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## Shared Services Proposal

### Overview

Social Venture Partners Vancouver was established in 2001 and is part of an international network of engaged philanthropists who invest time, money and professional expertise in local non-profits. SVP's mission is to strengthen the organizational capacity and scale the impact of innovative non-profits to create positive social change in our community. SVP Vancouver is focused on helping non-profits that serve children and youth at-risk.

### Challenge – Core Operations

Core business functions (finances, HR, fundraising, communications, and IT) in non-profits are under resourced, and have high levels of dissatisfaction reported even when performed by in-house paid staff, external consultants or pro bono professionals. The impacts of not finding better solutions to these back-office needs include:

- inefficiency and burnout;
- high staff turnover,
- cash flow crises,
- loss of funding,
- missed opportunities,
- diminished impact and threats to growth and sustainability.

At best, these are enormous distractions for leaders of small nonprofits. At worst, the lack of adequate back-office infrastructure is responsible for their ineffectiveness in achieving their mission and notable human and financial waste.

SVP set out to explore supporting shared services in an effort to increase efficiencies around core non-profit infrastructure, including: IT, fund development, finance/bookkeeping, communications/marketing, administration, impact measurement etc.

### SVP Findings:

To date the SVP Scaling Committee has:

- Completed a [needs assessment](#) with 13 of our investees
- Done a preliminary review of best practices in the literature
- Met with Tides Canada to learn more about their approach to funding 'shared services'
- Spoken to large funders to survey the landscape for similar models to learn from

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- Hosted a ‘brain trust’ of interested partners to design a shared services model
  - Participated in a webinar on “best practices” in Shared Services.

### **Key SVP Investee Findings:**

We conducted a needs assessment with the 13 NPOs in our portfolio. Our findings generally confirmed what the literature summarizes:

- General enthusiasm exists for receiving more support for core operations, but limited ability to contribute funding.
- The priority needs are:
  - 1. Fund Development**
  - 2. Marketing/Communications**
  - 3. IT Support**
- Primary motivation is to cut costs and focus on mission.
- There is complexity around hiring and control of services, especially for fundraising and communications.

### **SVP Proposal**

SVP would like to initiate a 2-year pilot project with the goal of supporting core operations for non-profits. More specifically, SVP will be supporting fund development and IT needs through two strategies:

#### **1. Fundraising Consultant**

SVP will hire a senior fundraising consultant as a full-time temporary SVP employee for two years. This position will be focused on developing relationships with SVP Investees to further their fund development goals. Specifically, they will be engaged in:

- Strategy Development
- Education and Training
- Relationship Management and Accountability

This staff person will be available as needed, and Investees will be required to pay on a monthly basis. The cost is intended to ensure commitment from the Investee to the project, and to provide minimal cost recovery.

The recommendation on pricing is to charge a monthly flat fee that will guarantee a minimum of 8 hours per month on consultation (one full day). A full-time employee will have approximately 120 hours per month to offer Investees (accounting for time required to commit to reporting back and working directly with SVP). If all 13 Investees used their 8 hours that would account for over 85% of the consultant's time. Realistically this will vary greatly given the cyclical work of non-profits, and allows for the Fundraising Consultant to flex as needed.

Given that SVP's primary goal is to increase fund development capacity among our Investees, the recommendation is to price the flat monthly fee at \$150 (\$1,800 per year). If all 13 Investees were to invest in this resource, this would account for approximately a 25% cost recovery. While some Investees will most likely benefit more than others, this will be driven by their interest in prioritizing fund development within the organization.

The Fundraising Consultant will not be focused on grant writing, as this is understood as a distinct skill set, and one that is more commonly found among non-profit leaders.

## 2. IT Consultant

SVP will retain an IT firm and offer them at no cost to SVP Investees on a trial basis of 6 months.

This recommendation is based on our recognition that we do not need a full-time IT employee for the volume of work that exists, and that unlike fund development, this is not a skill we can train Investee employees in as it is unlikely that there is the interest or the ability to excel in managing IT functions within the organization.

Recognizing that the market provides a ready-made solution to this challenge, it is in the best interests of SVP and our Investees to manage relationship with an IT firm that can support our Investees on an as-needed basis.

Understanding that this is a high-priority need for our Investees, and yet they have limited resources with which to invest in IT support, the recommendation is to offer it at no cost for 6 months with a ceiling of \$30,000 (\$5k per month/13 Investees).

Having SVP's Operations Manager monitor the partnership during the trial period, we can better understand:

- Volume of requests

- Nature of requests
- Trends (is it particular Investees, if so, why? – other trends)

With more data we can assess the situation in six months to determine how much it is costing SVP, and whether we should continue to pay for IT needs for our Investees, or if there are alternative solutions to the problems being raised.

### Cost + Funding Implications

Hiring one FTE will cost between \$75,000 and \$85,000 annually (salary + benefits), in order to attract a competitive candidate based on sector benchmarks. For this position to be successful, we require a mid to senior level fundraiser, with demonstrated success in the field. It should be noted that successful fundraisers are highly desirable and therefore difficult to attract. We would also require a computer and minimal furniture for a new staff person, which will add approximately \$2,000.

Committing to \$30,000 worth of IT support over 6 months is more than we anticipate spending, but is a safe starting point to explore with our current resources. This is based roughly on SVP’s IT budget which is \$3,500 annually, which we are currently on track to spend. After 6 months we will re-asses to determine what resources are needed to move forward.

All together it will cost approximately \$117,000 each year. We think it is appropriate to budget a total of \$244,000 over two years for both fund development and IT support.

<b>COST</b>	<b>Year 1</b>	<b>Year 2</b>	<b>TOTAL</b>
Fundraising Consultant	(\$87,000)	(\$87,000)	(\$174,000)
IT Services	(\$50,000)	(\$50,000)	(\$100,000)
	<b>\$137,000</b>	<b>\$137,000</b>	<b>\$274,000</b>
<b>REVENUE</b>			
Service Fees (cost recovery)	\$15,000	\$15,000	\$30,000
SVP Contribution	\$61,000	\$61,000	\$122,000
Partner Contribution(s)	\$61,000	\$61,000	\$122,000
	<b>\$137,000</b>	<b>\$137,000</b>	<b>\$274,000</b>

An alternative option is to pilot the project for one year at half the cost.

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We propose using up to a maximum of \$122,000 (24%) of the major gift of \$500,000 we received in May 2016 to contribute towards the Shared Services pilot project. We would look to source co-funding from other interested partners to fund the remaining 50% of the pilot project.

### **Risk Assessment**

There is minimal risk in adding a FTE employee.

Risk management strategies include ensuring that the successful candidate goes through a three-month probation period, after which regular employee protocols will be followed. There would also be a review of the position after a two-year pilot, to assess the overall efficacy. Should it be determined that the position is no longer necessary, it is a full-time temporary contact position, eliminating the need for severance.

### **Next Steps**

If the Board of Directors is supportive of the proposal, the following steps would need to be taken:

1. Vote to adopt proposal as this is not included in the current 2016 budget
2. Source co-funding from other partners
3. Begin recruitment and hiring process, ideally starting in October 2016
4. Continue to source an IT firm to work with (process has begun as SVP is currently reviewing proposals for ourselves).

### **Appendix A – Job Description**

Job Description for the following position is attached:

- Fundraising Consultant

### **Appendix B – Overview of Services**

- Fundraising Consultant Services