Meeting the Challenge

...of the 90's

Introduction

Edmonton human service agencies and funders realize they are facing a financial and workload crisis. Providers are pressed to meet more demands for service, while funders are unable to stretch existing dollars any further. Early in 1993, a group of agency representatives met to discuss these concerns. With financial support from the Funders' Forum a one-day conference was organized to give non-profit organizations and funders a chance to share perspectives, talk about alternatives, and plan together for the future.
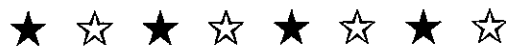
A keynote speech by Robert Couchman, a leading Ontario human service expert, started the day. An abstract of his presentation, *Frugal Compassion*, is included in this conference report. Then five sessions were held in which specific issues were presented and discussed. These were:
Funding Challenges and the Concepts of Collaboration and Competition;
The Role of Funders in the 90s;
Organizational Structure; The Role of Mergers, Partnerships, and Resource-Sharing;
Evaluation for Human Services; and
Experiences from the Business Sector

137 people attended the conference, representing board and/or staff from eighty-three different organizations. Their ideas and suggestions are contained in the workshop summaries in this report.

The conference was only the beginning of a process for funders and agencies to work together to plan for change. It will require a shared vision, a united public voice, collaboration with funders, resource-sharing between agencies, and some common tools for measuring and improving service effectiveness, if we are to meet the *challenge of the 90's.*

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Inside ...

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Project coordinated by
Edmonton Social Planning Council

Keynote Address

"FRUGAL COMPASSION"

Agency/community collaboration in the forging of the new human services paradigm
Robert Couchman

The title of the presentation seems to be a contradiction, but as much as Canadians readily accept the need to guarantee social protection to all members of our society, it is also obvious to most that we can no longer afford to sustain the current level of social spending. The notion of a social contract is deep-rooted in our cultural history. Canadians have always been willing to help one another. However, the cost of providing social protection for all has risen dramatically, despite times of fiscal restraint.

Major cutbacks to social programs are difficult to accept. Some organizations are hoping to survive these difficult times by increasing fundraising efforts and eliminating new innovative programs. This restricts organizations from moving to the new human services paradigm. Survival of an agency does not depend on increased fundraising but on creating new approaches to serve the community. The answer is meaningful collaboration between agencies and community groups.

The new paradigm is the balancing of social services between voluntary and professional activity. Many social programs grew out of voluntary activities. With help from professionals, the voluntary sector can again provide the impetus for social change.

Traditional approaches to planning will not work any more, the money is simply not there to do more of the same. Though many will be reluctant to give up the familiar way of providing services, it's time to relinquish traditional professional/client relationships, building new relationships with partners who each bring different skills to the table.

The new human service paradigm will be less expensive but "far from frugal in its compassion".

Mr. Couchman has many years experience in Ontario as funder, agency executive director and consultant in human services policy, planning and practice. This is an abstract of his keynote address. A copy of the full text is available from the Social Planning Council.

Workshop Sessions...

SESSION ONE
FUNDING CHALLENGES - CONCEPTS OF COLLABORATION AND COMPETITION

Liz McCord and Rod Rode, executive directors of non-profit agencies in Edmonton, facilitated this workshop, along with Peter Faid, a private consultant in research, planning and policy development.

The concepts of interagency collaboration and competition are coming up frequently in discussions of how to deal with resource shortfalls and consequent difficulties meeting demands for human services. The workshop was designed to develop a clearer understanding of how and if collaboration and competition can be effective in addressing service and funding shortfalls.

There are differing assumptions and definitions about these concepts. Some see collaboration as the solution to the problem of service shortfalls; others advocate more competition as the solution. Some believe collaboration is a euphemism used by funders to soften the blow of cutbacks. Some feel competition is wasteful and counterproductive.

Most agree there is a gap between the demand for services and the ability to provide them. The question is whether this shortfall can be solved only by more funding, or by better organization. Those who believe competition has significant advantages think that a free market environment is the most efficient way to deliver human services - that competition increases service effectiveness.

Workshop participants discussed how these concepts are being used by agency directors and funders, identified different definitions and assumptions, and considered whether there is consensus on how to use collaboration and/or competition to solve resource shortfalls.

Peter Faid recently studied inter-organizational coordination. 150 organizations across the province, who were participating in some form of interagency collaboration, were surveyed.

The study found that coordination in planning and delivery is viewed widely as a way to improve results, reduce duplication, and eliminate costs. It involves joint activity, while allowing individual organizations to maintain their own goals, expectations and responsibilities. Collaboration, on the other hand, is viewed as a process of reaching goals that cannot be achieved by acting independently. The organizations involved will develop a set of common goals and share responsibility for achieving them.

Competition is not compatible with values of cooperation, coordination and collaboration. Competition through government contracts may be a satisfactory way of transferring funding and delivery responsibilities, but contracts offer no guarantee of continuity. Non-profit organizations don't always have the time or expertise to compete with for-profit organizations in preparing contract bids.

There is also a danger that voluntary organizations will abandon their role as political advocate if criticizing political policy might risk losing a government contract.

The survey of provincial organizations suggests coordination is more likely to be successful if the following elements are in place:

• **Effective leadership** ... requiring skills in organizing, communicating and facilitating.

• **Interorganizational support** ... the organizations must believe in the value of working together, be prepared to commit resources, and cooperate in planning and implementation.

• **Commitment of group members** ... it is critical that members agree to support the group as the group sees necessary.

• **Agreement on the need for joint action** ... organizations must agree a problem exists and that it is best addressed by working cooperatively.

• **Involvement of key stakeholders** ... at the outset, every effort must be made to contact all stakeholders to determine who will be part of the coordinated approach and to involve them in the planning and implementation.

• **Clear achievable goals and objectives** ... for addressing the problem are essential to focus the planning of the group and guide the action.

• **Clear roles and shared responsibilities** ... ensure group members can make a commitment in good faith, assuming ownership of the group's activities.

• **Open communication** ... all group members must be heard and information shared equitably.

• **Democratic decision making process** ... helps balance power and influence within the group.

• **All parties must gain** .. from the association, whether through credibility, power and influence, or resources.

• **Positive, concrete results** .. will enhance the commitment of members to the group and increase the likelihood of it continuing.

Workshop participants divided into small groups to discuss the following key questions:

What makes competition or collaboration successful?
Why do they fail?
What is behind the message to compete/collaborate?
What are the short and long terms costs and gains of competition and collaboration?

The following responses were received from participants in the workshops:

Success

Participants mentioned "commitment" several times as a reason why collaboration works. Improving service, sharing resources, expertise, and programs among the agencies were other reasons. Good leadership, communication, involvement of client groups, better visibility, trust, and honesty were mentioned too. Collaboration gives the ability to fill the gaps in service.

Competition was seen by some as improving client service, making us creative, developing better skills and "it keeps us on our toes".

Failure

The reason mentioned most often for failure of collaboration is the time it takes away from program delivery. Other reasons listed for failure included inefficient use of time, duplication, confidentiality, and lack of skills and commitment. Differences in philosophies, values, and definitions were also mentioned. Manipulation through forced agendas or hidden agendas can cause failure. We should complement each other as we work with issues in the community, not compete.

Competition sometimes means people get paid less; it can lead to fee for service; it lowers standards; it's hard to hire qualified staff; programs decline; there is protection of ideas, and it conflicts with human service values.

Opinions of workshop participants

• "Collaboration is one way to meet needs of clients, a new way to look at issues."
• "The message from the funders is to merge."
• "Perhaps we can't continue to offer services as if the past."
• "Bigger is not necessarily better."
• "With collaboration there is a threat of losing clients to the other agency."
• "We have to give cheaper but better service."
• "We have to understand the problem. We have got to do it for less."
• "'Competitive collaboration' may be the answer to funding shortfalls."

The Costs of Competition

Lack of security, no personal satisfaction, and the fact needs are neglected were seen as some of the costs. "With short term it's time, long term it's the risk" was mentioned by one participant. It was felt that it destroys values and advocacy may take a back seat. Competition lessens trusts and shuts out smaller, more creative agencies.

Sessions ...

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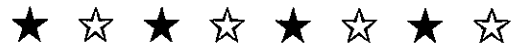
SESSION ONE
COMPETITION AND COLLABORATION, contd.

Views gathered from agencies before the conference:

Collaboration

"Funders encourage collaboration between agencies but will not collaborate between themselves."

"Duplication of services is seen as an excuse given by funders who do not understand the service involved."

"Government encourages new joint initiatives between agencies and then fails to follow through with funding."

"A collaborative endeavour costing more than a service offered by only one organization is unlikely to be funded."

"Client needs must be a primary concern whether collaboration or competition is involved, even if this means some agencies that cannot offer the best service will have to close."

Partnership outside of a competitive business model can lead to "an old boys network".

"Collaboration can waste time and money if it's assumed to be the only answer and not considered along with other options."

Competition

"The best way to compete for limited dollars is to propose collaborative ventures."

"Competition encourages mistrust and lack of collaboration among agencies, and can facilitate the purchase of cheap inadequate services from marginal agencies."

"The tendering process generates the best type of partnership."

"The introduction of competition in social services must be carefully monitored to ensure that quality service is purchased."

"In competitive situations, the private sector can react quicker to change as it is not constrained by bylaws."

"There's no place for profits in the delivery of human services."

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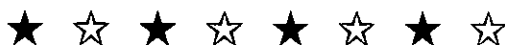
SESSION TWO:
THE ROLE OF FUNDERS IN THE 90'S

Robert Wyatt of the Muttart Foundation, and John Lackey from the City of Edmonton, facilitated discussion around the following questions:

1. In what ways can/should funders deal differently with agencies and other funders that would help agencies better meet their objectives?

2. Should funders be taking on roles other than those traditionally undertaken?

3. How do funders and agencies work together to decide on funding formulae that provide the agency, the funder and the community with measurable outcomes?

4. What environment is necessary to have funders and agencies "lay their cards on the table" so that they can understand each other's needs and work together on solutions?

5. How can duplication and territorialism of services be minimized and integration be enhanced?

6. Given finite resources, how can agencies be encouraged to cooperate and collaborate rather than compete with each other with all the negative implications?

7. Are common agency information systems possible or desirable? How can we better help one another through shared information and shared resources? e.g. software and hardware?

8. Agencies can often obtain "one-time" grants for pilot projects. But if projects are successful, how can funders and agencies work together to meet ongoing expectations and avoid the "pilot fund trap"?

9. How can community needs be reasonably assessed on an ongoing basis and funding be best channeled to emerging needs?

10. Are board members knowledgeable and active enough in setting the direction and tone for agencies? If not, how can this be encouraged?

11. Do services need to be more client driven? If so, how?

12. Can volunteer effort do much more than is the case now to replace paid staff intervention?

13. What can funders and agencies do politically and publicly to prevent a further erosion of funding to the human services sector?

Participants were then asked to take part in two exercises:

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Exercise 1

You are a director of the Smith Foundation, a private foundation with assets of about $10 million. Your foundation makes grants within your own province and a neighbouring province. Its stated desire is to fund special projects being carried on in certain specified program areas, but occasionally, it has made grants of core operating funds to particularly needy charities.

In 1991, the total of all requests averaged $5 million per quarter. You awarded approximately $250,000 in new grants per quarter.

In 1992, the total of all requests was about $5.5 million per quarter. Your granting increased only slightly, to about $260,000 in new grants each quarter.

In the first two quarters of 1993, requests averaged about $6 million per quarter. However, your foundation has been hit by the effects of lower interest rates, and it appears that the total amount you will be able to grant this year will be $800,000 - or about $200,000 per quarter.

The Board has said it wants to take a strategic approach to what is happening, rather than trying to deal with it "piece meal" Every director is supposed to come to a retreat with ideas of what changes to make.

What do you suggest?

Participants responded:

*Reassess and monitor the focus of the mission

*Ensure that trends and priority community needs are well understood

*Educate agencies

*Consider administrative cost cutting and even a merger

Exercise 2

You are on the Board of Directors of the "We Care For All Centre", a well-respected agency which delivers a range of established programs to "at risk" families in the City of Edmonton. You have two core funders and, from time to time, access foundation grants for capital or short-term, specific initiatives.

Your core funding was held to a 3% increase in 1991, 0% for 1992 and 1993, and the board has just received word from both funders that the agency can expect a 15% decrease in 1994 due to public and government cutbacks. Existing foundations are "flat" at best because of low interest rates and are not about to fill gaps in ongoing program funding. The agency has a $1,000,000 annual budget and an operating reserve of only $50,000.

A special, all day meeting of the board has been called to determine how to deal with the agency's looming 1994 financial crisis. What ideas are you as a board member going to bring to the table about the action necessary to minimize the impact on the people being served by the "We Care For All Centre"?

Participants:

*Downsizing through negotiation of priorities with funders

*Merge programs or merge agencies to reduce costs

*Work collaboratively to reduce service duplication

*Consider contracting out tasks, including support staff

Sessions ...

SESSION THREE:
ORGANIZATIONAL STRUCTURE; THE ROLE OF MERGERS, PARTNERSHIPS, AND RESOURCE SHARING

Workshop facilitators Liz O'Neill and Jim Greenough are from two agencies in Edmonton which successfully completed mergers in the last couple of years.

Organizations that are content to carry on as they always have are primed for failure. Social problems are not static and the problems and solutions are not owned by one group or organization. In today's social service environment, organizations must be working in close cooperation with other organizations. With increasing funding restrictions and shortfalls, and an increasing desire to deliver benefits to people, organizations need to be open to formal collaborations, alliances, and in some cases, mergers. Survival of the organization should be secondary to the survival of the mission statement.

The workshop looked at barriers to alliances and mergers, ways to determine if and how they can be overcome, and whether these strategies were in an agency's best interest.

Both facilitators told how their organizations had faced the challenge of successful mergers. They explained the lengthy planning process and the key players involved. The points considered included who their clients, volunteers, and competitors were and who they would be in the future; how the upcoming changes would impact on their business; and what the strengths and shortcomings of the organization were. Building on this information the organizations were able to merge to become larger and stronger with a more stable funding and volunteer base.

Participants formed small groups to discuss:
How can agencies work together to meet community/client needs?
What are the problems or barriers?
What are the advantages or disadvantages?
Can barriers be removed?

Participants thought one way that agencies could work together would be by sharing resources such as equipment and premises. Another would be by sharing common tasks such as lease negotiation or purchasing. Merging of programs, rather than organizations, should be considered.

Problems or barriers listed by participants included loss of identity, conflict of interest, differences between the organizations such as structure, size, culture and history, and the relationship between the boards. Concern was expressed over possible loss of choice to clients and whether government would be supportive of the initiative. Some wondered who they should collaborate with and mentioned the difficulty in finding partners as a problem. The lack of vision and time to collaborate is another barrier.

The **advantages** were seen as less costs, better services, convenience of one location for clients, information sharing, and working together to achieve objectives and avoid competition. Disadvantages were the protection of service territory, the time involved, and the danger of a larger agency becoming more bureaucratic.

Participants thought agencies could work together and used immigrant agencies and housing for youth in the inner city as an example. Another example would be having services for a particular geographic area in the same facility.

They suggested a registry of people who want to explore collaborations/partnerships could be created to be shared amongst interested partners.

Points to consider in mergers, partnerships and resource sharing:

1. What would the programming implications be for your agency is you were to consider sharing resources, creating new partnerships, or considering a merger?

2. What might the organizational, operational and motivational impact be on staff, volunteers, board, key stakeholders; and what might an organizational structure look like?

3. What might be the financial impact? Are there efficiencies that could be gained? Are there costs associated with these initiatives? How would current funders respond?

4. What might the bylaw, legal and tax consequences be if you pursued one of these directions?

5. Is there opportunity to provide services of higher quality and greater diversity to more people?

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SESSION FOUR:

EVALUATION FOR HUMAN SERVICES

Lynda Workman and Louise Gendreau, from Edmonton Community & Family Services facilitated this workshop.

It was an opportunity to explore and discuss two ways of thinking about evaluation for human services, a traditional and non-traditional approach. Understanding the assumptions behind each approach can be helpful to agencies in selecting the appropriate approach and particularly for examining what makes a difference. Discussion was based on the chart below.

TRADITIONAL FRAME OF MIND	NON-TRADITIONAL FRAME OF MIND
OBJECTIVE:	**DIVERSE:**
*the same for everyone	*multiple reality
*search for one truth	*different meaning systems equally valid
*to prove *judgement	
NEUTRAL:	**ENGAGED:**
*stance of disinterest	*oriented to the question
*detached	*using self in the process
*impersonal, e.g. external evaluations to ensure lack of contamination	*reveal deeper meaning
	*personal
KNOWING:	**SEEKING UNDERSTANDING:**
*prescriptive	*benefit of the doubt
*certainty and no doubt	*how the client experiences
*based on what we think as stakeholders	something in their terms
*don't question	*recognizing diverse meaning systems
*as if we know in advance the questions to ask	*all people are experts of their own experience
*expert	
GENERALIZABILITY:	**RELEVANCY:**
*standardized method	*organization purpose/derived from context
*assess predictability	*relevant to practice
*controlled	*change orientation
*unchanging	*ongoing
*reproducibility/validity	*unique to the human experience
COLLECTIVE (SOCIETAL) REALITY:	**CLIENT BASED (INDIVIDUAL):**
*rates about a societal condition	*experience of individual
*observations	*specific
*not oriented to action	*informs a change process
*names the problem not solution	*informs practice

What Next?
The session raised many questions and suggestions, including:
*Funders come from a traditional frame of mind, so would they value other ways of evaluating?
*More information and reading materials are needed about non-traditional evaluations.
*Provide the opportunity for a small group to work together to understand a non-traditional approach for the human services.

SESSION FIVE

EXPERIENCES FROM THE BUSINESS SECTOR

Rick Lelacheur, a prominent local businessman and President of Economic Development Edmonton was able to give some perspective on how business has adjusted to the tougher economic climate, as well as to relate his experience of dealing with the merger of three non-profit organizations.

Lelacheur explained that mergers are a challenging process. It usually involves a reduction in staff and this is never an easy task. Restructuring, as we can learn from the business community, can be a positive experience. An organization faced with funding cutbacks and reduced revenue should consider "where will we be in 5 years from now, if we do nothing?" The answer may be that the organization won't be around.

He stressed that these are very difficult economic times and in his opinion those agencies whose funding depends mainly on the provincial government should be particularly concerned for the future. We should also consider that volunteers can be an asset as well as a liability because of the staff time needed to coordinate their activities.

After the presentation, Lelacheur answered questions from participants, challenging them to consider change of any kind that would reduce expenses.

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Next steps ...

• The message from the conference is important. Even today there are agencies with board and staff who are not prepared for having to "do more with less". Because of this, the conference report is being distributed to all those who were invited to the conference. We also plan to deliver the message through the various inter-agency meetings.

• A survey questionnaire from funders and the steering committee is included with this report. It is being sent to all the funded agencies. The survey gives you the chance to tell us what kind of planning you are doing to deal with the new funding realities, what issues and concerns you have, what information you need, etc. The overall survey results will be made available to all respondents. This survey will help funders and agencies alike understand the current situation. It will allow us to plan assistance to agencies as they deal with financial shortfalls and pressure for mergers and partnership.

• Mergers and other forms of resource sharing are a positive way to maintain service quality while also reducing inefficiencies. There was considerable interest in the mergers and resource sharing workshops at the conference. However, because of space limitations, only a small proportion of agencies were represented at the sessions. Several smaller workshops will be organized, involving both the original presenters and funder representatives. Agencies will be approached by sector, for example, areas of service groupings such as youth etc., or geographic areas of Edmonton.

• Strategies to make your organization more efficient often cost money to get off the ground. The Edmonton Social Planning Council can help your organization identify private funding sources which have set aside money to help make human service organizations more efficient.

• The Funders' Forum has allocated some funding to the Social Planning Council to co-ordinate discussions on ways to address financial and resource issues. Are you interested in working together with other agencies in any of the areas discussed at the conference? For example, you may wish to explore new tools for evaluating service efficiency and effectiveness, new models for collaboration, ways to become more competitive, ways to share human and physical resources with another organization, or even the possibility of merging with another agency. If so, give us a call.

Thanks to ...

Moderator:
  Jonathan Murphy, Edmonton Social Planning Council

Presenters:
  Rod Rode, The Family Centre
  Liz McCord, Planned Parenthood Association of Edmonton
  Peter Faid, Community Services Consulting Ltd.
  Robert Wyatt, Muttart Foundation
  John Lackey, Edmonton Community & Family Services
  Lynda Workman, Community & Family Services
  Louise Gendreau, Community & Family Services
  Liz O'Neill, Edmonton Big Sisters/Big Brothers
  Jim Greenough, The Support Network
  Rick Lelacheur, Economic Development Edmonton
  Robert Corness

Steering Committee:
  Rod Rode, The Family Centre
  Jonathan Murphy, Edmonton Social Planning Council
  Lynda Workman, Edmonton Community & Family Services
  Liz McCord, Planned Parenthood Association of Edmonton
  Liz O'Neill, Edmonton Big Sisters/Big Brothers
  Sherry McKibben, Boyle McCauley Health Centre
  Jim Greenough, The Support Network
  Diane Goodall, Diane Goodall Administrative Services

Funder's Forum (project funders):
  United Way of Alberta Capital Region
  Alberta Mental Health
  Muttart Foundation
  Alberta Family & Social Services
  Edmonton Community Foundation
  City of Edmonton Community & Family Services

For more information about the Meeting the Challenges of the 90's conference and follow-up help you can access, call Jonathan Murphy, at the Edmonton Social Planning Council, 423-2031.