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# Growing Network Helps Nonprofits With Partnerships and Mergers

By Dan Parks



PHOTO BY CAM SANDERS

Kids participate in an Arts for Incarcerated Youth Network program.

Six nonprofits in the Los Angeles area that use the arts to help kids in juvenile detention facilities had an idea for how to multiply their impact: get probation officers who help run the facilities on board — a key to getting more kids involved.

They managed to get 80 probation officers to gather for a day of professional development to show them that the nonprofits weren't just entertaining the kids; they were healing trauma, says Kaile Shilling, executive director of Arts for Incarcerated Youth Network.

“At the end of the day, they all said this is amazing. I get it now — all kids should have this,” she says.

That example of the power of collaboration is what led to the creation of Shilling's organization, which now has 15 member nonprofits. The nonprofits realized that none of them alone could have pulled off an event like that, and they wanted a more formal structure to guide future collaboration. So they sought help from the Nonprofit Sustainability Initiative, a collection of grant makers that help nonprofits in the Los Angeles area work together to multiply their impact. In addition to providing advice and other resources, the grant-maker coalition provided a \$40,000 starter grant plus a \$10,000 follow-up investment that helped launch the Arts for Incarcerated Youth Network, which now organizes regular meetings with probation officers.

Shilling said that one of the key things the Nonprofit Sustainability Initiative did for the arts

nonprofits was help them start bringing in more government money. In 2016, the Arts for Incarcerated Youth Network landed about \$800,000 from local government agencies to distribute to its member nonprofits, says Shilling; today that figure stands at \$1.8 million.

With many nonprofits struggling to meet pressing needs and survive amid the pandemic, calls for partnerships like the arts network, as well as mergers and other alliances, will become more frequent and urgent than ever. A coalition called the Sustained Collaboration Network is helping show nonprofits how to make it work successfully and providing cash support as well. It has member groups in six locations — the Nonprofit Sustainability Initiative in Los Angeles, plus other groups in Dallas, Pittsburgh, Philadelphia, and New York City and a statewide one in Arizona.

The Sustained Collaboration Network helps nonprofits by providing grants to support long-term partnerships, shared staffing and back-office services, and full-blown mergers.

A new report about the network published by Open Impact, a philanthropic advising firm, and SeaChange Capital Partners, which helps nonprofits facing complex challenges, says that foundations and other supporters of the Sustained Collaboration Network have committed more than \$20 million in grants so far to help nonprofits figure out new ways to work together.

Supporters of the network include the Lodestar Foundation, a longtime proponent of collaboration through its grant making. It provided \$275,000 in funding for the national network, convened numerous meetings, and provided other support. Another major supporter, Fidelity Charitable Trustees' Initiative, provided \$350,000.

## Averting Layoffs Through a Merger

Otis Bullock, executive director of Diversified Community Services, in Philadelphia, said his

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## 5 WAYS TO PUSH COLLABORATION FORWARD

**Encourage curiosity about collaboration.** Mergers and collaborations shouldn't be considered solely as tools of last resort for nonprofits in crisis; even healthy organizations should explore the potential benefits.

**Get boards on board.** This can be a challenge with board members who are often intensely loyal to the organization as opposed to the mission. Executive directors play an important role in explaining the benefits of collaboration and providing additional resources to help bring boards along in their thinking.

**Be sensitive to culture and leadership.** A new organization led by millennials, for example, will have a vastly different culture than an organization founded a century ago.

**Foster transparency and trust.** “Funders can convene grantees around best practices in the field of sustained collaboration so that nonprofits have an opportunity to become more receptive,” the report states.

**Bring foundations and other donors together.** All donors want to see the impact of their money maximized so they should be receptive to nonprofits that want to work together.

SUSTAINED COLLABORATION NETWORK

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nonprofit and United Communities Southeast Philadelphia serve adjoining neighborhoods on the south side of Philadelphia.

The two nonprofits, which provide a variety of basic services including housing and food assistance, decided two years ago that a full-blown merger was the best way for the two organizations to serve more people, and that process is underway. Sharing human resources and other administrative functions will allow the new, merged nonprofit to have far greater growth potential than if they'd continued operating separately, Bullock said.

The Nonprofit Repositioning Fund, the Philadelphia chapter of the Sustained Collaboration Network, provided a \$20,000 grant to explore the merger, plus \$50,000 to carry it out. The money is being used mostly to pay for a consultant.

"We are experts in providing services and pulling people out of poverty," Bullock said. "We are not experts in how to take two organizations and build a new one."

Bullock said his organization's merger wasn't about cutting staff or finding other ways to reduce expenses. "We wanted to multiply our impact without downsizing," Bullock said. "We're doing this merger without laying anybody off."

Bullock said that with more than 3,000 nonprofits in the Philadelphia area, there is a lot of duplication of services, and donors can get confused about where to give. That's one of the problems that strategic mergers can help address.

Bullock says he feels fortunate that the merger was well under way before the Covid-19 pandemic hit. "Our decision to come together was almost prophetic because many nonprofits are not going to make it out of this crisis, and we're going to come out stronger than before," he said.

## **Reluctance to Talk to Donors**

Nadya Shmavonian, director of the Nonprofit Repositioning Fund, the collaboration network in Philadelphia, said nonprofits often hesitate to talk about mergers or collaborations out of fear that donors will think they are weak. So the Nonprofit Repositioning Fund will talk to nonprofits confidentially if they want information and assistance getting the process started before going public, says Shmavonian, who is also a partner at SeaChange Capital Partners.

"It's decidedly unsexy capacity-building support, but it makes a huge difference," she says.

The Nonprofit Repositioning Fund pools money from 10 grant makers with more foundations poised to add dollars.

Shmavonian said members of the network expect "a tsunami of interest in collaborations" as a result of the Covid-19 pandemic, and the network is assessing how to deal with the demand.

“There will always be more community need for collaboration funding than we have resources to support, even in the best of times,” she said.

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