Dakota Impact Initiative

Participating Organizations

- Dakota Medical Foundation, Fargo, ND

Please note that all data below was derived from the collaboration’s nomination for the Collaboration Prize. None of the submitted data were independently verified for accuracy.

Formation

Type of Collaboration:

- Joint Programming to launch and manage one or more programs
- Administrative Consolidation to share, exchange, or provide back office services such as accounting, IT, human resources

Geographic Scope: Multi-State
Collaboration Focus Area: Philanthropy
Population Served: Other
Year Collaboration was Established: 2004
Goals Sought Through Collaboration:

- Expand reach and/or range of services / programs
- Achieve administrative efficiencies
- Serve more and/or different clients / audiences

Reasons Prompting Collaboration:

- Funder initiated / mandated the collaboration
- Advancement of a shared goal
- Response to a community need

Who Initiated Collaboration:

- Board member(s)
- Executive Director(s) / CEO(s) / President(s)

Number of Participating Organizations: 2
Nature of Funder Involvement:

- Lead Investor
- Provided endorsement of the project

Were Partners Added or Dropped?: No
Dakota Medical Foundation (DMF), as a leading funder in the region, recognized the need for high quality training and technical assistance for nonprofits based upon grant requests received. In 2003, DMF assessed local training programs and determined there were insufficient resources to satisfy the capacity building needs of its grantees and other nonprofits in the region. Due to DMF’s restricted health-related mission, its executive director and board of directors created a new foundation that could meet the educational needs of a broad spectrum of nonprofits in North Dakota and northwestern Minnesota.

In 2004, DMF established Impact Foundation (Impact) to build the capacity of nonprofits, businesses and individuals to maximize their societal impact. The partnership was designed to utilize the depth and experience of a successful, established organization and to maximize efficiency through the sharing of resources and other administrative overhead. The partnership between DMF and Impact allows the foundations to innovatively support nonprofits in the region and better prepare them to more effectively meet the needs of the people they serve.

DMF provides funding for health-related nonprofits to receive capacity building training and technical assistance through the Impact Institute, including strategic planning, fundraising training and volunteer management. DMF’s support of Impact helped the foundation secure additional funding to provide services to non-health related nonprofits, expand programs outside of DMF’s service area, and offer new training programs for executive directors, emerging leaders and board members.

In July 2007, DMF and Impact collaborated to launch impactgiveback.org to connect donors and nonprofits. The website helps nonprofits market their organizations in a convenient venue for donors of time, talent and treasure, list their volunteer opportunities, receive online donations, conduct online auctions and event/gala registrations. The website also works hand-in-hand with Impact Institute capacity building trainings.

In January 2008, DMF and Impact staff developed an online fundraising event to help nonprofits diversify their fundraising systems, acquire new donors, secure additional funding for their missions, and teach nonprofits and donors alike about the efficiency of online giving. This event, “Giving Hearts Day”, was first held on February 14, 2008.

On that day, DMF and Impact partnered with 40 nonprofits to raise over $325,000 in 24 hours through impactgiveback.org. Over 1,450 online donations were made to the 40 nonprofit participants. In addition, DMF provided up to $5,000 in match to each participating nonprofit and incentive grant funds to the top three fundraisers, all totaling $165,091.

The second Giving Hearts Day was even more successful and the amount raised by participating nonprofits doubled. On Giving Hearts Day 2009, 40 nonprofits received 3,350 online donations, totaling $701,000. In addition, DMF provided $285,000 in match and incentive grant funds, bringing the total raised by nonprofit partners to $986,000.

This year a new record was set. On Giving Hearts Day 2010 5,350 online donations were made to participating nonprofits during the 24 hour fundraising event. These donations totaled $882,236 and DMF awarded an additional $284,338 in matching and incentive funds so that in all, more than $1.1 million was distributed to nonprofits.

Surveys completed by nonprofits participating in Giving Hearts Day indicate: most organizations acquire about 30% new donors annually; there is a tremendous return on investment--most nonprofits spend $250 or less on marketing; it has become the largest annual fundraising event for the majority of participating nonprofits; it gives staff the opportunity to implement concepts learned through fundraising training; it has helped donors have greater confidence in online giving; and the additional funding has helped them more fully deliver their missions.

In addition to partnering to provide capacity building training programs, creating impactgiveback.org and developing Giving Hearts Day, DMF and Impact share office space, administrative services, staff and an executive director. A key factor to achieving success in this collaboration has been the fact that the foundations share an executive director and there is overlap in board membership.

Management

Management Structure: One Executive Director / CEO / President reporting to multiple boards of directors (one per partner)

The boards of DMF and Impact jointly determined the collaboration’s management structure and the shared executive director and overlapping board members played a significant role in those decisions.

The foundations have parallel management structures which allows for transparency. Also, both foundations have the same operating systems, in that the essential functions of the organizations (financial management, program administration, strategic planning, and governance) are conducted in the same manner which results in greater efficiency. The parallel and transparent management structure has yielded improved outcomes because both foundation boards are continually monitoring the progress of the shared programs.

Challenges

Challenges to Making the Collaboration Work: Addressing lack of staff or allocation of staff resources

The greatest challenge the collaboration has faced has been the lack of staff resources. The foundations have overcome this challenge by outsourcing certain projects to consultants who are managed by foundation staff. In addition, DMF and Impact share staff with particular expertise or skills. For example, the foundations share a staff person with marketing skills who creates brochures, specialized documents and web pages for the majority of programs conducted by each organization. By using these collaborative approaches to staffing, each foundation has been able to keep overhead low while investing more resources in programs to achieve their missions.
Internal Efficiencies and Effectiveness:

- Financial savings - Shared development function
- Financial savings - Joint purchasing
- Fund development - Improved fundraising results
- Colocation or shared space - Co-location or shared space

Community Impact:

- Improved quality of programs / services
- Greater range / variety of services/programs offered

The Impact Institute tracks the progress of over 200 nonprofits that have participated in training to gauge the implementation and results. Satisfaction surveys are also completed by nonprofit staff and board members that participate in training programs. On a quarterly basis, all results are reviewed by the DMF and Impact boards and modifications to services are made as necessary. The impact of this collaborative is that the nonprofit sector has greater efficiency, reenergized boards, more effective executives, improved communication strategies, greater revenues and diversified funding streams.

Model

This initiative models how two separate legal entities, with diverse missions, can collaborate to achieve a shared vision of increasing the capacity of nonprofits. The parallel management structure, complete transparency, and overlap in board members, demonstrates how efficient, effective, and beneficial the collaborative can be to each organization. Ultimately, by sharing office space, administrative services and staff, the collaboration is able to serve more nonprofits than either foundation could do alone.

Efficiencies Achieved
DMF created Impact as a partner foundation to maximize efficiencies through sharing resources and administrative overhead and to build the capacity of the nonprofit sector in North Dakota (ND) and western Minnesota (MN). With this in mind, Impact’s board established Guiding Principles for the organization: Entrepreneurial Leadership & Innovation; Strategic Investments in Superior-Performing Nonprofits; Measurable Impact; Collaboration & Strategic Alliances; Capacity Building & Benchmarking; Leveraging Resources; Minimizing Low-Overhead Costs; and Innovation in Technology. This Initiative has produced significant economic and operating efficiencies for Impact, DMF and the nonprofit sector in the region. DMF’s long history provided Impact with the ability to more efficiently begin its operations. DMF shared its operating and governance structures, financial management system, human resource practices, and office facilities/equipment with Impact. DMF is able to reduce its operating expenses and Impact has significantly lower overhead costs. Substantial operating efficiencies are created by sharing office personnel, office space and equipment. A key success factor is that Impact and DMF share an executive director. Additionally, Impact has an agreement with DMF under which it utilizes financial, administrative and grant management staff on an as needed basis. Not only does having a shared director and staff create more cohesive programs and seamless operations, it is extremely cost effective. Impact realizes an annual cost saving in salaries and benefits of about $150,000. Both DMF and Impact benefit by not having duplicative areas (reception, board rooms, meeting rooms, break rooms, and restrooms). Impact benefits by utilizing personnel work space as size of staffing fluctuates. Impact benefits by paying only for space utilized which results in an annual cost savings of $15,000. Impact saves about $5,000 annually by sharing equipment (business telephone system, high-speed internet, computer server equipment, and copier and fax equipment). Aside from the efficiencies, the Initiative also significantly improves the delivery of services to nonprofits, ultimately improving the quality of life for people in the region. DMF and Impact are able to do much more by working together than either could do on their own. Before Impact was created, DMF made grants to nonprofits to utilize consultants and attend trainings. The quality of the training and services varied considerably and the impact of the assistance was largely unknown. Now, with Impact managing all training programs utilizing highly effective consultants, DMF is confident in the services being provided and is able to measure the return on its investment. Together Impact and DMF are able to provide a more diverse menu of programs than either could offer separately. Prior to establishing Impact, DMF provided grants for strategic planning and grantwriting assistance. Impact now offers these services as well as fundraising, volunteer management, executive director, emerging leaders, board and High Impact Seal of Distinction training programs to nonprofits in the region. Impact has been able to attract support from other funders because of its broad mission, something DMF cannot do because of its health-related focus and limited geographic service area. In addition to providing more training programs, the quality of the programs is significantly higher than either organization could develop alone. By attracting support from multiple funders Impact has been able to create well researched, sophisticated and proven curriculums by working with nationally renowned consultants. Another example of increased program delivery is that the Initiative is encouraging other nonprofits to collaborate to improve efficiencies and services. Impact and DMF have offered seminars around the region on “strategic restructuring” by experts from the firm that wrote The Nonprofit Mergers Workbook. Strategic restructuring refers to a continuum of collaborative partnerships, from informal partnerships and joint programming to mergers and shared back-office administration. Impact is funding and coordinating the seminars and technical assistance, and DMF is providing grants to incent and support nonprofits as they evaluate and implement strategic restructuring arrangements. As a result, a critical access hospital in northeast ND recently asked us to convene 12 rural hospitals in the region to learn more about collaboration options. Over 50 administrators and board members attended a special education session which generated subsequent collaboration discussions among facilities that have traditionally competed with one another. Impact and DMF are now helping 3 hospitals conduct community needs assessments and evaluate options for shared services and/or joint venture collaboration. The ultimate benefit of this collaboration is a more effective nonprofit sector that is able to serve more people, to serve them more effectively and is better equipped to solve societal problems. Hundreds of nonprofits are operating more efficiently and as a result Impact’s training programs are more impactful because they have strategic plans, directors, staff and boards have received training that is second to none, and they have fundraising plans to help them secure the resources they need to deliver their missions. Impact trained nonprofits are producing better results because they utilize board members and volunteers more effectively. Engaging board members is a critical component of all Impact programs including a new High Impact Board Series devoted specifically to helping nonprofit board members govern for superior performance. More money is donated to charitable organizations as a result of this Initiative. As outlined above, DMF and Impact collaboratively launched impactgiveback.org in 2007 to help nonprofits connect with donors of time, talent and treasure. Impactgiveback.org is an efficient model for online giving and volunteerism, allowing nonprofits and donors to utilize just one website for giving back. Through events like Giving Hearts Day, over $2.2 million has been donated to nonprofits in our area in just two years. Now Impact and DMF are collaborating on an online event for Veteran’s Day. Everyone is encouraged to support unmet needs of veterans in the region by donating $1 online on 11/11/10. Due to this Initiative, the entire nonprofit sector is more collaborative. Beyond just working together, DMF and Impact share knowledge and services with other nonprofits in the region. We share a board room, training space and grantwriting services with a variety of nonprofits on a regular basis and encourage them to share with others. DMF and Impact also share information and data with the rest of the sector. The results of this Initiative are substantial. Since 2005, Impact has provided 1-on-1 training and/or technical assistance to about 212 nonprofits and 2,035 staff and board members from 330 nonprofits have attended Impact seminars. Impact and DMF regularly receive testimonials about the services we provide. These stories demonstrate the impact our programs have on improving operations, governance, fundraising, marketing, board engagement and the resulting impact on the people served. The impact of fundraising training is more quantifiable than many of the other services provided by Impact. Last year, despite the worst fundraising environment in decades, 40 trained organizations raised 6% more than they did the previous year, resulting in an additional $1.7 million to support their missions.

Evolution
DMF established Impact to meet the educational needs of a broad spectrum of nonprofits in ND and western ND—something DMF wanted to do but was not within its mission or limited service area. DMF and Impact continue to work together to provide high quality training and technical assistance to nonprofits in the region and to promote collaboration among the entire sector. According to the ND State Data Center, there are about 1,450 501(c)3 nonprofits in ND and western MN. The number of organizations continues to rise, the amount of charitable giving continues to grow and yet we still are unable to solve our most pressing social problems. With this in mind, DMF leadership was inspired by two concepts when creating Impact as a new generation foundation. First was the idea of streamlining the sector. As stated in the Stanford Social Innovation Review, Spring 2010, “A better conceptualization of the problem here is not the duplication of services, but the duplication of service provider infrastructures. Each organization employs an executive director, recruits a board of directors, and backs an administrative structure. Each also likely struggles to support information systems, human resource management, and budgeting and accounting processes. Merging organizations to combine their infrastructures often makes sense. Funders should model partnership, and not just preach it. Nonprofit leaders note that their funders urge them to collaborate but seldom follow their own advice. Funder partnerships can both demonstrate the power of working together and give the funders credibility in the eyes of their grantees.”

Second, was the concept of “Collective Impact” termed by Mark Kramer of the Foundation Strategy Group. According to Kramer, “The nonprofit sector most frequently operates using an approach that we call isolated impact. It is an approach oriented toward finding and funding a solution embodied within a single grant-seeking organization, combined with the hope that the most effective organizations will grow or replicate to extend their impact more widely. As a result of this process, nearly 1.4 million nonprofit organizations try to invent independent solutions to major social problems, often working at odds with each other and exponentially increasing the perceived resources required to make meaningful progress. Despite the dominance of this approach, there is scant evidence that isolated initiatives are the best way to solve many social problems in today’s complex and interdependent world.” This collaboration’s key success factors are the shared executive director and overlap in board membership. The DMF and Impact boards intentionally established this structure to create efficiencies, and ensure strong communication and transparency. A challenge we face is clearly conveying MN. The number of nonprofits and the separate identities of DMF and Impact. Since the partnership began, both foundations have needed to continually educate our volunteers, donors, staff and board members also benefit from the training and technical assistance provided by Impact. DMF and Impact both save money by purchasing consulting services “in bulk”. DMF’s initiatives benefit from utilizing the expertise of Impact’s consultants. Impact benefits from the collaboration by utilizing an existing, effective management structure, sharing overhead, and partnering with an established and reputable foundation. The nonprofit sector in ND and western MN benefits from the collaboration by having access to free/low cost, high quality programs. People living in the region benefit from the collaboration because the nonprofits in their communities are functioning at a higher level and generating better results. Impact trained nonprofits are more effective at engaging donors and volunteers so the people in our region also have a greater opportunity to give back their time, talent and treasure to their communities. The collaboration’s success is measured by the effectiveness of the shared programs and the satisfaction of the leadership of both foundations. As outlined above, program effectiveness is measured by the number of organizations/staff and board members served, fundraising training results, amount of donations going to charity through Giving Hearts Day, volunteer engagement, surveys, testimonials, and other indicators of improved performance. The impact of this collaborative is that the nonprofit sector has greater efficiency, reenergized boards, more effective executives, improved communication strategies and more diversified fundraising systems. Success is also measured by the satisfaction of DMF and Impact boards. Both boards regularly evaluate the relationship based upon the services provided and money saved. Both boards continue to feel good about the return on investment and that the partnership is mutually beneficial in helping achieve their missions.

This collaboration should win the Prize because we embody what the prize represents. Collaboration has been part of Impact’s mission since the idea for starting the foundation was conceived by DMF leadership. Impact was built on the premise of collaboration and we demonstrate it daily through our work with the nonprofits we serve. In fact, the foundations are now branching out beyond working together for greater efficiency and improved programming, to pilot a Management Services Organization with two nonprofits. This Initiative models how two separate legal entities, with diverse missions, can collaborate to achieve a shared vision of increasing the capacity of nonprofits and together making a greater positive impact on their communities than either could do alone.