

Case Study

Service Clustering Study Pittsburgh-Based Foundation

Client

The Forbes Funds

Location

Pittsburgh, Pennsylvania



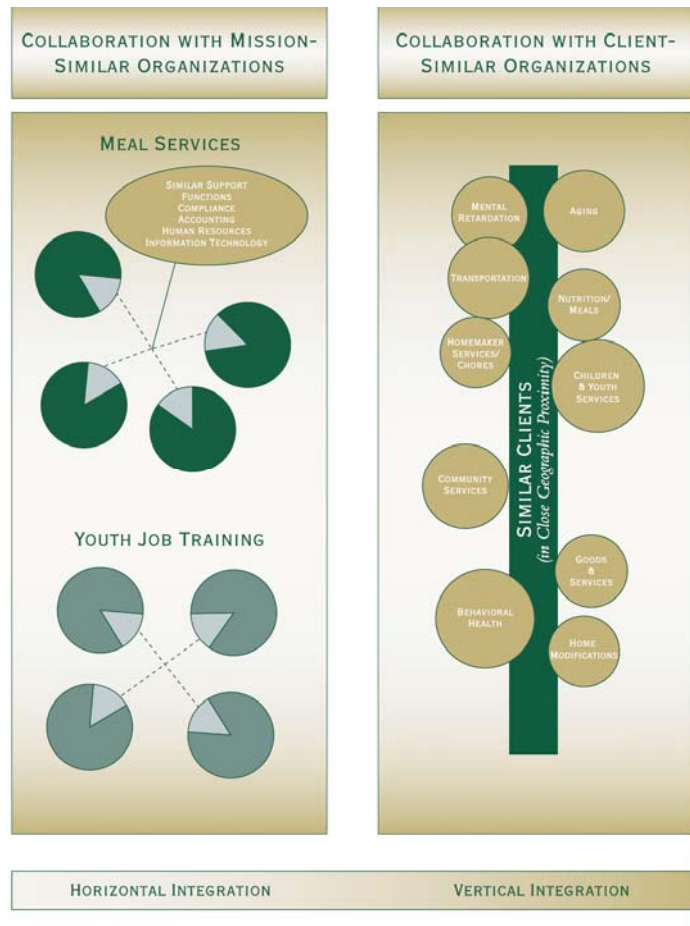
The Hill Group's Role

- Applied Research
- Data Analysis
- Strategy Formulation

Results

- Identified opportunities to increase human services capacity within Allegheny County, Pennsylvania
- Proposed a scenario in which the Allegheny County Department of Human Services potentially could save 15 percent of its budget through service clustering while maintaining service levels and enhancing service quality. This would mitigate the risk of potential federal and state budget cuts, while maintaining current levels of service and client choice
- Acted as a catalyst for dialogue around service clustering at the Forbes Funds' 2005 Nonprofit Sector Research Conference and Awards Ceremony

Service Integration Model



<http://www.forbesfunds.org/tropman/reports.cfm>

Project Profile

The Forbes Funds, a Pittsburgh-based foundation focused on increasing capacity within and among the region's nonprofits, commissioned The Hill Group, Inc. to conduct a study of the human service delivery system in Allegheny County, Pennsylvania, to determine if there were opportunities to enhance the system's capacity. The Hill Group's report, *Service Clustering: Building Cohesive Public Service Capacity*, is one of four studies featured in the 2005 *Tropman Reports*. The report can be accessed at the following web address: <http://www.forbesfunds.org/tropman/reports.cfm>

The study addressed the following questions:

1. What is the supply and demand continuum of human services in Allegheny County?
2. Is there evidence of equilibrium or disequilibria between human services provided and demand for human services?
3. Are there high or low concentrations of service providers geographically clustered around clients or any natural market sheds of human services activities?
4. Can geographical concentrations of providers and clients be leveraged for efficiency through various forms of collaboration without compromising choice or delivery of services?
5. Would the geographic clustering of human service organizations lead to any cost savings to the public (government or funders) or to nonprofit organizations?

Researchers utilized primary and secondary data sources to complete this study. The supply-demand continuum of human services delivery in Allegheny County was studied using geographic information systems (GIS) overlaid with client and provider databases. The *National Nonprofit Research Database* and *Guidestar National Nonprofit Database* were used to examine the financial characteristics of nonprofit human services organizations in Allegheny County. The Hill Group's research team also conducted structured interviews with representatives of the Allegheny County Department of Human Services and numerous nonprofit direct service providers.

The findings of this study outline significant potential cost savings for both public and nonprofit organizations. Researchers recommended that human service providers consider adopting the Service Integration Model that provides a mechanism for nonprofit agencies to take steps to collaborate and share non-mission critical services and functions. It suggests that collaboration between nonprofits might be facilitated by their proximity and similarity in customer base or mission.

The Service Integration Model also demonstrates a progression of collaboration. In horizontal integration, mission-similar organizations in geographic proximity collaborate or share non-mission critical functions like compliance, accounting, information technology, and human resources. In vertical integration, organizations with dissimilar missions in close geographic proximity organize around their clients (a customer-focused approach) and share non-mission critical functions. Both approaches can provide significant cost savings while enabling organizations to maintain service levels and enhance service quality.