

Looking to British Columbia

Nonprofits Form Co-op to Confront New Funding Climate



This case study will be of interest to other organizations that are looking for ways to collaborate, and to funders who want to encourage funded agencies to work together more effectively.

Overview and context

The City of Williams Lake and the surrounding Cariboo Regional District Electoral Areas D, E, and F and neighbouring First Nation communities in the interior of British Columbia are facing significant economic and social challenges. The area has seen a decline in population from 24,135 in 1996 to 23,290 in 2006. More than one-third of the area's labour force works in agriculture, logging, wood manufacturing, and mining, compared to just over one-fifth (21%) of the B.C. labour force overall. Income in this area is heavily dependent on forestry activity, which is under threat from the mountain pine beetle epidemic. And transfer payments and "other" non-employment income sources were the third and fourth leading contributors respectively to community income in 2006.

Between 2003 and 2006, Williams Lake and Area closely paralleled the growth in personal income at the provincial level, but lagged behind in the subsequent two years. In 2009, a total of 14,230 tax filers in Williams Lake and Area earned an average income of \$36,813 each. This compares to an average of \$39,754 for B.C. tax filers as a whole. During the same two-year period, population growth and job creation in the province as a whole noticeably outpaced that in Williams Lake and Area.¹

1. City of Williams Lake Assessment Business Expansion and Attraction Strategy, prepared by Peak Solutions Consulting, Inc. (Kamloops) in association with Lions Gate Consulting (Vancouver) and released by the City of Williams Lake on March 31, 2011.

It was in this context that funding organizations, frustrated by overlapping programs, service gaps, “turf battles,” and a lack of co-ordination in the not-for-profit sector, began to encourage and, in some instances, demand closer collaboration among nonprofit organizations seeking new or continued funding. In this changed climate, nonprofits found themselves challenged to look beyond communication, cooperation, and coordination to build sustainable, long-term collaborative partnerships.²

To address this funding “climate change,” five nonprofit, charitable agencies that provide a wide range of services to various client groups, including children and their families, women, pre-teens, youth and adults in the Williams Lake area, began meeting in 2002 to explore new ways of working together. After considering a number of legal structures, including partnerships, corporations and another not-for-profit, they decided on a co-op model.

This case study describes how and why they chose this model, how they implemented it, and the results they have achieved to date. It will be of interest to other organizations that are looking for ways to collaborate, and to funders who want to encourage funded agencies to work together more effectively.

The story

In early 2002, the executive directors of the Boys and Girls Club of Williams Lake and District (BGC), Canadian Mental Health Association – Cariboo Chilcotin Branch (CMHA), Cariboo Chilcotin Child Development Centre Association (CDC), Women’s Contact Society (WCS), and Williams Lake Association for Community Living (ACL) began meeting weekly to discuss how their organizations might work together to improve service delivery and cope with the challenges imposed by changes in government leadership and service contracts. The key external driving force behind this

initiative was the need to respond to government, including directives to reduce the cost of service delivery without affecting service levels or the ability of agencies to respond to changing client needs. The key internal driving forces were the belief that the most effective way to manage significant funding reductions and service shifts was do so as a group and that effective and efficient solutions could be developed through collaboration rather than amalgamation.

Early meetings were informal and focused on sharing information, building relationships, and exploring possibilities for collaboration. They were guarded, cautious, and exploratory, but within a few months, the five executive directors had established a collaborative working relationship and identified the potential benefits of formalizing their relationship. By the end of the second year of working together, they had merged their organizations’ accounting services, several agencies co-located their service delivery, and the Central Interior Community Services Co-op (CICSC) was registered as a new independent organization.³

Co-operatives are community organizations based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. They are autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through jointly owned and democratically controlled enterprises. Co-op members believe in the ethical values of respect, honesty, openness, social responsibility, reciprocity, resourcefulness and caring for others.⁴

“The Co-op is not about making profits for shareholders, but creating value for our members. Our top priority is to provide the best possible services for our clients and to invest in the community where they live.”

—Monica Johnson, Executive Director, Boys and Girls Club

2. K. Scott, *Funding Matters: The Impact of Canada’s New Funding Regime on Nonprofits and Voluntary Organizations, Summary Report*. (Ottawa: Canadian Council on Social Development in collaboration with the Coalition of National Voluntary Organizations, 2003). www.ccsd.ca

3. *History and Development of the Central Interior Community Services Co-op*, prepared by Anne Burrill, Principal, Change Maker Consulting, November 2006.

4. *Ibid.*

The five original members chose the co-operative model for the following reasons:

- A co-op model aligned with the individual agencies' values and principles
- Contribution to the success of a co-op is based on organizational capacity, which can be either tangible or intangible
- Ownership by the member agencies is through the purchase of shares
- Both risk and reward are shared
- Co-ops have a proven business model that can be used for social action
- Co-ops allow for an effective use of existing assets (e.g., cash, buildings, etc.) and of the resources of all member agencies (e.g., program expertise, accreditation status, staff members, etc.)
- Co-ops provide the opportunity to preserve valued community services and address long-standing community needs through joint action
- The autonomy and independence of individual co-op member agencies is recognized
- Co-ops improve operational functioning, including financial reporting, human resources management, technology, and service delivery
- Co-ops provide equity in decision-making: the cooperative rule is "one agency, one vote"

The mission of the Central Interior Community Services Co-op is to strengthen the response of member agencies to community social needs, and its vision is to provide community leadership in social development through a proactive approach to self sufficiency and service excellence.

It was stipulated that organizations who wished to become members of the co-op had to be focused on social services and had to have nonprofit, charitable status. Members were invited primarily based on existing or historical relationships of trust and on the existence of common values and a common service delivery philosophy. The original five participants held some informal veto power for excluding participants who might present a significant competitive challenge to building trust as the foundation for the partnership.

"The CICS Co-op has given social services in Williams Lake a unique character this is recognized province-wide and influences what the community stands for."

– Ian McLaughlin, Executive Director, Association for Community Living

Careful attention was paid to issues such as fear, relational trust, decision-making, confidentiality, conflict resolution, conflicts of interest, board ethics, co-location, and communications. The Co-op developed inter-organizational protocols to address new opportunities fundraising and established an Integrated Management Committee (IMC).⁵ The IMC provides the mechanism whereby the five executive directors address the operational requirements of collaborative responses. It is the workhorse of the Co-op: it generates and responds to requests from the Co-op board and member agencies for funding models, work plans, research proposals, human resource management, project management and policy, and the development of procedures.

The benefits of the Co-op include:

- co-location in a building owed by a member agency of the Co-op with leasehold improvements that were funded by member agency that later became long-term tenants
- improved technology (i.e., servers, cell phones, telephone systems, and technology savings through joint purchasing)
- greater success in securing funding in response to government's request for proposals
- establishment of an integrated youth services team
- joint staff training ventures
- joint fundraising events
- two successful Labour Market Partnerships (LMP) proposals that resulted in the Co-op's first strategic plan, a Co-op wide wage grid, a standard job description format and job classification system, and a single employee benefit plan for all non-union employees
- an integrated finance department that provides financial reporting, electronic payroll, account payable services to all members of the Co-op

5. C. Robert Mesle, "Aesthetic Value and Relational Power: An Essay on Personhood." <http://www.religion-online.org/showarticle.asp?title=2549>

- a Co-op occupational health and safety committee
- mechanisms that allow members to borrow internally from other member agencies for bridge financing and capital purchases
- joint purchases of office and meeting room equipment

Lessons learned

Identifying why this collaboration works when so many others don't is complicated. The five organizations that came together at the beginning believed that it was possible to work together without merging into a single organization or identity. Throughout the process, participants focused on sharing information about external market intelligence and internal business practices as a precursor to building trust and moving ahead with joint projects that shared the risk amongst the partners.

The community and organizational context, personal relationships, leadership approaches, and the tremendous vision and commitment, all contributed to the sense that the Co-op is the result of the right people being in the right place at the right time, and of those people then deciding to stick together and figure out how to make the relationship work for better or for worse.⁶ Other factors that contributed to success included:

- understanding the importance of due diligence, process, and the time required to develop comprehensive written protocols for collaborative partnership
- using existing collaborative partnership resources, including The Partnership Toolkit for Building and Sustaining Partnerships, prepared by the Collaboration Roundtable in the Spring of 2001,⁷ to identify and implement low-risk partnership agreements that shared risk and resources
- resolving operational issues and problems using a consensus decision-making process that drew on the resources, experience, and expertise of individual executive directors and that recognized that, together, the five executive directors were a 'consummate' executive director

- employing the five discovery or innovation skills: associating and connecting seemingly unrelated questions, problems, or ideas from different fields; questioning the status quo; observing clients to gain insights about new ways to do things (through the integrated youth team); experimenting; and networking. The five executive directors did the work themselves and did not delegate innovation to a manager or operations coordinator.
- strengthening innovative thinking at weekly meetings by putting aside time to cultivate creative ideas and to ask 'why' and 'why not'⁸
- creating a stronger early warning system to identify potential successes and reduce the impact of mission drift in program development and implementation

We learned that mistrust has many causes, including not meeting an agreed-upon goal, loss of respect, competition for government contracts, increased turf wars and protectionism, and the creation of seemingly impenetrable barriers fortified by rules and practices that benefit one group over another. We also learned that trust can be harmed by deception and untrustworthy behavior and repaired by apologies, promises, and changes of behavior or attitude. We learned to be more candid with each other and to have the difficult conversations that deal with apologies, remorse, self-castigation, requests for forgiveness, and offers of restitution (e.g., "I'm sorry, I feel badly, I was an idiot, and I'll pay"). Trust was and will continue to be the key ingredient that makes it possible for one agency to contribute to the value and richness of the Coop, while the Co-op enhances the individual strength and value of member agencies.

“Continuing collaboration between member agencies empowers each of us to respond more effectively to community needs by utilizing integrative strategies.”

—Irene Willsie, Executive Director, Women's Contact Society

6. Ibid.

7. <http://www.sparc.bc.ca/the-partnership-toolkit>

8. Dyer, J.H. , Gregersen, H.B & Christensen, C.M (December 209) “The Innovator’s DNA”, *Harvard Business Review*

Because we saw the new role of community leadership as relational and having the capacity to influence, we:

- did not limit the partnership to the five original member agencies, but have strategically selected new partners and aligned this selection with our own organizations' visions, missions
- sought role clarity and assigned specific portfolios based on each executive director's skills, expertise, and strengths
- purposefully created relationships and focused on developing trust first and then on task or project completion
- addressed issues of conflict resolution, confidentiality, competition and decision-making by developing formal protocols
- included on the Co-op's board of directors representatives from each member agency's board of directors and its senior management team but gave each agency only one vote at the board table
- implemented a number of shared service projects that involved more than one agency (e.g., early childhood educators were seconded from one agency to work in another to meet a contract's service delivery requirement for staff hours)
- ensured that deliberations were characterized by a diversity of opinion and encouraged constructive conflict
- were willing to be candid and to use both hard (economic, tangible outcomes, infrastructure capabilities) and soft (respect, reputation, values, cooperation) measures when deciding on a course of action
- understood the principle of reciprocity, i.e., that contributing to the partnership now would enhance the return to each individual agency later
- helped each other and shared ideas
- made strategic investments in growth, particularly in the purchase of a building for the Boys and Girls Club and bridge financing for CMHA's BC Housing Project
- focused on creating a shared financial department to improve organizational performance

Emerging themes and insights

The Co-op's budgeted revenues for 2011/12 are in excess of \$7 million dollars, and it is seen as a significant employer in the community. It has increased the internal capacity of its members to react to external opportunities and internal organizational threats by expanding services and human resources capacity and by upgrading infrastructure, including physical plant, telephone, computer technologies, and financial reporting.

As the relationships within the Co-op have matured, new expectations of member agencies are emerging. We have had to rethink competition, contribution, and control. We have moved away from the more traditional 'bunker mentality' of the sector, in which all other agencies in the sector are seen as competitors and potential threats. Instead, we now see the community and other service providers as essential components of organizational renewal. By expanding the range of relationships and conversations, all of our business practices have improved. Shared successes in cost containment and integrating community youth services has given us the courage to have the more difficult conversations about service delivery.

We see collaboration as key to resiliency (i.e., "the capacity to experience massive changes and still maintain the integrity of original - resiliency is about how change and stability paradoxically work together") in rural economies. We can say with certainty that that status quo needs to be de-stabilized in order to release resources for new growth and leverage "unpredictable" opportunities.

We have recognized that our organizational interest is inescapably intertwined with the interests of others.

"Our values influence the services of each member agency, showing that quality and value do not have to come at the expense of honesty and social responsibility."

—Trevor Barnes, Executive Director, CMHA

About the author

As a founding member of the Central Interior Community Services Cooperative and Executive Director of the Child Development Centre, Nancy has been applying the core competencies of relational leadership, direction and strategy in a medium-sized organization.. Although her career has primarily been in the management and leadership of not for profits, her career includes teaching and workshop facilitation in strategic planning, governance, small business development and change management, and most recently early childhood development.

Nancy Gale has an insatiable appetite for new ideas and learning. Further, she believes that continuous learning and an unwavering faith in the ability of human nature to effect change through cooperation are essential predispositions for leading not for profits. Of equal importance to her is the need to do something with newly acquired information or knowledge – consult, advise, teach, apply it to real life and more importantly share it with others.

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