Trust as an Asset:
Building a Managed Service Organization within MACC (A)[1]

In December 2002, the state of Minnesota faced a $4.5 billion shortfall caused, as in many states, by the national recession and the corresponding decline in tax revenues. The newly elected governor, Tim Pawlenty, warned that everyone would need to share the pain – townships, cities, counties, nonprofits and individual Minnesotans. The state's nonprofit sector, which had enjoyed years of growth and a reputation for social innovation, steeled itself for cuts. The outlook for nonprofits was made worse by dramatic reductions in giving from the Twin Cities United Way and private philanthropy. Eighty-nine percent of Minnesota Council on Foundations membership reported asset declines that decreased their giving.[2]

The state government's crisis was exacerbated by a pledge for no new taxes taken by the Governor during the election. Like many Republican leaders, Pawlenty had signed a pledge of the Taxpayers League of Minnesota, a citizens' group that advocates for smaller, less expensive government and lower taxes. The message of the Taxpayers League resonated with many Minnesotans; polls revealed that the majority of citizens believed that state lawmakers should avoid increasing taxes. The League's President David Strom took direct credit for change public in a state that had, historically, seen a positive role for government. "The fact that we've been able to, with the help of the governor, convince the majority of Minnesotans that government is too big, it's time to cut back -- that's the real power that we have -- our ability to persuade people."[3]

This attitude infuriated many other nonprofit leaders. Although the League was a nonprofit organization, to many others in the sector it represented a philosophy that they directly opposed – a philosophy that placed the burden for coping with scarcity on the backs of those who already had the least. The Minnesota Council on Nonprofits, for example, launched an aggressive public media campaign in 2002 to educate Minnesotans about the roles nonprofits play in providing public services and meeting the needs of the disadvantaged. Other nonprofit leaders began to develop innovative solutions in the increasing challenging fiscal environment they faced.

Jan Berry, the new President of the Metropolitan Alliance of Community Centers (MACC), considered various options. A coalition of thirteen human service providers in Minneapolis and St. Paul, MACC would be seriously hurt by cuts coming to state and county contracts. As Jan studied the Taxpayers League, she saw how successful it was at marketing its ideology, at

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[2] Minnesota Council on Foundations (2002). "Minnesota Nonprofits, Grantmakers Explore Funding Outlook at MCF Meeting." Retrieved 12/11/06 http://www.mcf.org/MCF/forum/2002/mcfmeeting.htm

[3] Zdechlik, Mark (2003). "Taxpayers League Puts 'Fear of God' Into Lawmakers." Minnesota Public Radio.Retrieved 12/11/06 http://news.minnesota.publicradio.org/features/2003/04/15_zdechlikm_taxpayers/

seeming to be larger and more influential with politicians and policy makers than it actually was. As a nonprofit, the Taxpayers League clearly focused strategically on marketing and systems change. Although MACC agencies were nonprofits working towards different ends (providing human services), Jan realized there was much that could be learned from the League's approach. They clearly articulated their value to taxpayers, funders, and every other stakeholder. Jan admits now, "This was a significant shift for me. I had never thought strategically about human service organizations before." She knew any strategy needed to build upon organizational assets, moving members out of the reactive position they traditionally had taken to fiscal uncertainty. Jan began to focus her attention on how to grow MACC and push it to work smarter at both the operational and strategic levels.

A Vision of Deep Collaboration

When Jan became President in 2003, MACC was comprised almost exclusively of agencies established in the early 20th century and built upon the settlement-house tradition of Jane Addams's Hull House (See Appendix A). The hallmark of this approach was deep engagement with communities to provide services and support, holistically meeting family needs rather than the more piece-meal service provision that dominated much of social services in the 1970s and 1980s. While many of these agencies were exemplary service providers, most were not particularly strong in advocating on behalf of their communities or mobilizing different constituencies.

In the mid-1990s, the executive directors of these settlement houses in St. Paul began to meet informally to share information. By 1997, this informal gathering had expanded to the other side of the river, and two years later the organizations decided to incorporate as the Metropolitan Alliance of Community Centers (MACC). Spearheading the founding was Tony Wagner, the prominent leader of Pillsbury United Communities. "I had tried for ten years to get something together," Tony recalls. "I realized that, as non-profits, we had to get bigger to command respect. Otherwise, we were going to get nickel and dimed to death." At first, MACC hired a part-time operations director and over the next few years, provided some management and leadership training, formed affinity groups for some staff to encourage peer learning, and hosted a few joint conferences.

The biggest idea they explored, however, was for all of the agencies to provide a single health-benefits package to their employees. The attraction of such an idea was obvious - health care is the biggest expense in any benefits package for employers; health care costs and premiums were rising; and the complexity of program choices is challenging even for experienced human resource professionals. Why not pool the expertise of the various MACC agencies and arrive at one streamlined, more efficient plan? Why not collaborate on the item that promised the biggest savings, the soonest? Yet, initial attempts to share health benefits failed. According to Tony Wagner, the effort didn't succeed because executive directors, rather than human resource professionals, led the charge; they tried to negotiate deals but did not understand the details of the packages. There was also the reality that health benefits were a charged topics within many organizations. Some agency boards of directors had preferences for particular providers and some employees resisted the idea of the change. In the end, the leaders did not relish the idea of confronting their employees over one of their prized benefits. MACC backed away from shared health, but worked out a common package for disability and life insurance benefits.

By 2003, MACC was ready to build upon their small successes and expand its reach. They hired Jan Berry into a new position of President. It was not a risky decision. Jan, who had directed a Minneapolis-based youth services organization, was known in the community for her innovative programming, her long-term vision, her ability to connect the dots and make relevant connections between the challenges of practice and larger ideas. In short, she was what one colleague termed "an innovator of high order." At the same time, the board knew that by hiring Jan they were asking for change. From the start, Jan make clear her intent to steer the alliance to an unprecedented level of collaboration. In Jan's eyes, the board was, "A bunch of guys who wanted to change, but didn't know how." MACC had received a small grant of $30,000 for strategic planning but were unsure of how to spend it. There were a number of questions on the table that kept surfacing for the Board. Should MACC remain small and relatively nimble, with all its essential functions retained by its individual agencies? Or did MACC have to be bigger to exploit economies of scale? Should it grow? And, if so, in what direction?

During the first months of her tenure, Jan began to systematically explore these questions, spending a day with each member agency, asking questions and listening to responses. Through these conversations, she learned that these agencies shared a "a very beautiful set of values" – that their work was neighborhood-based, focused on the poor and disadvantaged and that they were passionate that it should create social change by combating prejudice and teaching tolerance. These values and passion grew directly from the settlement-house tradition and were an asset that MACC could use to enrich the collaboration. Once articulated, these values became a touch-stone to appeal to when the going got tough. And it was tough. Despite the espoused values of collaboration and the small, early achievements, there was considerable distrust among the agency leaders. They were, at base, competitors in the tough environment for public contracts, staff talent, and private funding.

To curb the distrust, Jan interviewed the CEOs during her first few months and deliberately asked what they thought about each other, then shared their opinions with each other. The technique, which Jan borrowed from family-systems theory, was meant to lower barriers to communication and take power away from what was not being said. Jan recalls, "I told them things that they wouldn't tell themselves." Then, at the 2003 annual meeting, she challenged each leader to publicly recognize an asset that another executive director brought to the collaboration. "It was uncomfortable for them to hear good things about themselves," Jan recalls, "but they all did it, and they all loved it."

From Jan's perspective, trust was an essential foundation upon which other innovations could be built. As Jan thought more strategically, she realized that the MACC human service providers resembled a credit-card company in the late 1960s that, ultimately, became Visa International.[4] Initially, the industry was failing as banks undercut each other in pursuit of the lowest-common customer. Each bank had to administer its card individually, creating high costs and razor-thin profits. What VISA provided was a way to centralize the payment process and de-centralize its marketing, encouraging banks to "create, price, market, and service their own products under the Visa name." While the card adheres to certain common standards and each bank honors the other's card, banks continued to compete for customers. In short, member banks had to be intensely competitive and intensely cooperative at the same time. Jan recognized that the individual agencies that made up MACC were in much the same situation the banks before the

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[4] Dee Hock, *The Birth of the Chaortic Age* (1999) reviewed in Michael M. Waldrop, "The Trillion-Dollar Vision of Dee Hock." *Fast Company*, October 1996, 5:75.

"birth" of VISA International: performing the same social good, serving the same kinds of clients, but distrustful of each other and fearful of change.

As the agencies worked together to craft common disability and life insurance policies, they hit a stumbling block which provide an important test to their evolving collaboration. When agency staff explored different options, it seemed that many involved large financial differentials; some organizations would save money from the pooled benefits plan, while others would need to pay significantly more. The MACC board considered what to do. They ultimately decided that any initiative needed to be financially neutral for all agencies; some organizations would need to sacrifice short-term savings to assure that their partners would not have to shoulder the additional costs. As Jan recalls, "It was a transformational moment when they began to see a larger common good and move beyond merely 'what was in it for me.'"

These conversations sparked another idea – why not develop a "common backroom" or managed service organization (MSO), whereby participating agencies would cut costs by sharing administrative functions like finance, human resources, and information technology. [See Appendix B] Yet, when Jan followed up with CEOs, the idea was met with a tepid response.

Rather than pushing the idea, Jan began to consider how to grow the organizational membership of MACC, particularly with agencies that shared the core values and brought other key skills in the areas of community organizing and marketing which would enable MACC to move more strategically in the policy environment. In 2004, five agencies accepted MACC's invitation to join, including the ARC Hennepin Carver, which works with disabled people; the Tubman Family Alliance, an anti-family violence group; and Family and Children's Services (FCS), a large social-services agency in Minneapolis. The growth added diversity to MACC as well as fresh perspectives. While all but one of the original agencies were headed by men, the new additions were led by women. Not everyone, though, was entirely pleased with the growth.

Brad Englund, CEO of Loring-Nicollet Bethlehem Community Centers in Minneapolis, liked the shared missions and goals of the original group. "We all came out of the settlement-house tradition, and we all served low-income families," he says. "We had similar histories. The organizations that were joining us are fine organizations, but they changed the nature of the alliance." One of the new organizations, for example, focused programs on adolescents, alone, rather than their whole families. Another organization's niche historically had been mental health services. As a result, its culture was more professional, bureaucratic, "beige" in contrast to the more informal and "colorful" culture that existed in the settlement house organizations.

These differences brought into sharp relief questions about what held MACC together. Molly Greenman, CEO of Family and Children's Services, explains what drew her to the collaboration. "I had been through the 'collaboration craze' of the 1990s," she says. "It was all funder-driven, and not necessarily effective. I was looking to partner with people with whom we had a relationship." In fact, Molly maintains, the quality of the relationship might trump other factors in building the alliance, like similar programs or the need to cultivate strengths where her agency itself was weak. "We need to work with others who shared our values."

However, it was difficult to represent this internal relationship building – and the strength that came out of it – to MACC's funders. While Minnesota enjoys a relatively rich and diverse philanthropic community, foundations are drawn to programs because they provide a tangible sense of accomplishments as a result of a grant. Investing in operations infrastructure or

community building among agencies does not have not have the same appeal. From the funder perspective, MACC's appeal was like that of a trade association: an organization, separate from but constituted by its individual members, that offers its members a range of services that they can take or leave. Trade associations also often have a policy advocacy function that MACC was interested in building. In this environment, foundations knew that cost-savings were in order and that one way to reach them would be to share infrastructure. The idea of a "common backroom" had some appeal and a number of funders encouraged MACC to pursue it, in keeping with the trade-association model.

Yet Jan and Tony Wagner intuitively felt that such a model would not sustain MACC in the long-term. MACC's membership did not want it to become a service provider. They cherished the social missions of their organizations and expected their collaboration to cherish it as well. The emerging practices of MACC, where executive directors of member agencies served on the board and agency staff participate in affinity groups, required organizations to invest more of their time and energy than a trade association required. MACC's structure also was quite different than a trade association model where centralized decision-making creates efficiencies. For MACC member agencies, the value added of the collaboration was as much in effectiveness as efficiency. As Tony Wagner said, "For nonprofits, our bottom line is service to the community. Our return to customers is this service that is built upon relationships." Unlike a simple trade association, MACC had to be efficient where it matters and effective where it matters. It had to be *big* in administration and public policy and *small* in program offerings. It had, in Tony's formulation—a formulation that got written into every grant proposal and mentioned, like a mantra, at every board meeting —"We need to be big where big matters and small where small matters." This articulation of values allowed the Board to consider new choices for the growing collaboration.

So while the private funding community was encouraging MACC to assume a trade association model, its leadership realized their emerging model was much more complex. And more difficult to explain. There were some good reasons, though, to explore the idea of a "common backroom." However, forming a managed service organization would be far more nuanced than merely throwing together the operational departments of different agencies and hoping that they would get along.

Drawing Upon Technical Consultants

The MACC leadership decided to take a first steps in exploring this idea. They hired a large consulting firm with a nonprofit department that was well-respected in the foundation community. The firm had the trust of MACC's board. The consultants began by assessing the potential of using the managed service organization to create an independent, fully formed MACC organization. They then convened the board for a planning meeting so that they could "…articulate their hopes and concerns" about the MSO idea. Finally, they reviewed MACC's financials to try to ascertain the point at which the MSO became a self-sustaining entity that would allow MACC to be financially viable.

By December 2003, they presented their report to the board. They restated the assumption that had framed their analysis – that MACC would form as a separate, full-scale management service organization and gradually assume all the operational functions of its member agencies. The core of this idea was that MACC would become the common backroom for what had been separate finance, human resources, and informational technology departments, and would be the

central employer of the staff performing these roles. Overtime, the MACC budget would need to grow from $350,000 to more than $5 million. Like a trade association, it would price its services to member agencies at prevailing market rates: HR services at $525 per year per employee, for instance, and financial services at 1% of the agency's previous year revenues. Following the "big where it matters and small where it matters" dictum, the consultant model proposed both centralizing strategic decision-making and keeping day-to-day administrative functions local. In human resource management, for example, decisions about staff training, hiring coordination, and benefits administration would be centralized while functions like issuing payroll checks or tracking services would remain with the member organizations. Above all, the analysis made two central assumptions: 1) that a critical mass of MACC-agencies would quickly assent to the new, centralized system, and 2) that those agencies would financially support the migration. The final report also concluded that without these assumptions the model as proposed was "not sustainable." For cost savings to appear, many agencies needed to migrate to the new system by 2007. Yet there was little that could be done to absorb the upfront or defray costs of the migration.

Staff at the Loring-Nicollet Bethlehem Community Centers analyzed the viability for their organization and concluded that the costs far outweighed the benefits. "We already have a streamlined staff," Brad Englund insists. "We had made cuts." Now, in order for the MSO to be viable, this new model required Loring-Nicollet to make more staff cuts and turn over some of its middle-management capacity to a third entity. Dan Hoxworth also had deep misgivings about the model. "It required that we hire new staff and train them—and the operating cost after all that was still high. It just wasn't showing economic savings." While still believing in the essential idea, Tony Wagner realized that the consultant report exposed the difference between outsider funders' assumptions and those of the MACC membership. "We sold the MSO idea on efficiency. But outsiders equate efficiency with cost savings, and they were not immediately apparent" in this early model. Perhaps most importantly, the model did not reflect one of the fundamental values of MACC, one that Jan Berry had spent so much time developing – that all organizations had an equal space at the collaborative table. Under the proposal, larger organizations were the only ones who would benefit from the transition. "We knew that the 'winners' in any consolidation effort had to share their winnings, so that the 'losers' could benefit," says Hoxworth. "The gains to some had to be reduced, so that others could do all right."

Deepening the Relationships

As the consultants did their analysis, Jan continued to build the relationships among MACC agencies, working a different levels within each. The Board meetings, for example, were changed so that every other month focused on learning topics rather than just business. This change allows leaders to begin to grapple with deeper issues together. As Dan Hoxworth observes, "In MACC, we truly get at compromise and the level of our discussions are real…people are honest about where their conflicts are." Such a process changed his own expectation of collaborative groups. When asked to be a leader of a Council of Agency Executives for the United Way, Dan relied directly upon his MACC experience to help him be more effective as a collaborative leader. Molly Greenman reflects, "We (executive directors) give each other courage. We know our values, and we respect each other. We help each other be our best in leadership, culture, values."

The affinity groups of other staff members also gained traction. The Human Resource, Financial, Information Technology and youth program staff began to come together regularly to

reduce their own isolation and share knowledge and good ideas. For many, this was the first time there was a structure to facilitate peer learning and they used that resource to improve what they did each day. Some program staff began to work on joint programs together and share information about communities needs. There seemed to be increasing benefits at all levels of the organizations from working more collaboratively.

Back to the Drawing Board

In spite of the real limitations of the consultant report, a small group of MACC leaders continued to be interested in the MSO idea. No action was taken for seven or eight months. Yet, the idea was still percolating. Could they, for example, cut back on the functions and start by sharing only financial operations or information technology? Jan also began to realize that this idea did not have to become the defining aspect of MACC. Tony Wagner credits that as one of her most important contributions to keeping the collaboration alive. "Jan taught us that we didn't all have to jump in at the same time."

Jan began to bring together the small group of executive directors who remained interested in the idea. They, in turn, decided to give it to a committee of the chief financial officers (CFO) from six organizations, who had formed relationships through an affinity group, and were intrigued by the problem. Somehow, they felt certain that an alternative model could be developed. By late 2004, the CFO group was ready to present their analysis to the MACC board.

First, they critiqued the consultant model. Stan Birnbaum, CFO from Family and Children's Services, described how the model had relied upon an implied three-fold division of administrative services. As figure one illustrates, the foundational level focuses primarily on tactical and transactional activities of day-to-day operations: in financial management, this is doing accounts-payable tasks; in human resource management doing payroll or tracking personnel files. The middle level, "professional practice," consists of those middle managers who implement professionally guided "best practices" in a particular area: in financial management, doing investment; in human resources, creating performance appraisal systems. Finally, the top level really focuses on strategic management, fundamentally setting the course for how that functional area will be carried out. In the committee's assessment, nearly all MACC organizations—some just traditionally, and some because of the funding crisis—had severely compromised these three roles across many management areas. The consultant's model, in fact, required that they further compromise their middle management by outsourcing responsibilities to the MSO. The committee began with a different assumption. If the MSO was going to add value to MACC organizations, it needed to offer services at the tactical/ transactional level where organizations face significant challenges in finding staff and managing risks. Without the distractions of the day-to-day, agencies would be better poised to use their managerial talent. By providing nuts and bolts services, this approach might well allow the MSO to enable the organizations to, in the words of Stan Birnbaum, "solve problems together that they can't take on alone." Yet, it would not probably result in immediate cost savings.

**Figure One: Division of roles within each functional management area**

Second, the committee recast the proposition of the MSO itself. Rather than being a means to reducing costs, the whole effort was presented as a means to reduce risk and improve talent management in the functional areas. Operational efficiencies might well result and, over the longer-term, at larger scale, they could produce cost savings. Yet, that was not the focus of the initiative. Third, the committee provided two options for MSO implementation. The first, "steady-state" model focused on the implementation of one functional area at a time and allowed for a highly controlled, orderly implementation of a full-scale MSO (See Figure 2):
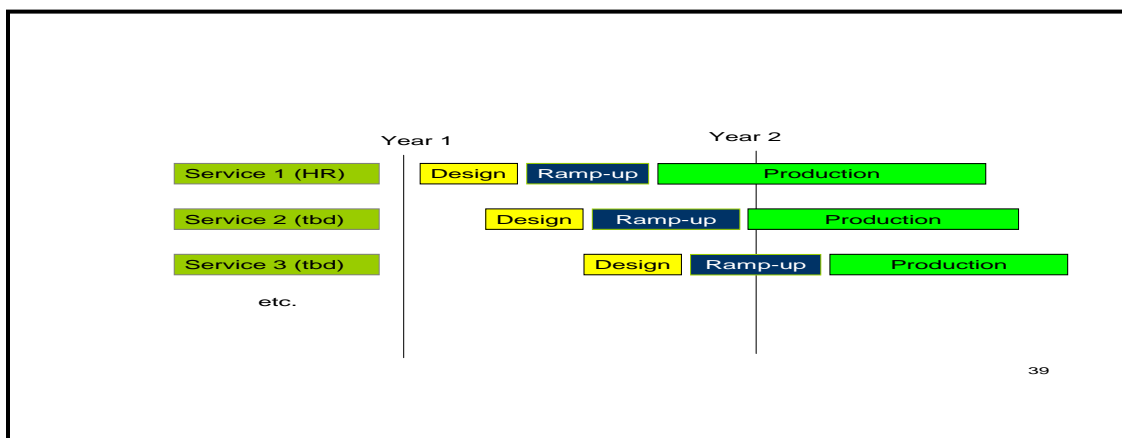
Figure Two: Steady state implementation

The steady-state model might involve hiring new people, or it might mean simply moving staff from an existing MACC agency to the new MSO. But any hiring would follow a careful design process whereby the MSO would decide which services to offer its member agencies, one by one, and then decide how to staff that service. The second option was a "rapid-rollout" or "smooshed" model. This model took the existing administrative functions of two or more MACC agencies and combined them (see Figure Three). New staff would not need to be hired, but existing staff needed to be willing to work with staff outside of their current organizations.

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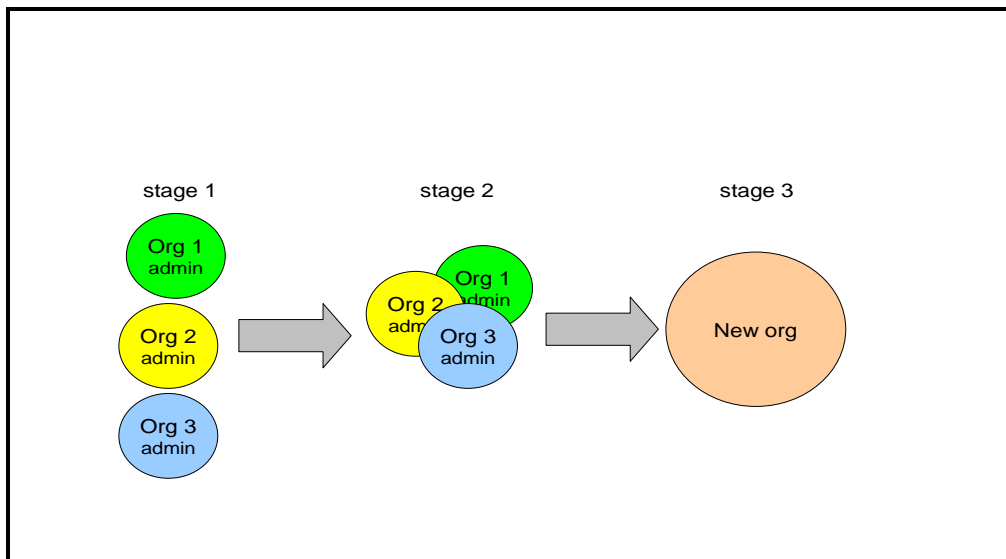
Figure 3: Smooshed model of implementation

A third alternative existed, although it was not discussed much in the deliberations. In a "staff-pooling" model, organizations simply shared existing staff between them. Neighborhood House, for example, had an existing relationship to share human resources personnel with Minneapolis's East Side Neighborhood Services. One staff member would work part-time at each agency. While Jan had encouraged this kind of sharing, others on the MACC Board thought it drained time and energy from the development of a "true" MSO.

In all of these options, though, were not focused on reducing costs. The steady-state model was less risky but more costly than the smooshed model: less risky because the MSO would closely examine each service before it offered that service, more costly because close examination took time and money. The smooshed model was faster and cheaper but riskier. By throwing together existing staffs, the model saved on start-up costs; however, it was not clear whether it would provide long-term cost savings. That uncertainty, in fact, was one of the risks, as was the potential loss of productivity that could result as existing employees were required to retool, learned new jobs, and begin to work with a different group of professionals. Because the agency CEOs did not want to terminate any staff in the transition, the benefits of an MSO would be experienced in the greater redundancy and expertise offered by a consolidated staff, not in lower costs. There was a chance that money might be saved in the long run, but only if enough agencies joined early enough to offer economies of scale.

The committee noted other risks inherent in both models, risks that could be minimized by the third option of the simple staff-pooling model approach:

1. Joining an MSO meant that individual agencies had to give up control of their financial, human resource, and information technology systems to a third entity that they had little control over. The MSO would not be just a vendor of these services to its participants. Agencies would need to be jointly liable through a limited liability corporation (LLC).

2. Agencies that joined the MSO would find it difficult to get out of it once they got in. The LLC would create a hefty exit penalty.

3. The MSO would stipulate that participants would have to buy or contribute to the offering of all three services—finance, human resources, and information technology—even if those services were staged in how they came "on line" (via the steady-state approach).

4. Contributing resources to the MSO would lower the resources available to individual agencies, making it more difficult for CEOs to balance their budgets.

5. In change of this sort, there are always risks involving personnel. Would agencies' cultures clash? Would their people? Who would supervise MSO employees, especially if they were hired before a chain of command was in place?

The MACC board now faced a critical decision. Should the organization move forward on one of the three models? Or should it, instead, focus on other areas of collaboration that had cropped up as potentially important? To become more effective in shaping the state political environment, like the Taxpayer's League, they needed to do public education, and make their values and their programming more visible to the public and policy decision makers. The MACC public policy committee was proposing an initiative to do just that by encouraging agency clients to register and vote in elections. There also was a partnership with a large local realty company in the works that would focus on promoting home ownerships among MACC agency clients. There were many ways that MACC could continue to collaborate and work toward being big where it matters and small where it matters. However, the current environment, with limited funding and a charged political polarization, required that they make a purposive and strategic decision around the MSO issue.

Appendix A

MACC's Mission, June 2002:
To assist individuals and families to achieve greater self-sufficiency by strengthening the capacity of community-based social service organizations.

Membership:

Minneapolis	St. Paul
*Pillsbury United Communities	*Neighborhood House
*Phyllis Wheatley Community Center	*West 7th Community Center
*Plymouth Christian Youth Center	*Merriam Park Community Services
*Eastside Neighborhood Services	*Merrick Community Services
*Sabathani Community Center	Hallie Q. Brown/Martin Luther King Center
*Loring Nicollet-Bethlehem Community Centers	
*Confederation of Somali Community in Minnesota	
Neighbor to Neighbor	

MACC's Mission in 2006:
Unleashing the connective power of communities to build their own future.

Membership:

Minneapolis	St. Paul
*Pillsbury United Communities	*Neighborhood House
*Phyllis Wheatley Community Center	*West 7th Community Center
*Plymouth Christian Youth Center	*Merrick Community Services
*Eastside Neighborhood Services	*Keystone Community Services
*Sabathani Community Center	Hallie Q. Brown/Martin Luther King Center
*Loring Nicollet-Bethlehem Community Centers	
*Confederation of Somali Community in Minnesota	
Arc-Hennepin Carver	
The City, Inc.	
Family and Children's Service	
LDA Minnesota	
Life's Missing Link	
Minnesota Indian Women's Resource Center	
Tubman Family Alliance	
Way to Grow	

* denotes organizations that developed from a settlement house history.

Appendix B: Other Managed Service Organizations (MSOs)

One of the early memos from the consulting firm hired in early 2004 to assess the viability of a single managed service organization (MSO) for MACC, claimed that "no such model . . . exists either locally or nationally." Yet how could that be true?

In the world of health care (which, in Minnesota, remains non-profit), "managed services organizations" are not uncommon. Many hospitals, for example, sell their payroll or billing services to the smaller providers with whom they work, doing the more complicated and more costly tasks that they would otherwise have to do for themselves. In other nonprofits, a MSO may step in as third-party organizations to provide temporary management or management consulting services for organizations in need of help. Yet, MSOs have been largely overlooked in the professional literature.

Yet, neither for-profit nor non-profit MSOs have been much analyzed in the professional literature. Arsenault (1998) surveys the risks and costs of the various alliances available to non-profits, from a joint venture to a merger, and including MSOs; and Golensky and Walker describe a rehabilitation services provider that formed a separate non-profit "to achieve greater efficiency and effectiveness by providing management and administrative services to other organizations" (2003: 68), a description that, however broad, sounds close to what MACC was trying to do with its MSO.

In a briefing paper, La Piana consulting firm concede that non-profit MSOs "are not very common." (Coy & Yoshida, no date). From their view of the field, three other options exist other than an MSO for organizations that want to share or consolidate functions: "administrative collaboration," "administrative consolidation," and contracting with external service providers. Of these options, MSOs are the most formal arrangements of all because in this model an entirely new organization is formed and a governance structure must be developed. The promise of an MSO is that all participating organizations must come to be on the same page. The peril of an MSO—as the MACC development team had identified in their analysis at the end of 2004—is that getting everyone on the same page may be more trouble, and take more money, than it is worth. La Piana briefing thus concludes that "successful MSOs typically have a mission related to serving a specific community."

So perhaps the consulting-firm memo was right: the MACC was venturing out into uncharted waters by considering the implementation of an MSO based upon and focused on solidifying the collaborations they were development among human service providers in the Twin Cities. Yet, although MACC members did share a broad set of (settlement-house) values, did that provide a strong enough base to move forward in early 2005?

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