The Assets Alliance

Advancing Assets, Opening Opportunities

White Paper Number: 0602
Categories: Planning; Program Management
Target Audience: Practitioners who are Planning Initiatives

When the Choice Is Collaboration, Not Incorporation

November 2006

Written by: Anne Yeoman

The views expressed in this white paper are those of the author, not the Assets Alliance. For clarification or additional information, please contact the author.

Abstract

A number of IDA and other asset-development initiatives around the country operate through a collaborative structure. Collaborations vary, however, from actual incorporated entities to more informal structures. This paper focuses on the challenges facing partners who, for whatever reason, choose not to incorporate. The discussion uses key operational questions to illustrate especially sensitive issues and offers a tool to develop procedures, policies, handle resources, and other aspects of asset-building initiatives through a consensual process that ensures accountability and the desired results. Developing operational policies and procedures through discussion and consent also lays the groundwork for a smoother transition to incorporation should a collaborative choose to move to that stage.

IDA Program Problem

Over the past decade, holistic approaches to achieving social service goals have led both private and public funders to encourage or even mandate collaborative relationships that are believed to address more effectively the interrelated origins of entrenched poverty, at-risk children, low literacy and other social ills. Examples include state-mandated collaboratives for child welfare or educational reform, as well as long-term comprehensive community initiatives (CCIs) such as the Ford Foundation's Neighborhood and Families Initiative, or the Annie E. Casey Foundation's Rebuilding Communities or Strengthening Communities initiatives. Individual Development Account initiatives, as well as other asset-building efforts, by definition require active and consistent partnerships among entities sometimes not accustomed to working closely together, such as community or faith-based organizations and financial institutions. Collaboratives which wish to successfully implement Individual Development Accounts and to use this asset option to complement other opportunities for new or existing clients must find new common grounds. Collaboratives that do not wish to incorporate, whether to conserve resources, to mediate existing tensions over scarce funding, or for other reasons, must devise governance that balances outcomes, accountability and equity. The final documents and procedures may vary in detail, but the following questions and proposed process for answering them illustrate that such balance is possible.

Some Sensitive Questions

1) Does the one who holds the gold also make the rules?

A collaborative that is not itself a legal entity (usually a recognized 501(c)3 for IDAs) must have a fiscal sponsor or fiscal agent to receive, disburse, and account for funds. The responsibilities that come with this task are complex and demanding. Further, a fiscal agent will also be bound by one or more external accounting requirements (such as Generally Accepted Accounting Practices or OMB circulars) as well as procedures required by its own governing body.

Second, there is an inexorable tendency for the collaborative member who serves as fiscal agent to be perceived by funders and others as dominant -- the voice of the collaborative. The organization may, intentionally or not, see itself in the same light, feeling that its administrative burdens demonstrate its position as first among equals.

Third, the collaborative will have to determine how to disperse resources to members for services necessary to fulfill the project's purpose. There may be great difficulty in determining equitable allocations if member organizations have significantly different cost bases for similar activities or lack flexibility in matters of overhead, indirect costs or administrative and facilities funding formulas. Larger institutions and public agencies generally will have less discretionary authority than smaller ones to agree to terms outside their usual practice.

2) To whom will collaborative staff, if there are any, report? Who will hire, fire, and evaluate performance?

Similar considerations apply when the collaborative has one or more staff members, who will have to be paid out of the budget managed by the fiscal agent, either as contractors or as employees. In the latter case, the agent's general compensation, benefits and human resource policies will apply. If the fiscal agent is also a public entity, it is likely that civil service or similar policies will also pertain. Having existing staff of member organizations manage or carry out the project does not mitigate these tensions and may exacerbate the matter of perceived dominance, of "whose" program is in play.

3) Who is responsible for outcomes? Where will data collection and reporting reside?

Collaboratives form around a shared commitment to systemic changes or to more narrowly defined purposes. Collaboratives formed with IDAs as the focus set goals such as increasing the number of low-income families with assets, increasing participation in mainstream financial institutions, and changing financial behavior. The collaborative must organize its work and allocate responsibilities to achieve its goals. Also, it must have consistent and timely data collection and dissemination to know how it is progressing in achieving those goals.

Getting from Angst to Action

I draw on experience with two collaboratives which have, to date, chosen not to incorporate and who have wrestled with these and other essential issues of governance. One has operated successfully for several years primarily on the basis of trust and personal relationships. Questions like those above were answered as they came up or were resolved in "default" mode. For example, only one member could take on the role of fiscal agent and so the task fell to that member. This approach worked reasonably well as long as there was a very small membership with sufficient resources to manage the necessary tasks, and the ability to absorb large indirect financial and staff costs of operation. The second collaborative chose to address fundamental matters, such as those above, before securing significant funding and jumping into implementation. The first collaborative has now grown too large to continue to function so informally. Like the second, it could take advantage of the following approach or use a general strategic planning process to clarify and formalize decision-making and to improve efficiencies, even without moving to separate incorporation.

Keep It Simple

The key element in collaboration is taking the time to understand the functions involved in implementing an IDA program, and then to apportion responsibility among the members. It is rare that a member has responsibilities in only one area, but the level of responsibility and the nature of the contribution to a task may vary widely.

To illustrate this process, I have devised the attached Outcomes/Reponsibility Worksheet, a simple matrix that may be used in a group exercise with representatives of collaborative members. The purpose of the exercise is to help members:

a) understand more fully and in more detail what is involved in implementation tasks;
b) identify and understand their own strengths, weaknesses and essential responsibility for collective performance; and
c) understand the strengths and contributions of other members of the collaborative.

The matrix may be used with any of the questions above or to clarify responsibility in a variety of operational areas, such as:

- Securing funding
- Recruitment/Outreach
- Enrollment/Eligibility
- Participant Support/Case management
- Financial Education
- Asset Training
- Monitoring/Data Collection
- Evaluation
- Communications

Collaborative members, all together or in smaller work groups, can move through one task area at a time and compare and contrast the varying kinds and intensity of actions called for by each topic. Each, of course, includes a number of sub-elements. For example, communications includes internal and external communications, image cultivation, official publications and reports, as well as list serves and chat rooms to facilitate implementation. A common theme likely to emerge is that content originates at the ground level, at the point of most intense and sustained contact with participants. Using the services of a facilitator can be helpful during this process. The facilitator can draw out members to explain their assessments more fully, can ensure that critical questions are not omitted, or can make certain that staffing and other resource requirements are included in a description of who, how, when and why a function is carried out. For example, do members need upgrades to their Internet access or computing platforms in order to accommodate online reporting, case management or even invoicing?

Because almost every member will have some responsibility for each function, the facilitator can also "push" the group to resolve sensitive matters when there is reluctance to voice different opinions. For example, while it is obvious and easy to say that the collaborative "board"[1] will set policy, a fuller discussion will include the board's responsibility to consult meaningfully with members to develop policy and for members to communicate to the board when policies are insufficient to support smooth operations. The composition of the board itself would deserve a serious review from the perspective of representation and board duties and therefore, requirements for appointment. The facilitator can pull together and record commonalities for inclusion in Memoranda of Understanding and written policies and procedures. Not every item will be included verbatim, but the exercise creates a stronger sense of interdependency and what it is like to be in the other member's shoes, to have its responsibilities. It may be sufficient to work through only one or two functions, and the group may then be able to carry on under its own steam. Last, the summary results should be shared within the member agencies so that all staff, even if not directly involved in implementation of this project, understand their colleagues' obligations.

Conclusion

While some asset-building collaboratives may be satisfied with a relatively hierarchical operation that begins with a dominant partner, others may wish to use the collaborative and the asset-building project to establish more equal relationships. It is always helpful to understand as fully as possible not only what one's own organization is committed to and its role in the process, but also the commitments and roles of the other partners. Further, the collaborative process can be an opportunity for growth, as many operational issues carry across different endeavors embedded in community revitalization efforts.

For More Information on This Topic

General Governance Questions

Much discussion of traditional board responsibilities applies to this topic, if translated to the context of an unincorporated collaborative. The resources are numerous. Places to begin include:

- BoardSource (www.boardsource.org)
- Nonprofit Genie (www.genie.org)

Comprehensive Community Initiatives and Issues of Collaborative Governance and Management

Several major foundations offer case studies and analyses of their own efforts to bring together effective collaboratives, with or without incorporation. Some focus on mandated collaboratives

[1] I use the term in quotes because in this circumstance it may be less confusing to call this body by another name: e.g., management team, advisory council, governing council, policy committee, etc.

but still provide useful insight on variations of collaborative operations. Publications and tools may be found at:

- Annie E. Casey Foundation (RCI-related publications) (www.aecf.org)
- Amherst H. Wilder Foundation (www.wilder.org)
- Community Building Institute (www.communitytools.net)
- Center for the Study of Social Policy (www.cssp.org)
- Education and Human Services Consortium (www.ncrel.org)
- Institute for Social and Economic Development (www.ised.org)
- National Housing Institute (www.nhi.org)
- National Rural Funders Collaborative (www.nrfc.org)

Governance of IDA and Asset-Building Collaboratives

- Corporation for Enterprise Development (CFED) (www.cfed.org)
- Michigan IDA Partnership (www.cmif.org)
- United Way of America (www.theunitedway.org)

Author Contact

Anne Yeoman, Consultant
Context, Inc.
5801 Nicholson Lane, Suite 1702
Rockville, MD 20852
Phone: 301-881-8487
Fax: 301-984-3235
Email: yeomancontext@comcast.net

Outcomes/Responsibility Worksheet **Responsibility: ___________________**

Partner	Primary Responsibility	Activities/Means
Local Alliances	This would be what the partner primarily contributes to the task. E.g., recruitment and outreach	What actions the partner would ordinarily take to fulfill the primary responsibility. E.g., train staff on eligibility criteria; disseminate information to own or other clients who may be eligible; track queries, referrals, enrollments at agency level and report regularly
Regional Liaison		
State Coordinator/ Director		
Financial Institutions		
Collaborative Board		
Fiscal Sponsor		
Other (Individual agencies, etc.)		