

Shared Services

Recently I was asked to moderate a session on shared services at a conference for a couple hundred New York City nonprofit executives. My goal was to learn from the New Yorkers and bring the best practices back to Maryland. Instead I discovered reasons for not sharing services. But I also learned that with a few nudges, nonprofits could be encouraged to share.

Nonprofit organizations can save time and money by sharing resources. If these prospects are of less importance than complete autonomy, then this concept should be put aside as being for some other group. But if two or more agencies save a significant portion of their budgets by co-locating and sharing a board room and a copy machine, then there needs to be a compelling reason to stay apart before saying "forget it." Similarly, when nonprofits can get together and buy supplies in bulk, they probably should. This might even lead to one good accountant providing common services for a group of organizations.

As long as executive directors, board members, and funders all think that "shared services" are a good thing, the effort should be made to try, but the reality is that few nonprofits are sharing anything.

Funders, like corporations and foundations, are all for more efficient nonprofits; however, few are willing to make grants to pay the start-up costs for shared service operations. This is backwards. Funders should play a convening role. Once a need for a shared service is identified, the funder can get the right people in the room to do the planning. Funders should consider making no interest or low interest loans if they won't give grants. Funders might even consider nudging nonprofits by asking a question about the use of shared services on grant applications.

Associations that represent a group of nonprofits, should be continuously working on developing shared services. These associations should identify for-profit businesses to be service providers. These associations should bring their members together for group purchasing of audits, automobiles, and even commonly acquired zoo supplies.

At the same time, many smaller nonprofits need to understand the extra cost of not sharing services. Nonprofit staff, with their "can-do" attitude, spend hours on projects best left to professionals. Rather than share an IT specialist with another organization, the executive director will waste a day of her time fixing a computer problem. By doing this, the ED is not making a call to potential donor or analyzing data to improve a program. Shared services are a way of getting work done by the right people, immediately and properly.

Funders and nonprofits share the goal of improving people's lives. If more nonprofits participated in shared service arrangements, more lives could be improved.