

CASE STUDY – MACC

Metropolitan Alliance of Connected Communities (MACC), is a 501c3 tax-exempt charitable organization based in Minneapolis, Minnesota. Founded in 1999 MACC’s mission is to build the connections, collective expertise and collaborative solutions that strengthen member organizations and maximize collective impact for the individuals, families, and communities served. MACC’s commitment to “courageous collaboration” prioritizes building members’ trust and the five core values of collaboration, being relationship-driven, having courage, commitment to equity, and commitment to excellence.

The MACC network is currently made up of approximately 50-member organizations throughout the Twin Cities metropolitan region. The majority of members are human services organizations with budgets between \$1 and \$4 million and complex programs that require a high level of compliance and risk management.

A subset of MACC’s overall catalogue of collaborative programs and services were started in response to pressures facing human services organizations, particularly within the context of disruptions in government funding of human services in Minnesota. The goal was to discover innovative ways to identify shared challenges in the human services sector and invest in research and development to implement these solutions. MACC members understood the need to do things differently, to collaborate and to address some of the systemic sustainability challenges they all faced. A shared back office services model emerged from this collaboration and took about five years to be actionable.

In the early years of the back-office collaborative efforts, MACC members identified real pain points related to human resources, finance, and information technology (IT) and sought cost savings. Over time, the goal for shared services evolved into *opportunity* cost savings – proactive administrative leadership, risk reduction and managing the increasingly complex compliance requirements human services organizations were facing.

Among its collaborative programming in the back-office area, MACC currently offers shared services for their member organizations in the areas of human resources, finance services with a specialization in government contract management, facilities risk management and vendor relationship management, behavioral health billing, IT infrastructure, and client data and evaluation services that include a robust case management system.

Most MACC member organizations opt in to purchasing at least one shared service though it is not a requirement of membership.

“[We are] a collaborative of small to medium sized human services organizations that have decided to come together and work differently. We are not afraid to work outside the box and our network has done a lot to build trust and relationships among organizations. By doing this, we’re all more equipped to share solutions to shared challenges and we can build collective expertise that

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strengthens all organizations together.” – Trisha Reinwald, Vice President of Member Advancement, Metropolitan Alliance of Connected Communities

FUNDING MODEL

MACC structures its back-office collaborative as an enterprise guided by the framework of a sharing economy.. Shared services are not currently subsidized by philanthropy (though there was a capital campaign to get the services started in the early days all are delivered at cost with no profit motive. Costs are driven by staffing needs and any operating margin is reinvested to improve service delivery. Each service evolves differently in response to the field’s challenges and advances. There are times when specific services require increased investment in order to adapt.

Members purchase MACC’s shared services a la carte, subscribing to the specific services they need. MACC requires a 3-year service agreement but does not charge up-front setup fees. Pricing is simple, straightforward, transparent, and designed to drive out complexity that could weigh down the overhead of operating such complex services. This keeps its members’ costs predictable and sustainable over time. The services are also easily scalable with an organization as funding grows and shrinks- the amount paid for services flexes with the member’s scale & administrative workload. The three-year contract also allows MACC to recover the setup and other expenses involved with serving new members. Members may opt out of a shared service at any point after the first three-year contract ends.

KEY WINS

- As a member of MACC, organizations with limited operational capacity benefit from the services of high-quality service providers who would otherwise not be accessible. For example, the shared client database and IT services are extremely complex and MACC worked to develop relationships with service providers over more than a decade. Smaller-sized organizations would not have access to these high-quality, enterprise level services without MACC’s collective purchasing power and capacity-building expertise.
- MACC improves services by nurturing member-to-member collaboration and peer-learning. For example, members who have subscribed to client data services have their own community of practice. The group shares ideas, solves problems and provides training. This collaborative work has resulted in participating organizations gaining broader knowledge and having advanced conversations about how to become more data-driven. MACC is experimenting with building this type of collaboration across all shared services.

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- MACC serves as a convener, bringing organizations together to solve common challenges through facilitated dialogue. MACC supports the idea-generation, incubation and implementation of potential solutions, including the back-office collaborative model.

LESSONS LEARNED

- Member organizations must be strongly aligned with MACC's values. Members interested in joining in shared services must understand and support the deeply collaborative relationship involved and not expect MACC to be just another vendor.
- It is difficult to set appropriate expectations. MACC requires members to engage in real collaboration and, at the same time, accept limits for what MACC shared services "do and don't do." This can cause tension. To set expectations, when a new member joins or a current member adds a new service, MACC conducts in-depth conversations about what the day-to-day will look like and what tasks are within or beyond the scope of a contract. Then during service contracts, MACC must continue to communicate about roles and responsibilities.
- Shared services can require more accountability from a participating organization's managers. For example, before joining shared services, some MACC members had less formal accounting and reporting processes and procedures. After joining shared services, MACC expects its members' program managers to track and accurately code expenses so they are allocated correctly and in alignment with the organization's budget. These processes and procedures ensure high quality reporting and efficiency but may require more staff time and effort.

"We push a lot of the accountability where it should be, to the people who are managing the organization's people and its programs. They have to be proactively managing their resources in order to follow best practices and produce the best outcomes for their community. But that's not how many organizations work when they are resource-starved. The work MACC does through our shared services is designed to strengthen the core mission support our organizations have- give them higher quality and make it sustainable by sharing it." – Trisha Reinwald, Vice President of Member Advancement, Metropolitan Alliance of Connected Communities.

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