

Handing over the reins: How outsourcing management helps nonprofits achieve



By **Elisa Birnbaum**
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The Pedorthic Association of Canada, a national organization with 500 members across Canada, doesn't have an office, photocopier, fax machine or receptionist. In fact, it has no infrastructure at all. Yet, the association still boasts effective management, successful campaigns, a consistent rise in membership, and growing awareness. No, there's no magic wand or munificent genie lurking somewhere in this scenario. It's called management outsourcing and, for some organizations, their success and expediency depend on it.

What's it all about

Though more common in the for-profit world, outsourcing management is starting to gain a following in the nonprofit sector as well. "Outsourcing is not a new phenomenon," says **Agnes Meinhard**, director of Ryerson University's Centre for Voluntary Sector Studies. But, she adds, it is becoming more common as organizations focus on pursuing their mission and turn to others to help with activities that support their day-to-day functioning. "Often a company offering these services has more expertise and knowledge than individuals who would not be hired to do the job in-house. The organization thus benefits from a superior service," says Meinhard.

So how does a management outsourcing arrangement work? Well, it differs from one organization to the next, but for those adopting a comprehensive service, an association management company is hired to provide for just about every need a nonprofit requires. Clients are generally small and can include a local chapter of an organization whose needs have grown beyond what its volunteers can fulfill; an organization with one staff member who doesn't have the skill set to provide all the necessary services; or an association in transition that hires a management consultant to fill the shoes of an outgoing executive director until a new one is found. Regardless of the scenario, with the profound investment in technology, infrastructure and staff, a management outsourcing company can help organizations grow and appear much bigger than they really are.

Movin' on out...and up

With such potential for success, it's no wonder the Pedorthic Association turned to Strauss Event & Association Management in 2000 with a goal of improving their awareness and internal management. "We wanted to take our association to a new level where we could improve our position with the public and with our referring base as well, since we are a referral source for physicians," says past president, **Michael Van Vlack**.

Taking the organization to that new level required the holistic approach of the Strauss team. "Basically, we function as their staff," explains president, **Jonathan N. Strauss**.

The company oversees all of the Pedorthic Association's needs: managing the organization's finances, their publications, professional development events, conferences, board development, membership renewals and processing, to name just some of the many services offered. "Essentially," concludes Strauss, "we provide them every service they would have if they had their own staff."

According to Strauss, the organization could technically afford one staff member and operate a small office - should they choose to. By hiring Strauss, however, the Pedorthic Association eliminates overhead costs, pays no rent, and only expends professional service fees for the services they require. And the arrangement seems to suit the organization to a tee.

In addition to helping the Pedorthic Association move toward its goals, hiring Strauss has also allowed the organization to avoid full-time commitments in exchange for the less taxing contractual relationships. "In a smaller organization, when you hire someone in-house, if you don't have the right person, it may be more difficult to change directions," Van Vlack explains. The current situation is more equipped to fulfill their needs. "It keeps everyone on their toes and just works better."

All on board

Similar arrangements seem to have found favour with an increasing number of organizations in Canada. Take the Ottawa-Gatineau Chapter of the Canadian Society of Association Executives (CSAE). After experiencing growth in the size and scope of its activities, the organization needed some comprehensive management expertise to support the board and volunteer committees in their respective delivery of services to chapter members. "The chapter simply could not deliver the range of services that it does without professional assistance," states president, **Leacy O'Callaghan O'Brien**. And the volunteers, while committed to the chapter, were often busy with demanding day jobs and obligations that didn't allow them to focus fully on the needs of CSAE.

As a result, the chapter hired Association Management Consulting & Evaluation Services (AMCES) to provide event management, financial oversight, information services and efficient administration of day to day activities. And they haven't looked back since. "The support ensures efficient execution of committee plans and, increasingly, enables the board to focus on strategic issues rather than operational matters," says O'Callaghan-O'Brien. Seeing a strong return on their investment, CSAE is confident they will continue to engage AMCES' services in the future.

The outside advantage

It's not hard to see why outsourcing management is growing in popularity. It provides CSAE and other organizations with numerous benefits and advantages. They provide nonprofits with direct and constant access to experts, a specialized staff, shared technology systems, and shared purchasing power. "And, because we work with many

different groups, we can share best practices used by different organizations; we don't have to reinvent the wheel for every client," explains AMCES partner, **Nancy Barrett**.

Working with a diverse client base, outsourcing management professionals must wear a range of hats. Barrett, for example, currently holds the title of executive director for: an association of scientists; an association of CEOs of IT staffing agencies; a certifying body of scientists; and an association of association executives. And, the variety of portfolios and titles gives Barrett an added level of expertise, experience and knowledge of the nonprofit sector, all of which can certainly benefit each and every client in her roster.

Step out with caution

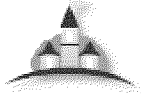
Another benefit of outsourcing, offers Barrett, is that an organizational board doesn't have to deal with the risks and costs associated with hiring employees in-house. But what about the costs of hiring management outsourcing companies? "There is a delicate balance between the costs of outsourcing and managing the function in-house," explains Meinhard. "It only pays if the costs related to it do not exceed the costs of doing the activity in-house." In addition, she adds, one must always be wary of the threat that, over time, an organization becomes so dependant on the outsourced services that the outsourcer can take advantage and raise the price of their services. Meinhard concludes that outsourcing should only be considered if there is healthy competition in the outsourcing market. "Otherwise the threat of increasing prices and/or poor services is too high and the organization loses control over the quality of the work."

Value added service

Despite the potential risks, as far as Strauss is concerned, lowering costs is not the only reason organizations turn to his services. While some choose outsourcing to save money - usually when they are looking to downsize - others will spend the same amount had they serviced in-house but will get more bang for the buck. And that, says Strauss, is the key. In fact, he insists he doesn't pitch his company's services necessarily as a cost advantage. "We think we're providing better value, better expertise for the same dollars," he explains. "Rather than spend \$50,000 a year on rent, you can spend that same amount on professional services to better your organization and better serve your members."

And better serve they do. "If we polled our entire membership, I would hesitate to say there's any less than 80% satisfaction rate, though it would probably be even higher," affirms Van Vlack. "The entire membership has seen the benefits of what we've done the last several years and I do give credit to strong management." Strauss and his team have allowed the Pedorthic Association members to focus on their individual practices while still fulfilling the mandate of their association, a feat Van Vlack feels would not have been possible without a strategy of outsourcing.

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