadership, and development staff.

The Strengths of the Model

One of the most significant strengths of the model is that it is a mutually beneficial to the donor and the agency. Another strong point of this collaborative model is the potential for leveraging the larger impact of monetary contributions. Since more than one agency is involved in the model, contributors can support a broader initiative that encompasses all the partner agencies and promotes a system-wide transformation. Funders who are inspired by the promise of change at a macro-level, with respect to social problems or vulnerable populations, would be especially drawn to this model.

An additional key strength of this model is the expansion of the potential contributor field for all agencies involved. Frequently, agencies compete with one another for the same contributor for a limited pool of resources. To ensure continued support, they are reluctant to share information about their funders or their fundraising ideas, thereby limiting their own potential for success. In doing so, they all expend extensive resources to cultivate and attract funders to their agencies. Utilizing this collaborative approach, the partners can pool their resources, strategize a common message, utilize the most successful techniques, and reach out to a broader cross section of funders. Furthermore, this approach may be attractive to funders who do not wish to see their contributions used to duplicate services or to be exhausted

in competitive fundraising ventures. An inherent strength of planned giving is that it has yielded significant success in non-social service fields for organizations such as museums, hospitals, etc.

Finally, one of the factors that the supporters of the Foundation identify as a strength is the uniqueness of their model. The Foundation allows individual donors and charitable giving foundations to leverage their gifts, bequests, and donations by maximizing returns and giving the donor a range of giving choices: the option to support the foundation directly and or to earmark a contribution specifically for one of the three groups.

Foundation leadership hopes that their model of collaboration will be attractive to funders who appreciate cost-effectiveness and those who would like to simultaneously support several organizations working in the same field. They also posit that the model of the Foundation promotes strong good will sentiments for funders. The annuities issued by the Foundation will allow funders to receive an income on their contribution while making a difference to the lives of others. It is this psychological factor of giving that the founders believe will ensure the sustainability of the model.

The Challenges of the Model

While promising for the social work profession and social welfare organizations, this model poses several challenges. First, planned giving is an umbrella for a set of complex fiscal instruments that requires significant expertise and financial/legal oversight. Thus, the agency leaders who might consider this idea will likely need to educate themselves and their board members, while also involving financial and legal advisors who are well-versed in this arena. This may require a strategic outlay of funds prior to any monies being raised by the agency.

Second, the model described here is heavily dependent on the personality characteristics, vision, and inter-relationships of the leaders. Agencies who are interested in such a model of fundraising need administrators, development directors, and board members who are willing to invest their time and resources in enriching their own capacities to engage in such a venture. Additionally, this model requires trust, open communication, and a participatory, consensus-based decision-making structure to ensure smooth operations.

The culture of the nonprofit, social service environment may be a major obstacle to the establishment of such a collaborative model. Most agencies compete for the same types of funds in order to survive. Since public funding is limited, competition and distrust often underscore the relationships between agencies. The nonprofit world has many examples of collaborative functioning and strategic partnerships, but structured joint fundraising may be among the more rare of collaborative initiatives. Also, public funding sources promote competition while simultaneously placing a premium

on strategic partnerships and linkages between and across agencies. There needs to be cultural change at all levels—government, private funders, agencies, consumers, and communities—for such a model to succeed. While competition may create healthy options for service consumers, funders need to support such collaborative efforts more strenuously for this type of change to take effect. The lack of such models in the social service arena coupled with the dearth of data about their success may limit the interest or motivation of social service administrators and boards.

Given that the Foundation is in its early stages of existence, it is difficult to gauge future success. The authors intend to conduct a one-year and five-year follow-up in order to evaluate the Foundation's successes. Thinking about possible areas for follow-up investigations, the four sectors that come to mind include: 1) how has the Foundation has been able to raise funds?; 2) has the Foundation served as a source of new donors for all of the participating organizations, and how have existing donors been impacted?; 3) from the perspective of agency staff and the Foundation's board, has the new organization been successful?; and 4) has the model been replicated by other organizations?

CONCLUSION

The authors have illustrated a model of collaborative fundraising that is both innovative and promising. It is their belief that that this case study could benefit and inspire other social service agencies struggling to raise funds for their program operations. In order for such a model to gain a foothold in the social service field, administrators and development directors need to be educated about complex financial products such as charitable gift annuities, flexible annuities, bequests, and the like. Additionally, administrators need training on effective fundraising strategies and the establishment of formal collaborative relationships such as the Foundation. Funders—governmental and private—need to be educated as well about collaborative fundraising and their support is necessary for its success.

Public funding policies may also need to be modified to promote innovative and collaborative fundraising ventures while preserving service quality. The social work organizational world needs more documentation of collaborative models such as the one presented here, as well as systematic evaluations of the process/outcomes of such ventures. The aspiration for this case study is that it will inspire administrators to consider such collaborative endeavors to enhance the capacity of their organizations and strengthen the field. The authors hope to conduct follow-up interviews with the principals of the participating organizations at the one-year and five-year marks in order to continue to document the growth and evolution of this unique model.

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