

## The Moment to Explore Strategic Partnerships

# Starting a Nonprofit

### CASE STUDY

## The Power of Possibility: Providing Proof of Concept without Going It Alone

*“Partnering with existing organizations, and leveraging their key strengths, allowed me the space and time to show how this app can make a difference on a global scale.”*

— Courtenay Cabot Venton

### The Moment

Courtenay Cabot Venton has spent decades working with organizations to identify those measures that have the biggest impact on poverty reduction. After seeing the power of a ‘self help group’ (SHG) model being successfully implemented in Ethiopia by a group called Tearfund, she wanted to help scale it. These SHGs enable a small group of leaders — usually women — to pool their savings in support of small businesses, mutual assistance, and community-based projects. Courtenay saw the potential of technology to scale this type of program, and set about making it happen.

### The Power of Possibility

Courtenay knew that one way to get her idea off the ground would be to found a new organization. But she also knew that it would be a tremendous amount of work to build the organizational and programmatic capacity herself. And she wasn’t sure that a new organizational structure was really necessary.

She reached out to Code Innovation, an organization with the ability to leverage digital tools to help scale innovations for poverty reduction. She also approached the board chair of One Hen, Inc., a domestic-focused organization with the mission to empower kids to become social entrepreneurs. Her vision was a natural fit with One Hen, providing it with an opportunity to expand its scope internationally. After formalizing a partnership between Tearfund, One Hen, and Code Innovation, Courtenay pursued and gained a grant from the United Kingdom to fund the next steps.



Starting a new nonprofit is a major endeavor, and one that shouldn’t be taken lightly. Before you assume that a new organization is the best way to get a great idea or program off the ground, consider how you might be able to partner with an existing organization. It will not only enable you to build on the existing resources, capacity, and expertise of that organization, it will ensure that you’re following your passion in a way that strengthens — rather than competes with — organizations that are already doing similarly important work.

## The Result

The results from early pilots were promising enough to secure funding from the Bill & Melinda Gates Foundation, and the project has expanded well beyond the original partners to a global consortia of nonprofits. Thanks to Courtenay's leadership and long-term view, she was able to achieve her goals in a way that supported and strengthened existing organizations.

## CASE STUDY

### The Power of Possibility: Finding a Solution to the Need for Infrastructure

*“Women Living Free is a great program with tremendous results. By merging with Arizona Women’s Education and Employment, we were able to really focus on our programs and leave the business of running an organization to a group that was already doing it well.”*

— Marie A. Sullivan, president & CEO, Arizona Women’s Education and Employment, Inc.

## The Moment

Women Living Free was formed to provide women leaving the Arizona prison system with tools and support to avoid returning to prison and to breaking the recidivism cycle. Early in its existence, it was having programmatic success but was struggling to develop the infrastructure needed to survive as an independent agency.

## The Power of Possibility

After thoughtful consideration, Women Living Free’s leaders decided that existing as an independent organization wasn’t working for them. They were able to transfer their program to a well-established organization with a strong infrastructure: Arizona Women’s Education and Employment, Inc. (“AWEE”). AWEE is a women’s job-training organization whose mission is to change lives through the dignity of work, which made it a natural partner for the Women Living Free program.

## The Result

By becoming a part of Arizona Women’s Education and Employment, Women Living Free’s leaders were able to stop leading a nonprofit organization and all that it entails, and focus on delivering the program they had built. And they are seeing tremendous results: Women Living Free graduates have a recidivism rate of 16 percent compared with the average rate of 70 percent recidivism for women not in the program. They’re also seeing the benefit of being a part of a large, well-established nonprofit organization: AWEE has secured more than \$3,000,000 in grants for the Women Living Free program. None of these achievements would have been possible had the leaders of Women Living Free not connected with AWEE to explore what they could accomplish together.

## Exploring The Power of Possibility: Does a Strategic Alliance or Restructuring Make Sense for Your Organization?

Approximately 50,000 new nonprofits are incorporated by the IRS each year. Each is led by passionate individuals with an idea and a purpose who are looking to make a difference. But with more than 1.5 million nonprofits in the United States alone, there's no question that some of them overlap or compete for the same resources in ways that can create challenges.

That's why it's critical that you consider some important questions before you start a new nonprofit.

### Would we be meeting an unmet need?

Before you start a new nonprofit, take the time to assess the true need for your program or cause. Ask yourself the following questions:

- What would be our core purpose? What problem are we trying to solve or what new reality are we trying to create?
- What would be our unique value? Do we understand the landscape well enough to have confidence that we're bringing something new to our community or world?
- What other organizations are working on related issues? Are any of them doing it in a way that is similar enough to what we want to do to result in real — or perceived — duplication?
- If we created a new organization, are there organizations that would likely be made weaker as a result? Would we be competing for the same resources or constituents?
- Could we make the case to a donor or funder that we are creating a new benefit?

### Could we work with another organization?

While there's no guarantee that there's an organization already working on the type of program or project that you're looking to create, there's a good chance that one is working on something similar. And, as the two previous case studies illustrate, working in partnership with an existing organization — rather than building a new organization from scratch — can be a powerful way to accelerate your idea's progress and avoid duplicating or competing with others who are doing good work. Consider the following:

- What organizations are working on similar issues?
- Would our idea or program add value or fill a gap for any existing organizations?
- Have we spoken with them about our ideas and if we could work together?

### Do we know what it will take?

Building a new nonprofit takes a lot of effort, both to build and fund the programs and to set up the infrastructure required to exist as a legal entity. Ask yourself the following questions:

- Do we have the financial resources we need to support and sustain our work while we get up and running?
- Are there individuals who care enough about what we're doing that they will fund the organization for the first year while we're building our reputation and cultivating additional support?
- Do we have a committed leader — or group of leaders — who will stick with this organization as we get it off the ground, even if it's on a volunteer basis?
- Do we have a strong group of leaders who will be willing to serve as volunteer board members and be both financially and legally responsible for our organization?
- Are we familiar with the paperwork and filings that will be required to formally incorporate as a nonprofit with the IRS and our state, and have the associated costs?

## How can we stay open to future partnerships?

As was the case with Women Living Free, it's possible — even after founding a new organization — to identify an opportunity for a strategic partnership that makes more sense than remaining independent. One strategy that more and more founders are using is working with a fiscal sponsor, instead of founding a new nonprofit.

By partnering with a fiscal sponsor, you don't have to go through the formal process of founding a new nonprofit, incorporating with the IRS, or forming a governing board. Instead, you can operate as a project under the banner of another organization. This has many potential benefits, including

- enabling a founding group of leaders to test their model or programs prior to formally launching a new organization
- focusing early efforts on the program, rather than building organizational infrastructure
- making it easier to partner with another organization in the future, as it would not require a merger to do so

While there are many organizations that serve as fiscal sponsors, we recommend working within a formalized fiscal sponsorship structure, so as to benefit from the experience and expertise of that group. To find a fiscal sponsor in your area, visit the National Network of Fiscal Sponsors directory at [www.fiscalsponsordirectory.org](http://www.fiscalsponsordirectory.org).

## Learn More About The Power of Possibility

The Power of Possibility is an effort to invite boards and executives to consider how strategic alliances and restructuring could enable their organizations to expand their impact. To learn more about the campaign, and to access more resources and guidance for organizations that are exploring the possibility of strategic alliances and restructuring, visit [www.thepowerofpossibility.org](http://www.thepowerofpossibility.org).

## KEY TAKEAWAYS

- Before you start a new nonprofit, make sure that you will be meeting an unmet need, rather than duplicating or competing with a nonprofit that's already in existence.
- There may be opportunities to work with an existing nonprofit organization in a way that builds on your innovation and its capacity and reputation.
- Make sure you know what it will really take to get a new nonprofit off the ground, and that you're ready to make that commitment.
- Consider the possibility of working with a fiscal sponsor while you build your program, which will make it easier to incorporate into another organization if you decide to do so in the future.