

More than the sum of our parts: Key findings on co-location

Authorship

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Acknowledgements

This report was originally written as an internal document for bassac and DTA to facilitate learning and enable them to build on the experience, in 2005, of co-locating their respective organisations. In April 2011, the organisations merged to form Locality. We are grateful to Ben Hughes (former CEO of bassac) and Steve Wyler (CEO of Locality and former CEO of the Development Trusts Association) for their permission to publish this report.

1. Introduction

This document is based on 2½ years of an action research project during which the Institute for Voluntary Action Research (IVAR) worked alongside staff of bassac and the Development Trusts Association (DTA)¹ as they planned and embarked on the process of co-location to their jointly-owned building in Corsham Street, London N1. Each phase of the study was planned and guided by a Study Reference Group consisting of the two Chief Executives and an equal number of other staff from the two organisations.

We describe the context in which the decision to co-locate took place, the factors that influenced the two organisations to buy a building together, their aspirations for this shared venture, the perceived disadvantages and risks, the resultant benefits and the key learning that emerges from the experience. In doing so we hope that our summary description of the shared venture, and the knowledge gained about co-location, will be useful to other agencies considering co-location.

2. Co-location - the wider context

Since bassac and the DTA moved into shared offices in 2005, government policy, including the 'Modernisation Fund' (Cabinet Office, 2009) and the 'Transforming Local Infrastructure Fund' (Cabinet Office, 2011), has continued to encourage organisations to merge or collaborate. A plethora of practical advice and support for collaborative working has also emerged (e.g. IVAR, 2010, Thinking about collaboration; IVAR, 2011, Thinking about merger; NCVO, 2007, What is collaborative working).

Despite this increased interest in collaboration, very little UK research attention has been paid to the concept of co-location, defined by one US author as 'locating nonprofit organisations together in proximity, in a single building or site, with some expectation of cooperation and economies of scale' (Vinokur-Kaplan, 2001:3). Such research as does exist in the UK concentrates more on VCS / local authority collaborative arrangements, for example One Stop Shops, use of libraries by the wider community or shared use of buildings between voluntary and community organisations (VCOs) and local authority departments, or describes the development of 'clusters' of VCOs, to carry out joint work such as communications and media relations or shared property services (Harrow and Bogdanova, 2006) but without necessarily being co-located. NCVO and the Collaboration Benefits programme have produced case studies of organisations that have collaborated in the sharing of 'back office' services, but again, these are not full studies of the experience of co-location.

The larger number of co-location studies from the US suggest that the drive towards co-location amongst non-profit organisations there reflects both external pressures for greater efficiency and the adoption of a more strategic and business-like approach to their operations (Kaplan-Vinokur and Dobbie, 2002). In addition to these external pressures, US research has identified a range of internal goals for co-location which include: providing 'havens' for small, grassroots organisations who do not actively seek growth; enhancing the administrative and representative capacities of non-profit agency headquarters; providing more modern infrastructure and technological support. One of the main advantages of co-location arrangements is that, unlike mergers, in which VCOs lose their unique identity, shared use of premises enables the organisations concerned to retain their distinct identity and

¹ In 2011, bassac and DTA merged to become Locality, www.locality.org.uk

diversity of interests. In addition to sharing resources and thereby reducing costs, co-location can enable staff to share information and offer mutual support. On the negative side, however, complex administrative arrangements may be required to manage shared premises successfully; occasionally questions of ownership, conflict of interest or liability for debts can arise (Vinokur-Kaplan, 2001).

3. The factors behind the decision to co-locate: the bassac and DTA experience

The factors influencing bassac and DTA's decision to co-locate were described as:

- A history of collaboration
- The desire to own a building
- Potential for sharing functions
- Potential for sharing and developing knowledge
- Potential for expanding reach.

3.1 History of collaboration

Both bassac and DTA are well-established national membership organisations; bassac's roots lie in the settlement movement and its membership now incorporates multi-purpose social action centres which, like settlements, aim to address the causes of social inequality and not just the symptoms. DTA, as the national membership organisation for development trusts, aims to bring about the establishment of a successful development trust in every community that wants one, in order to make long-term social impacts in poor communities. Prior to the decision to co-locate, the two agencies shared a history of collaboration through various forums and networks; this was seen as an important factor in making the decision to co-locate: *'there is positive history between the two organisations in a sector that is particularly defensive and competitive'*. The two, together with Community Matters and the Scarman Trust, had, just before the decision to co-locate, become part of the Community Alliance.

3.2 Desire to own a building

Both bassac and DTA had identified acquiring an asset as a key strategic objective. Owning a building was seen as preferable to renting and as a means of generating income for both organisations: *'we wanted to diversify our revenue base and we thought we needed to get smarter about other ways of making money, aside from grants'*. Owning a building was seen not only as strategically important for bassac and DTA as organisations, but as an appropriate model for the community sector more generally: *'we wanted to be walking the talk in terms of sector development'*. Owning a building was also seen as more achievable in financial terms together rather than separately: *'the reality is the Home Office would not have given £0.5 million to one organisation alone'*.

3.3 Potential for sharing functions

bassac and DTA also noted the potential that co-location offered for sharing some functions and services: reception services and 'back office' functions such as accounting, payroll, information technology support, plus use of photocopiers and other office equipment. It was also suggested that bassac and DTA would be able to work together on policy development, funding bids and developing services to members.

3.4 Potential for sharing and developing knowledge

Co-location was also seen as a means of enabling both organisations to learn from one another: *'we thought our individual knowledge bases would add up to more than the sum of their parts'*. It was felt that shared knowledge might develop *'exponentially'* rather than through a formal or planned process of learning. There was also a strong feeling that *'there would be a benefit in that for the wider community sector'*. The idea of *'pioneering a new way of working'*, with shared learning at its heart, was very attractive to both organisations, and played a role in the decision to co-locate.

3.5 Potential for expanding reach

An explicit desire to grow, or *'expand reach'*, was mentioned as a further driver. Collaboration through co-location was seen as a means of creating a stronger centre from which to develop the regional work: *'If we had tried to expand DTA by expanding its reach we would be building on a weak structure, so it's better to do it by collaborating with another, rather than doing it organically...the physical move is a good way of building a durable team'*.

4. Aspirations for co-location

At the beginning of the co-location experience, bassac and DTA held a number of aspirations for the future in terms of their own organisations, staff and memberships.

4.1 Financial benefits

It was seen as essential that co-location must work financially, and that financial savings would accrue through joint purchasing and shared services such as building management and staffing of the reception area. Using the premises to generate revenue through letting out meeting and office space was also seen as an opportunity.

4.2 Improved working environment

Staff from both organisations looked forward to the benefits of a newly refurbished building with improved facilities, which they thought compared very favourably with those occupied by both bassac and DTA in the past. The opportunity to introduce an enhanced shared ICT infrastructure was viewed as a benefit for staff in carrying out their work and an aid to communications with members.

4.3 Shared learning and mutual support

DTA and bassac staff were generally enthusiastic about the opportunities that co-location would present for sharing knowledge and providing mutual support. It was envisaged that resources such as the library could be combined into a shared *'Knowledge Hub'*, and that knowledge and skills could be shared and some joint services and products developed. It was considered that, with staff of the two organisations working in close proximity, informal opportunities for shared learning would develop.

4.4 Wider benefits for DTA and bassac members

Both DTA and bassac envisaged at the outset that the opportunities for shared learning and support would ultimately benefit both their memberships. A strong desire was expressed for learning and borrowing ideas, knowledge and resources across the two organisations in order to improve their reach and effectiveness, while retaining their respective strengths and specialist areas.

5. Potential disadvantages and risks of co-location

At the outset, staff of bassac and DTA identified a number of risks and potential disadvantages of co-location, for one or both organisations or the overall effectiveness of the co-location arrangement.

5.1 Financial risks and disadvantages

It was recognised that taking on a mortgage and owning a property would generate financial risks and that setting up a new company to manage the building would create additional costs. The financial aspects of the transaction would involve staff in considerable extra work and the need to develop expertise in new areas of financial management.

5.2 Decision-making structures

A key concern at the outset was the perceived need to *'unwind'* the arrangements if either organisation decided to withdraw. The Community Hub was established in response to this potential risk, although this in turn led to concerns about the possible loss of bassac's and DTA's separate identities, and also the degree of influence that each organisation had over decisions.

5.3 Loss of organisational identity and autonomy

It was suggested that there might be a tension between sharing office space and functions and retaining distinct and separate identities. For DTA staff, the question of 'brand' emerged as a major concern, while for bassac the issue was more to do with organisational 'culture': bassac was seen as more informal and consultative in style, while DTA was perceived as being more hierarchical and *'procedure driven'*. These differences were thought to be most apparent in differences in office behaviour and ways of working, with bassac staff described as *'very talkative and spontaneous'* compared to their DTA colleagues. These differences had created some tension in the temporary office space occupied prior to the move to Corsham Street.

5.4 Impact on inter-organisational relationships

Both organisations suggested that co-location presented risks to the relationship between bassac and DTA and also to their engagement with other agencies. The possibility of a dispute between DTA and bassac was acknowledged: *'I suppose there is a risk of the two organisations falling out with each other... this sort of thing is always a gamble, but in this case it probably isn't too much of a gamble'*. The relationship between the two Chief Executives was seen as crucial, partly as a source of trust between the two agencies, but also because the departure of one or the other could bring about *'merger by default'*, which was not seen as desirable.

A further key issue was the relationship with, in particular, the other Community Alliance partners. It was recognised that the co-location of DTA and bassac might affect the dynamics of their relationships with the other partners, and that this

situation needed careful management, with discussions about the Community Alliance taking place through agreed channels rather than circumvented.

6. The benefits of co-location

After two years' experience of working together in their shared building, staff of DTA and bassac appear to feel that most of their aspirations for the move have been achieved. In describing the benefits, they focused on:

- The building itself and the improved working environment it provides
- Staff interaction and inter-organisational collaboration
- Shared staffing.

Other potential benefits: modelling a way of working and acting as a focus for community sector activity, are thought to be not yet fully realised.

6.1 The building and the working environment

Owning an asset is considered by both organisations to be a very positive development, which has given them a sense of self-confidence and pride. Staff are very happy with the location and with the building as a working environment. The open plan layout of the first floor has generally worked well, while having a meeting room on the second floor is seen as very useful and has helped to increase staff interaction.

The introduction of other community sector organisations as tenants is thought to have worked well, and the building is now occupied to capacity. Additionally bassac in particular has gained more staff since the move to Corsham Street, and has hence needed more desk space, which has implications for the amount of free space available to generate income.

The building costs overall have, however, been more than anticipated, although, over time, some individual costs have been reduced

6.2 Staff interaction and inter-organisational collaboration

Both organisations consider that the original vision of working more closely together is being achieved, with *'a nice feeling of openness'* between them. Where staff have colleagues doing a similar job in the other agency, there has been increased interaction and sharing of knowledge and ideas. In particular interaction between the London teams of bassac and DTA has vastly increased as a result of being located alongside each other on the second floor: *'the added value is very high'*.

6.3 Shared staffing

Following co-location, some staff were appointed to provide services and act as resources to both DTA and bassac, but with one organisation or the other acting as their employer. These posts focus on human resources issues, ICT services and building facilities management. Overall this method of sharing staff is thought to be working well, enhancing the work of both organisations. Having a Facilities Manager is seen as a very positive development, both in relation to what she has already been able to achieve in terms of new initiatives and also in relieving pressure on other staff. The 'matrix management' system adopted is felt to be working well.

6.4 Benefits yet to be realised – modelling a way of working

Owning a building is seen as putting bassac and DTA in the same position of many member organisations – ‘*we can practice what we preach*’. It is considered, however, that little has so far been done about transferring knowledge of co-location to others in the sector, eg through seminars, although some of the SWiM (Sharing Without Merging) work has been based on this experience².

6.5 Benefits yet to be realised – acting as a focus for community sector activity

While Corsham Street is seen as the ‘home’ for Community Sector Coalition activity, this has not developed further with other organisations in the field. There is some regret that Community Matters are not based in the same building; there is a sense that, while the three Chief Executives still work closely together, other staff may be less likely to do so because of not being co-located. Overall, the degree of interaction amongst staff of all the organisations in the building varies according to where people are located.

7. Key learning from the co-location experience

In this concluding section we reflect on the co-location of bassac and DTA and highlight some key learning points that emerge from their experience. We suggest that these comprise a mixture of practical actions and organisational and individual attitudes to co-location:

- Establishment of systems for governance and accountability
- Establishment of systems and employment of staff to deal with cross-organisational issues
- Allocation of space
- Acknowledgement and acceptance of difference
- The importance of learning from experience.

7.1 Establishment of systems for governance and accountability

As we noted in section 5.2, both agencies had been concerned at the outset over the need to ‘*unwind*’ the arrangements if one or both organisations wanted to withdraw. In response to these concerns the Community Hub was established; further anxieties about potential loss of bassac’s or DTA’s separate identities, and the degree of influence that each would have over cross-organisational matters, was addressed by each agency having an equal share in the Community Hub. The decision to seek an independent Chair for the Hub was also part of a shared commitment to preserving a sense of equity.

Both agencies embarked on the co-location experience with a full awareness of potential disadvantages; trustees were fully involved in all the discussions, but also expressed confidence in the ability of paid staff to manage those risks appropriately.

The establishment of the Co-location Reference Group to act as a sounding-board throughout the process provided an additional forum for discussion of tricky issues and a complement to the formal decision-making and accountability structures.

² Since 2008, bassac has led the Collaboration Benefits programme in partnership with IVAR, ACRE and Community Foundation Network. The programme has providing training, support and resources about collaborative working in the VCS including co-location.

We suggest that the establishment of these structures has been crucial in assuaging anxieties about any potential difficulties that might arise between the co-location partners, by creating more neutral spaces for discussion of the complex issues involved in such a venture.

7.2 Establishment of systems and employment of staff to deal with cross-organisational issues

In the early stages of co-location, staff described some lack of clarity over the division of responsibilities between bassac and DTA for administrative and reception duties and for some building-related matters such as making items available for recycling collections. This was thought to cause some '*discomfort about roles and responsibilities*'. It was felt that there needed to be greater clarity over the distinctive roles of the Community Hub, bassac and DTA.

These issues were addressed through regular discussions between the senior staff of both agencies responsible for managing reception and administrative staff and weekly meetings to discuss building-related matters.

The idea of employing a Facilities Manager, mooted for several months as a solution to the pressure on other staff in dealing with building-related matters, came to fruition in late 2007. The post carries responsibility for meeting rooms, reception and the building generally, buildings insurance and some health and safety issues. It enables a range of building management issues to be brought together rather than being an 'add-on' to the roles of other senior staff.

The employment of HR and ICT staff to work across both agencies helps cement partnership working and provides much needed resources to both DTA and bassac.

7.3 Allocation of space

As we noted earlier, both agencies were keen that, through being co-located, they would be able to benefit from sharing knowledge and expertise that would benefit both their memberships. As we also noted, however, it was recognised at the outset that staff of DTA and bassac tended to have different ways of working and organisational styles which had the potential to cause tension in shared offices. Staff also expressed concerns about confidential information from one organisation being too readily available to the other if they were working in the same room.

One solution to both areas of concern might have been to locate bassac and DTA staff on different floors, minimising the potential for problems concerning confidentiality or different working styles, but also the potential for cross-organisational learning and sharing of ideas.

Instead the two agencies took the braver step of gradually moving towards a closer integration in terms of use of office space, with the London teams of both agencies sitting together and the finance and communications staff of bassac and DTA also being located close together. Ultimately it appears that the aims of co-location have proved more significant than practical difficulties, and commitment to those aims has enabled staff to work through some of their early concerns.

7.4 Acknowledgement and acceptance of difference

When DTA and bassac first moved to Corsham Street, some concern was expressed not only about how their different organisational styles and ways of working would affect their ability to share working space but also about the potential dilution of both organisations and the need to preserve their distinct identities. As we noted above, there was some anxiety about the possibility of '*merger by default*'. In the event, the brands and distinct identities of bassac and DTA appear to be as strong as ever. Crucial to this appears to be the communication strategies of both agencies and their focus on the areas of work most relevant to their particular memberships (for example bassac's work on advocacy / voice and engagement and DTA's on physical assets such as buildings). Both agencies have accepted and celebrated their areas of difference and distinctiveness while collaborating on issues that affect them and their memberships, for example community engagement and addressing the causes of poverty and disadvantage.

7.5 The importance of learning from experience

Perhaps the most critical learning point from the co-location experience to date has been the importance of learning from experience, of not expecting that plans made at the outset will never need to be modified in the light of emerging circumstances. The decision to employ a Facilities Manager is one example of DTA's and bassac's willingness to learn from experience; their decision about the future of the 'Knowledge Hub' provides another. Initially the two agencies had envisaged the establishment of a shared physical resource of books and publications for use by their own staff and also by external people. In the event, with increasing reliance on electronic sources of information, the resource did not work as intended. The room began to be used for other purposes, such as a staff room or overflow space for meetings or collating packs of information.

It was agreed therefore that a new strategy for ensuring staff had access to relevant information, such as government policy documents, needed to be developed, also that further discussion was required about future use of the space originally allocated to the Knowledge Hub.

DTA's and bassac's approach to the question of the Knowledge Hub exemplifies the overall attitude of both agencies to the experience of co-location. This can be summed up as willingness to be flexible and re-think earlier ideas if they are not working in practice, to try out new ways of working, and to trust in each other and the importance of the vision for co-location as more than just a sharing of a physical space but a focus for the community sector and the benefit of member agencies.

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