



Nonprofit Financial Management

COLLABORATIONS AND PARTNERSHIPS

Name: _____

Organization: _____

Nonprofit Financial Management

Collaborations and Partnerships

Nonprofits are exploring new ways to work with like-minded organizations. This workbook will help you learn how to recognize the conditions for successful collaborations, evaluate mission alignment, assess prospects, and facilitate productive conversations with potential partners. We will explore the difference between partnership and collaboration, strengths and full costs in partnerships and collaboration, value propositions for collaboration, partnership and collaboration finances, and potential barriers to forming new partnerships.

Learning Goals

- Recognize the conditions for successful collaborations
 - Assess your readiness, evaluate your partnership prospects, and facilitate productive conversations with potential partners
 - Identify financial considerations and risks (including full costs in partnerships and collaboration)
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Reasons to Collaborate or Partner

Before entering any conversations about collaboration, it's important to understand the “why” behind the potential partnership and how each party will benefit.

Below are some common reasons that organizations may choose to enter into collaboration or partnership. Which might apply to your organization?

- To achieve economies of scale, saving money through efficiencies such as shared back office support.
 - To advance mission through a more efficient outreach/referrals process in which similar groups collaborate to provide each other a steady flow of clients
 - To expand the value proposition of each organization, organizations collaborate to expand their offerings or services without necessarily increasing their budget
 - To guard against risk, partners are able to “share the risk” inherent with experimentation and innovation
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Form and Function

Collaborations and partnerships, like all relationships, come in a variety of forms each of which supports different functions. Generally speaking, collaborative relationships exist along a spectrum that ranges from less integration to full integration. Rank the types of partnership below in order (7 is least integrated, 1 is most integrated) from least integrated to most integrated.

- _____ Coordinate
- _____ Communicate
- _____ Co-Exist
- _____ Integrate
- _____ Compete
- _____ Collaborate
- _____ Cooperate

Assessing Readiness

Once you have determined your goals for collaboration and the appropriate form to support those goals, it's time to assess your organization's readiness to engage. A complete assessment covers four areas:

- **Knowledge**
- **Trust**
- **Resources**
- **Risk**

Let's look at how you might go about designing assessment for each of these areas.

Knowledge

In this area, we want to inventory your organization's knowledge and skills as well as research collaboration in your area and sector.

Take a few minutes to consider the following questions:

- What data will you need to determine the success of your collaboration or partnership? What do you need to measure in order to be in compliance with contracts and other commitments?
- What *systems* will you need for data collection? For billing and delivery? For data collection, analysis, and sharing?
- What will the financial impacts of this potential collaboration be? What up front investments are required? What, if any, are the ongoing costs? How will revenue be managed?

Trust

Many partnerships that look great on paper falter due to insufficient trust between participating organizations.

What are potential challenges to building trust?

What are three ways you might engage in trust building with potential partners and collaborators?

Resources

Collaborations and partnerships often require substantial investment of both financial and human resources. Thinking about a current or potential future collaboration:

- How much time do you project it will require from senior leadership and other staff?
- What one-time costs do you anticipate investing?
- What, if any, ongoing costs, both financial and human, will this collaboration or partnership require?
- To what degree do the potential benefits either balance or outweigh the resources necessary to establish and maintain the partnership?

Risk

Any new partnership comes with risk. Having a sense of your organization's ability to navigate risk is essential to determining your readiness to engage.

A strong balance sheet is a key indicator of your organization's risk tolerance. Which, if any, of the following apply to your organization:

- We have less than a month of unrestricted cash available
- We have a full drawn line of credit
- We have fixed assets with significant wear and tear that are in need of repair / replacement

The above are potential indicators of a reduced capacity to tolerate risk.

Assessing Readiness

Once you and your potential collaborator assess your readiness, it's powerful to clearly articulate both what you *bring* to the partnership and what you *need* from it. Doing this through the lens of your organization's core strengths helps ensure that you consider Relationships, People & Skills, Data and Knowledge, and Finances.

Take a few minutes to complete these two charts.

What you Bring

Financial Strengths: Financial Gaps:	Data & Know How Strengths: Data & Know How Gaps:
People & Skills Strengths: People & Skills Gaps:	Relationship & Reputation Strengths: Relationship & Reputation Gaps:

What You Need

Financial	Data & Know How
People & Skills	Relationship & Reputation

Reflection: Developing Your Collaborative Value Proposition

A powerful Collaborative Value Proposition brings together all of your analysis to make a case for collaboration that can be communicated both internally and externally.

The following questions will help you build your value proposition, step by step:

1. The Problem or Opportunity

- a. What is the problem or opportunity you're looking to address?
- b. How is this relevant to your partner?

2. How Your Organization Provides a Solution and Projected Outcomes

- a. What outcomes do you anticipate?
- b. Whom do you serve?
- c. How do you serve your target population?
- d. What pre-existing relationship do you have with your potential partner?

3. What distinguishes you from other potential partners

- a. How does your organization deliver results and programs in ways that are different than your peers?
- b. What unique strengths do you bring to the table?

4. The support you need

- a. What capacities will need to be built or enhanced in order to support the proposed partnership?
- b. What resources are necessary to support these capacities?

Notes