

The Collaboration Challenge

How Nonprofits and Businesses Succeed through Strategic Alliances

imple, standard steps that one can rigidly follow cloaks the inherent complexity of partnering and courts disaster. Effective collaboration ultimately involves jointly tailoring a garment that fits the unique characteristics and needs of the partners. This chapter keeps this imperative clearly in mind as it synthesizes from the previous chapters a set of guidelines for those who would build alliances between the nonprofit and corporate worlds. I call these guidelines to cross-sector alliance the seven C's of strategic collaboration. Exhibit 8.1, at the end of the chapter, offers a consolidated checklist of questions for organizations applying the seven C's guidelines.

CONNECTION with Purpose and People

Purpose and people are primary in the collaborations we have examined. Alliances are successful when key individuals connect personally and emotionally with the alliance's social purpose and with each other.

Serendipity often prevails as the initiator of connections in the alliance marketplace, which is still maturing, but connections are more readily made among organizations predisposed to partner and alert and prepared to seize opportunities. Systematic searches can target potential partner organizations that appear to have shared interests, appropriate operations, or track records in the social arena. Investing up front in getting to know key individuals in a prospective partner organization is an essential part of the due diligence required to assess interorganizational compatibility, character, and competency. Getting acquainted at the individual level pays cooperation and commitment dividends later. Positive personal chemistry is essential to productive partnerships even though not sufficient alone to guarantee alliance success, whereas bad interpersonal relations alone can destroy a partnership.

Passion is the motivational driver and inspiration a key currency in cross-sector collaboration. Strategic collaborations need champions, or internal entrepreneurs (intrapreneurs), at high levels on both sides. The engagement of and relationships between top leaders of the corporation and the nonprofit largely determine the acceptance and vigor of the collaboration. Leadership's initial challenge is to engage

and nurture the relationship, its subsequent challenge to transcend the top-level link. On the business side, directly exposing individuals to and involving them in the social service activity often deepens their motivation and personal connection. Similarly, on the nonprofit side, exposing individuals to the business's operations promotes greater understanding of the partner and its relevant capabilities. Creating opportunities for interaction and service engagement by employees at all levels in both organizations fosters personal relationships and connection with the cause.

In seeking a new connection or assessing an existing one, nonprofits and businesses alike need to consider the following questions:

- To what extent are individuals personally and emotionally connected to the social purpose of the collaboration?**
- Have individuals been able to touch, feel, and see the social value of the collaboration?**
- What level and what quality of interaction exist among senior leaders?**
- To what extent do personal connections and interactions occur at other levels across the partnering organizations?**
- How strong are interpersonal bonds?**

CLARITY of Purpose Above all, collaborators need to be clear about the purpose of joint undertakings. Because of the social goodness of these projects, businesspeople sometimes are lax in setting clear objectives, when exactly the opposite is needed. The rigor and discipline that companies apply to clearly targeted business investments are also vital to the crafting of social purpose partnerships. Vagueness or ambiguity will cloud the vision of the undertaking and may breed confusion or even conflict. To help ensure clarity of purpose, prospective partners should jointly prepare a written collaboration purpose statement. As both the processes and the end product (the statement) can benefit a partnership, it is important that the partners be explicit about what they expect to take from their relationship. Partners should also identify where on the Collaboration Continuum a proposed or existing relationship falls and where they would like it to fall.

Specific, limited collaborative projects often serve a useful purpose and may be all either party is ready to undertake. But when the objective is to achieve higher-value strategic collaborations, both parties need to abandon traditional, narrow mind-sets. Nonprofits need to escape the gratefulness syndrome, the supplicant mentality often common to traditional philanthropic relationships. As illustrated repeatedly in the previous chapters, nonprofits bring to the

collaboration table significant assets that are value-adding opportunities for corporate partners. Corporations in turn must get beyond the charity syndrome if their engagements with nonprofits are to become strategically central to their business operations. A collaboration mind-set supplants the them and us perspective with a we together perspective.

With the growing proclivity to engage in multiple collaborations, it is useful for organizations to think in terms of a collaboration portfolio. This involves clarifying the purposes and relative importance of existing collaborative relationships and using that information as the basis for establishing the number and mix of alliances that collectively will contribute most productively to the organization's mission.

The following questions can help organizations ensure that clarity of purpose guides their decisions about partners to court and types of collaboration to pursue:

- What is the purpose of the collaboration?**
- Where does the relationship fall on the Collaboration Continuum (philanthropic, transactional, or integrative), and where does each partner want it to be?**
- Have the partners escaped the gratefulness and charity syndromes?**
- Do both partners have written collaboration purpose statements?**
- Has each partner determined the different functions and relative importance of the partnerships already existing in its collaboration portfolio?**

CONGRUENCY of Mission, Strategy, and Values

As an extension of clarifying purpose, partnering organizations should identify areas of alignment between their missions, strategies, and values. Engaging early in conversations about alignment is essential to building a solid foundation for collaboration. The closer the alignment, the greater the potential gains from collaboration. Overlap is more likely than total congruency, but where fit is largely or completely lacking, collaboration is ill advised.

The point where two organizations' missions mesh becomes an arena of collaborative action. Discovering all the productive intersections of mission fit often requires careful scrutiny. Taking time to experiment often reveals valuable new opportunities for collaboration, as the many examples of productive joint endeavors described in the preceding chapters testify. It is healthy to grow relationships

incrementally, moreover, because experience unveils new possibilities.

The potential internal impact of collaboration increases with the accumulation of experience and interaction. As alliances evolve, they can influence even the partners' definitions of their respective missions and values, which in turn can lead to new areas of overlap and engagement. As external forces can undermine this growing cohesiveness, giving rise to misalignments, continual scrutiny is warranted. Shared visioning of future fit helps ensure continuing congruency and can broaden the existing fit. The more aligned a collaboration's purpose with the partners' respective missions and strategies, the more sustainable the alliance is likely to be in the face of transitory storms that afflict one partner or the other.

The following considerations are relevant to the pursuit of strategic fit:

- How well does each partner understand the other's business?
- What are the missions, strategies, and values of each partner?
- What are the areas of current and potential overlap?
- How can each partner help the other accomplish its mission?
- To what extent is the collaboration a strategic tool for each partner?
- Have the partners engaged in shared visioning about future fit?

CREATION of Value

High-performance collaborations are about much more than giving and receiving money. They are about mobilizing and combining multiple resources and capabilities to generate benefits for both partners and social value for society. Partners need to systematically focus on defining, generating, balancing, and renewing value. The Collaboration Value Construct (Chapter Five) provides a means for both partners to jointly and explicitly specify the benefits they expect to obtain from collaboration. Do not assume that your interests will be implicitly known by your partner or that your partner's interests will be implicitly known by you. Partners are well advised to ask continually what they can do for one another and to avoid fixating on what their partner is going to do for them.

Collaboration is an ongoing search for value that can be created by partners jointly but not by one organization alone. The highest value is realized when the organizations' core capabilities and resources are deployed to produce benefits that cannot be obtained from any other alliance. This result is the distinctive collaborative advantage of the

partnership. In addition to specifying respective expected benefits, each partner should also indicate the incremental social value that the alliance is expected to create. Multiparty alliances can generate multiple value creation opportunities.

For alliances to retain their vitality and mutual engagement, benefit flows must be two-way and relatively balanced. Knowing when they are balanced is complicated by the fact that individual partner's benefits differ in kind and weighting. Unlike commercial partnerships' benefits, which are often reducible to monetary terms, cross-sector alliances deal in multiple currencies, some of which are difficult to quantify. Consequently, it is important that partners consult about whether net benefit flows are adequate and balanced. A sense of equitable reciprocity is essential to partners' continuing interest in investing in the relationship. A significant imbalance risks creating excessive dependency or subjecting one partner to undue influence from the other.

Finally, it is important to recognize that collaboration configurations are depreciable assets, that the value of partnering can decline over time. Renewing value is thus an ever-present challenge. As resources always have alternative uses, either in other collaborations or in commercial business activities, it is incumbent on partners to assess periodically the opportunity costs of their participation in a cross-sector alliance. Constant attention to the value generation process and to identifying new avenues of collaboration that might produce both mutual benefits and higher levels of social good are essential to value renewal. Value renewal can be facilitated through periodic strategic visioning exercises in which the partners collectively consider the possible future path and benefit opportunities of the collaboration. Sometimes, however, changes in the internal or external circumstances of one or both partners will so dramatically alter the calculus of the value construct that the alliance will need to be either drastically reformulated or terminated. Knowing when to end a collaborative alliance is as important as knowing when to begin it.

Organizations assessing the worth of a potential or existing alliance should answer the following questions related to generating value:

- What resources of each partner are of value to the other?**
- What specific benefits will accrue to each partner from the collaboration?**
- Do benefits outweigh costs and risks?**
- What social value can be generated by the alliance?**
- What new resources, capabilities, and benefits can be created by the collaboration?**

- Are resource and capability transfer two-way?
- Are benefits equitably balanced between the partners?
- Has the value exchange and creation depreciated? If so, to what extent?
- Can the Collaboration Value Construct be renewed and enhanced?
- Is it time to end the collaboration?

COMMUNICATION Between Partners

Even in the presence of good personal relations and emotional connections, strategic fit, and successful value creation, a partnership is without a solid foundation if it lacks an effective ongoing communication process. Good communication is essential to building trust, and trust is the intangible that makes a collaboration cohesive. To develop mutual respect and trust takes time, effort, and action. Trust also presupposes a genuine appreciation by the partners for each other's activities. Communication should be honest, forthright, frequent, and meaningful. The power of openness in social purpose collaborations, particularly in integrative stage relationships, is in evidence in the examples in the earlier chapters. Constructive criticism should be welcome but is possible only in open and supportive relationships. A good rule is to never surprise your partner; involve one another early on in the planning for all actions that affect the partnership. Resist the temptation to withdraw in the event of a crisis in either organization. Instead, intensify communication, particularly if the situation might adversely affect the reputation or relationship of the partners.

Multiple connections and communication channels across partnering organizations are desirable. It is also important to assign responsibility for managing the relationship. Strategic partnerships are high-maintenance relationships that require focused attention. If an alliance is truly strategic, each organization will have an assigned partner relationship manager. Having such counterparts can enhance coordination in programs and communication, particularly in the joint formulation of a strategy for communicating about the partnership both internally and externally.

Communication with the world at large about a collaboration is just as important as communication between partners. Hesitancy to overpublicize a partnership frequently results in foregone benefits. An alliance that is truly strategic and progressing into the organizational integration stage should be proudly promoted internally and externally. Reluctance to do so should call into question the solidity of the relationship. It is also vital to ensure that

both partners have articulated explicit communication strategies for their internal constituencies and that each is aware of the content and process of the others' communication. Frequent communication about the benefits of an alliance motivates continued collaboration.

Answering the following questions will move partners toward effective communications:

- **What level of respect and trust exists between the partners?**
- **Is communication open and frank, and is critical communication constructive?**
- **How is communication between the partners managed?**
- **Does each partner have a partner relationship manager?**
- **What channels and vehicles are used to communicate internally?**
- **Are there potential dissenters, and can they be converted?**
- **How does the alliance communicate externally?**
- **Do the partners have a coordinated external communication strategy and program?**
- **Is the partnership underpublicized?**

CONTINUAL Learning

Collaboration must be viewed as dynamic. Although systematic analysis and planning are desirable, a partnership's evolution cannot be completely planned or entirely predicted. Partners should view alliances as learning laboratories and cultivate a discovery ethic that supports continual learning.

Continual learning is what enables continuous improvement. Because cross-sector collaboration is still relatively novel, invention and innovation continue to stand in for standard practice. Discovering both the what and the how of collaboration is also important. Learning about one another's businesses and operations not only builds rapport and enhances communication between partners but can also lead to the identification of new collaboration opportunities. Alliances that combine the distinctive competencies and complementary missions of corporations and nonprofits are opening up new frontiers for generating mutual and exceptional benefits and are simultaneously addressing targeted societal needs more effectively than before. A growing capacity to collaborate is a distinct competency and a competitive advantage that can foster further cross-sector as well as same-sector alliances.

Beyond learning how to collaborate, each partner gains specific valuable skills and knowledge. A nonprofit, for example, might

develop marketing, financial, or business-planning skills; its business partner might acquire knowledge of a target group of consumers, new organizational or employee motivational methods, or community relations skills. Employees engaged in community service projects might hone their leadership or teamwork capabilities. The mutual learning benefits of collaboration are many and represent another payoff from partnering.

Partners seeking to leverage learning should consider the following questions:

- **What has each partner learned from the collaboration about how to work with another organization more effectively and create greater partner and social value?**
- **How has this learning been incorporated into the collaboration?**
- **Is there a process for routinely assessing learning from the collaboration?**
- **Is complacency stifling innovation?**

COMMITMENT to the Partnership

Because partnerships increase in scope, scale, strategic importance, and operational complexity as they advance along the Collaboration Continuum, partners must be prepared to ratchet up their personal, institutional, and resource commitments accordingly. A strategic alliance being a deep relationship, not a deal, partners should take a long-term perspective. Short-term alliances can be useful but tend to be more tactical than strategic.

Sustainable alliances institutionalize their collaboration process. They weave incentives to collaborate into their personnel systems and embed them in the organizational culture. Moreover, as insurance against the exit of key individuals, they ensure continuity by empowering all levels of the organization.

High-performance alliances are driven by high mutual expectations with concomitant mutual accountability. Viewing collaborations as joint ventures with shared equity investments creates an expectation of returns, most fundamentally social impact but also all the other benefits that accrue to partnering organizations. The more explicit the performance assessment, the more likely the collaboration is to focus its collective energies on enhancing impact.

High expectations motivate performance, but it is important to ensure that organizational capabilities are compatible with commitments.

Partners should assess whether an execution gap exists and remedy it by mobilizing needed resources or adjusting commitments to realizable levels. This also raises the issue of how many such partnerships collaborating entities should have. Organizations should assess their collaboration capacity, taking into consideration alliances' varying levels of maintenance and resource exchange. To ensure that key relationships are not neglected, organizations should compile their collaboration portfolios with some care. Overcommitting and underdelivering can destroy partner credibility and neglect can lead quickly to partner disengagement.

The following questions are useful in assessing the adequacy of partnering commitment:

- **What is the level of organizational commitment to the partnership and how is this commitment demonstrated?**
- **What is the trend in investments (personal, financial, institutional) in the partnership?**
- **Are the partners' expectations of one another high?**
- **Are partner expectations and commitments commensurate with execution capabilities?**
- **What is the composition of each partner's collaboration portfolio, and where does this alliance fit within those portfolios?**
- **Are the portfolios consistent with the partners' collaboration capacities?**

Toward the Future

Cross-sector collaborations will grow at an increasing rate. These alliances between nonprofits and corporations hold considerable potential for enhancing business and nonprofit performance and for generating social value. This book has tapped the world of practice to glean insights that will deepen our understanding of the partnering process and its many challenges. It is hoped that the conceptual framework and analyses will provide helpful guidance to corporate and nonprofit leaders striving to develop and manage high-performance alliances. Additionally, it is hoped that this research will spur other academics to explore this important social enterprise arena. The age of alliances is upon us. For those with vision and entrepreneurial spirit, the path of social purpose partnering will lead to mutual gains and produce significant benefits for society.

CONNECTION with Others

- **To what extent are individuals personally and purpose and**

people emotionally connected to the social purpose of the collaboration?

- **Have individuals been able to touch, feel, and see the social value of the collaboration?**
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- **To what extent do personal connections and interactions occur at other levels across the partnering organizations?**
- **How strong are interpersonal bonds?**

CLARITY of purpose

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CONTINUAL

- What has each partner learned from the learning collaboration about how to work with another organization more effectively and create greater partner and social value?
- How has this learning been incorporated into the collaboration?
- Is there a process for routinely assessing learning from the collaboration?
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- **Are the portfolios consistent with the partners' collaboration capacities?**

Note: Prepared with the assistance of Linda Carrigan.