



Board Members' Guide to Partnership Planning



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In today's challenging economy, nonprofit organizations (NPOs) often find themselves facing “a perfect storm.” Inundated with greater demand for services, many agencies have seen a dramatic decline in donations—just when they need these resources the most. Now more than ever efficient operation is critical.

More and more nonprofits are looking to partner with other organizations as a means to weather this economic storm. Strategic partnerships, offer benefits that range along a spectrum from simple joint programming ventures to full-scale mergers.

How to Use This Guide

The purpose of this guide is to serve as a reference for board members embarking on the collaboration journey. Many factors must be considered, and the following list shares 10 key elements critical to the success of any effective partnership. We encourage you to use this list as a starting point for boardroom discussions (Note: The electronic version of this guide contains hyperlinks under each topic heading that direct you to additional resources for that subject area). Finally, this guide also contains a Partnership Checklist, a useful tool in tracking your progress through the partnership process.

Due Diligence

While the advantages to collaboration are plentiful, the exposure to risk is real, and the process towards establishing a formal partnership must be executed with high levels of due diligence—this responsibility falls squarely on the shoulders of the board of directors.

Partnership opportunities may arise with the potential to allow nonprofit organizations to carry out their missions more effectively and efficiently. The board must give strong leadership to the partnership process. The level of board involvement may differ depending on the complexity of the arrangement, yet its role in leading discussions on the potential impact on organizational performance is critical to all types of arrangements.

Culture

Creating consensus for change is critical to a successful partnership. Organizational culture can be a negative influence if the staff perceives change as a threat. Specific attention needs to be paid to helping staff see value in entering a partnership that can strengthen mission achievement. Fully integrating staff in planning can go a long way in creating a culture of cooperation and help the partnership be more effective.

Due Diligence

When considering an organization with which to partner, it is important to ensure financial stability by exercising due diligence. Due diligence is “doing one’s homework” on another organization. When due diligence is exercised, details of bad debt or financial commitments could surface which would allow the prospective partner to make an informed decision. If there is a question or doubt, just ask it! After all, no organization wishes to be left holding a stack of unpaid bills at the end of the day.

Evaluation and Accountability

It is critical the board play a role in evaluating outcomes of the partnership by putting methods in place at the planning stages of the partnership itself. This requires reviewing periodic reports of financial aspects and needs assessments to ensure the partnership is meeting client needs. Feedback should be solicited from clients and staff in formal and informal ways. Such evaluations must be organized to keep staff enthusiastic and tracking mission achievement.

Identifying Intended Outcomes

It is critical for boards to ensure that partnerships are prompted by a desire not merely to maximize financial resources but to improve efficiency and realize better outcomes for intended beneficiaries namely, the communities being served. The board must ensure that the NPO has a plan with respect to what it wishes to achieve and how this achievement will enhance mission effectiveness. Boards must participate in such planning and assist in implementation.

Leadership and Management

Oftentimes, the executive director is so involved in daily operations, s/he is likely to need considerable support in seeking beneficial partnerships. When an appropriate partner is found, the board must empower the executive director to carry out details of the collaboration. Policies and resources must be in place to enable staff. The board must, however, resist the urge to micromanage and work to monitor outcomes continually to ensure they are well-aligned with the nonprofit’s mission.

Memorandum of Understanding

An MoU is a legal agreement setting roles and responsibilities of all involved parties. While some might feel an MoU implies the absence of trust between the organizations; this is not the case. Board members must remember they are not acting on their own behalf, but rather have been given charge to act in good faith on behalf of the taxpaying public. Necessary precautions must therefore be taken to ensure long-term sustainability and implied agreements put into a formal MoU.

Mission Alignment

The appeal of a much needed resource held by a potential partner can cause an NPO to lose sight of its own mission. On the other hand, when two or more organizations with complementary missions partner, it is likely to lead to greater efficiency and effectiveness for all involved. Care must therefore be exercised in selecting partners after a careful analysis of mission, vision and values.

Real and Opportunity Costs

While partnerships can produce benefits for a nonprofit organization the costs must not be forgotten. NPOs considering partnerships must commit financial resources, which at times can be considerable. Apart from these real costs, there are also opportunity costs. Managerial time may be taken away from other routine tasks. Hiring additional staff may need to be considered. The long-term benefits will not be realized if the partnership cannot invest resources to help plan the very act of partnering.

Resources

Rare is the partnership where both sides are equal in all respects. An imbalance may provide one of the partners with opportunity to dominate the relationship such that the partnership reflects the interests of the stronger partner. Leadership must have a good understanding of the NPO's strengths and weaknesses. If leadership finds that the organization may be overshadowed, they should identify the NPO's particular niche and clearly demonstrate its value.

Size

The overall number of partners involved can influence the stability of the arrangement. In partnerships involving multiple organizations, there will need to be a firm commitment from all partners to dedicate human resources toward managing the arrangement. Usually, larger arrangements are well publicized and if poorly managed, each involved party could lose legitimacy, funding, and even become liable in case legal issues arise.

See www.npgoodpractice.org for links to additional resources related to each of these topics.

Additional References:

[Arizona State University Lodestar Center for Philanthropy and Nonprofit Innovation](#)

[Johnson Center for Philanthropy at Grand Valley State University](#)

[Indiana University Center on Philanthropy](#)

[The Collaboration Prize Web site](#)

[La Piana Consulting](#)

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Board Members' Guide to Partnership Planning Checklist

Board leadership is critical to developing effective collaborations between nonprofit organizations. Below is a checklist that can be utilized to ensure you and your fellow board members are asking the right questions and taking the appropriate steps to create a sustainable and equitable partnership.

MISSION ALIGNMENT

- Does my potential partner's mission align with or complement our organization's mission?

RESOURCES

- Is there an imbalance in resources available among the potential partners? If yes, what are potential challenges in this relationship?
- Is my organization able to identify its niche in this partnership?
- Can my organization demonstrate our value in this partnership?

CULTURE

- Are there differences between my potential partner's organizational culture and our own organization's culture that can become a barrier to successful partnership?
- Is my organization willing to invest time and resources to create a consensus for change that supports the partnership?

SIZE

- Are there staff members and champions identified among the partnering organizations?
- Is the amount of human resources dedicated to the partnership manageable?

LEADERSHIP AND MANAGEMENT

- Is the board involved in the process of identifying a potential partner?
- Does the board support the partnership?
- Has the board identified the policies that enable the executive director and staff to carry out the partnership's arrangements, as well as resources to allow them to perform optimally?

DUE DILIGENCE

- Do we have enough information on the stability and operational effectiveness of my potential partner?

IDENTIFYING INTENDED OUTCOMES

- What are the benefits or intended outcomes of the partnership?
- Has my organization identified and agreed with the benefits or intended outcomes of the partnership?

REAL AND OPPORTUNITY COSTS

- Are the expected benefits or outcomes from the partnership greater than the cost or resources needed for partnering?

EVALUATION AND ACCOUNTABILITY

- Do we have a mechanism for monitoring the outcomes of the partnership on a regular basis?