



Nonprofit Strategic Alliances:

Increasing Impact, Saving Resources and Growing Together

September 23, 2010
Texas Nonprofit Summit

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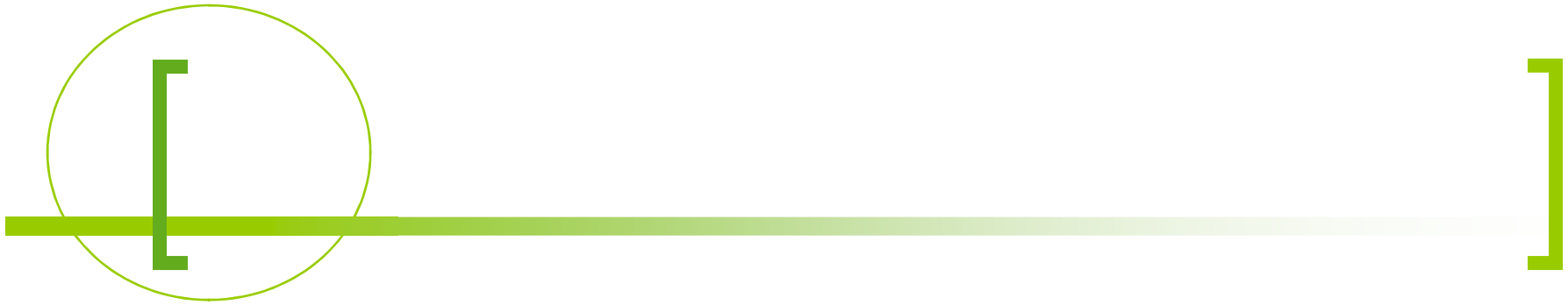


Your Expectations

What do you hope to learn
from this session?

Learning Objectives

- Understand What **Strategic Collaboration** is and Why it is Important
- Assess Your **Current Level** of Collaboration
- Understand Some **Keys to Successful Collaborations**, Shared Services, and Mergers
- Develop an **Action Plan**



What is Collaboration? and Why is it Important?

Strategic Collaboration/Alliances Defined

Two or more **organizations...**

working together in a **meaningful, well-defined, and deliberate** manner...

by investing **time, energy, and resources...**

to accomplish a set of **shared objectives...**

that are **mutually beneficial** to advancing the missions of the organizations involved, and...

that are **more likely to be achieved** together than alone.



Why?

What benefits can come from strategic collaboration and alliances?

Why Is Collaboration Important?

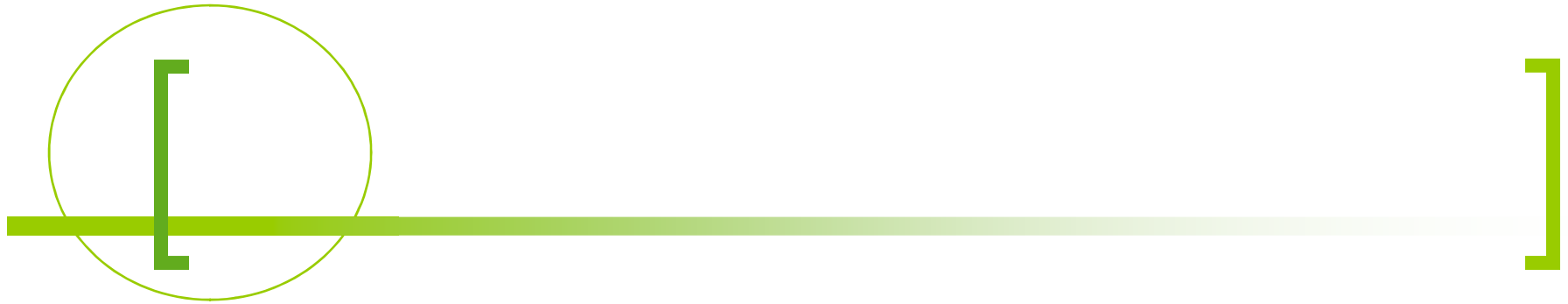
- It is a **critical business success factor** in an under-resourced environment
- It is **expected behavior** from our stakeholders
- It often **just makes sense** given the size and shape of the nonprofit sector

[a growing Nonprofit Landscape]

- The Austin MSA has **more nonprofits per capita** than...
 - Any other large Texas city (Houston, Dallas, Ft. Worth, San Antonio, El Paso)
 - Any other major city in the southwestern U.S. (although we are exactly tied with Oklahoma City – go okies!)
- Austin nonprofits are **disproportionally small** compared to U.S. averages
 - 93% of our nonprofits are below \$1m in budget, vs. 89% nationally
- In 2009, the IRS approved **1,238,201 new nonprofits** nationally, and since 1996 the total number of nonprofits nationally has **almost doubled**

[So Why Is Collaboration Difficult?]

- Takes **time and focus**
- Often **complex and ambiguous**
- Requires different **leadership skills**
- **Competitive-collaborative** tensions
- Thought to sometimes **signal weakness**

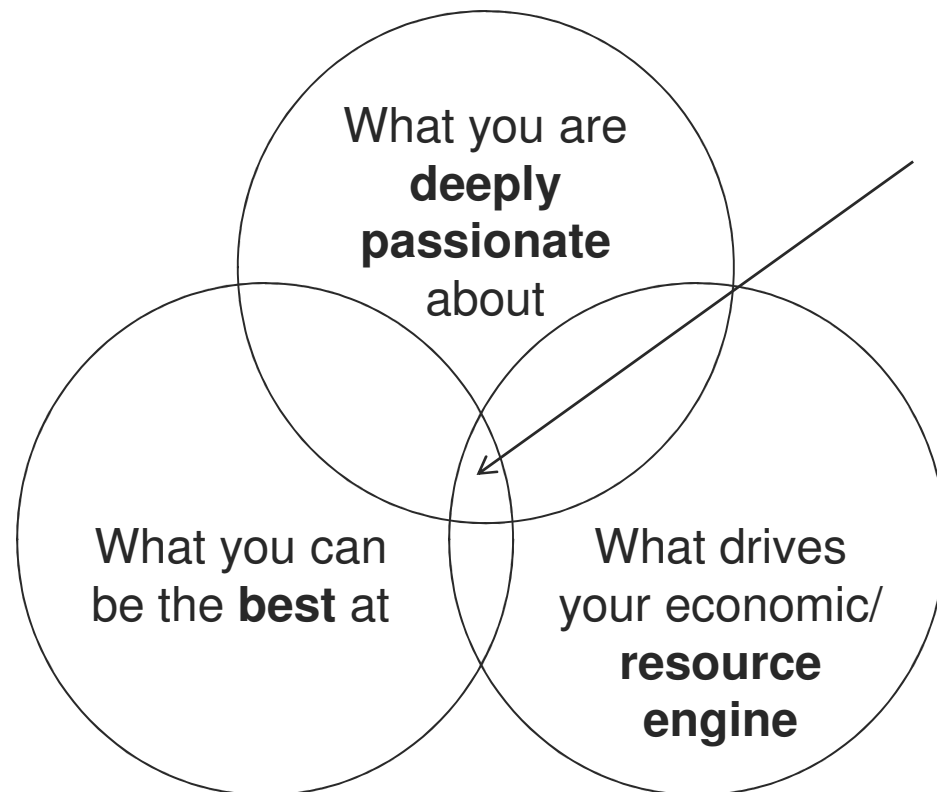


Assessing Your Current Level of Collaboration

The Hedgehog Concept

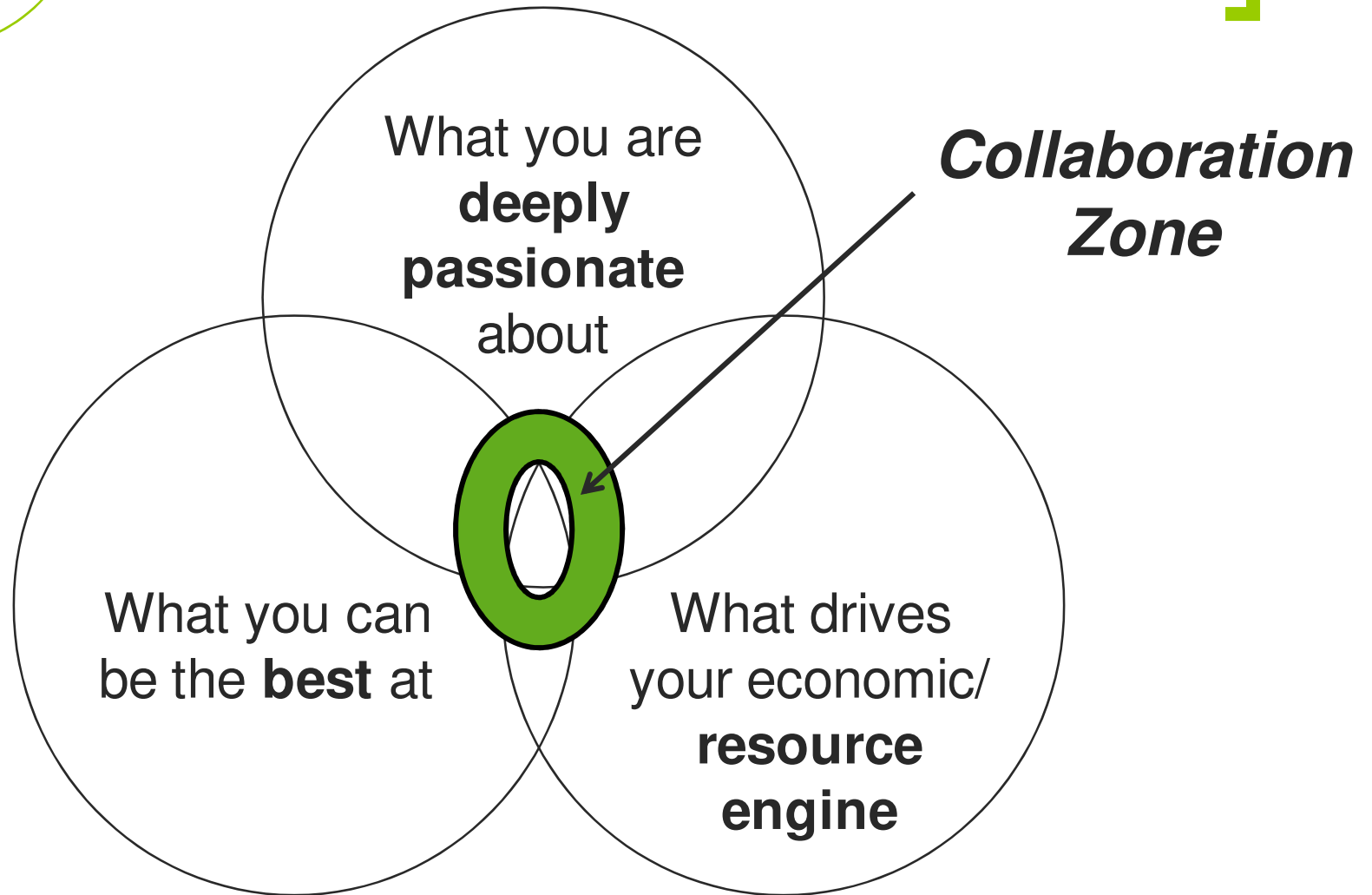
The essence of the Hedgehog Concept is to help an organization obtain **piercing clarity** about how to produce the best long-term results, and then exercising the relentless discipline to say “No, thank you” to opportunities that fail the hedgehog test.

Jim Collins, Good to Great



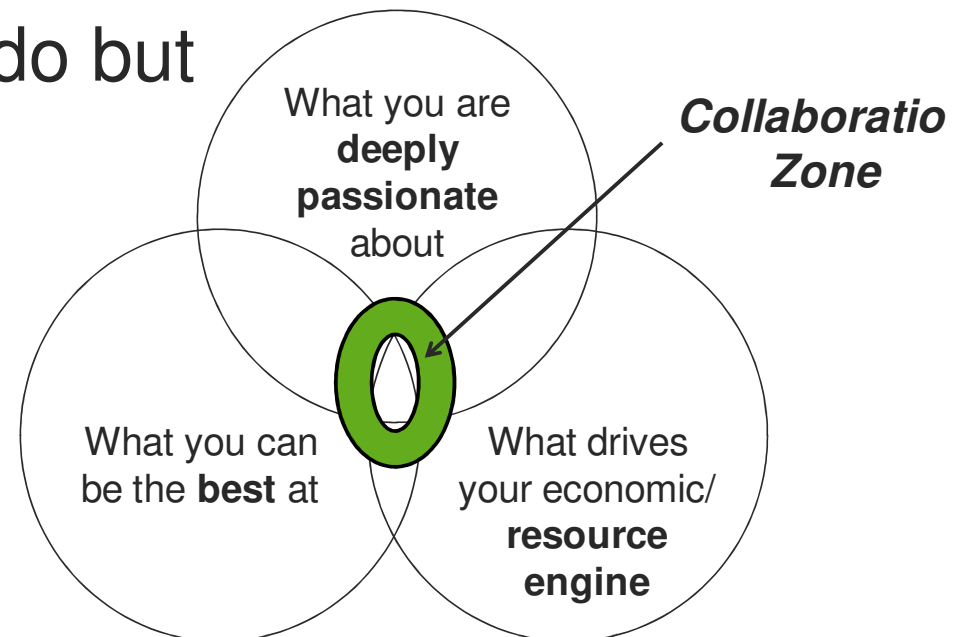
What your true mission should be

The Hedgehog Collaboration Zone

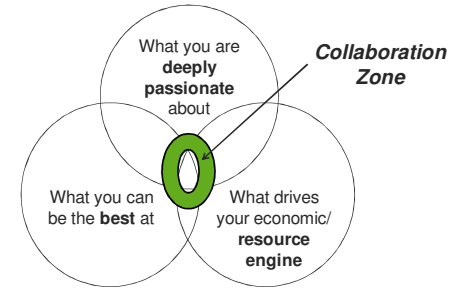


Collaboration Zone Exercise

1. Programs/services/activities you do now but that you may not be doing as well as you would like.
2. Things that you'd like to do but have been just beyond your reach.



An Exercise



Make Two Short Lists:

1. Programs/services/activities you do now but that you may not be doing as well as you would like.

2. Things that you'd like to do but have been just beyond your reach.

Strategic Collaboration Continuum

Greenlights Strategic Collaboration Continuum



Communication

- Share ideas
- Share information
- **Example:** The leaders of two similar nonprofits meet quarterly for lunch to compare notes on community need, program effectiveness, etc.

Cooperation

- Share goals
- Limited joint activities
- **Example:** Two nonprofits with similar clientele refer clients to each other for complementary services.

Collaboration

- Shared means to achieve goals
- Significant joint activities
- **Example:** Two or more nonprofits offer a single program or sponsor a single event with the same mission and purpose.

Shared Services

- Share resources formally
- Joint formal operations, programming, or even joint ventures
- **Example:** Nonprofits jointly fund a shared accountant, grant writer, etc.

Merger

- Formal combination of two or more entities
- **Example:** Two or more nonprofits formally and legally merge into a single 501c3 nonprofit corporation.

Strategic Collaboration Worksheet

Step 1: List All Significant Organizations With Which You Currently Collaborate

Organization	Intensity (H,M,L)	Organization	Intensity (H,M,L)

*Step 2: Plot Each Collaboration on the Below Strategic Collaboration Continuum
(Use a larger "X" for more intense collaborations and a smaller "X" for less intensive ones)*

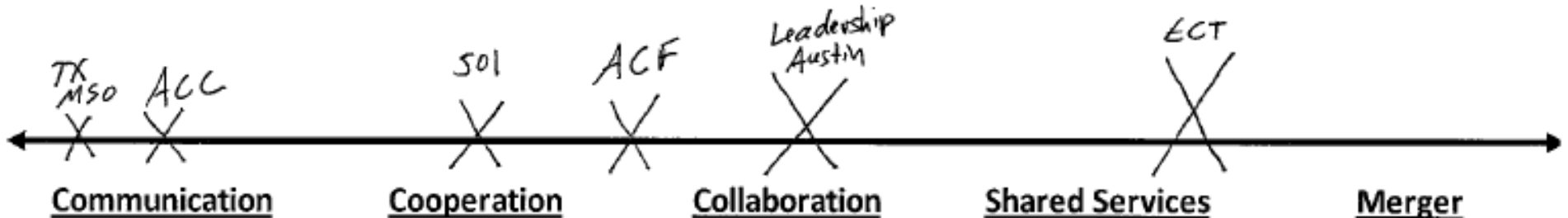


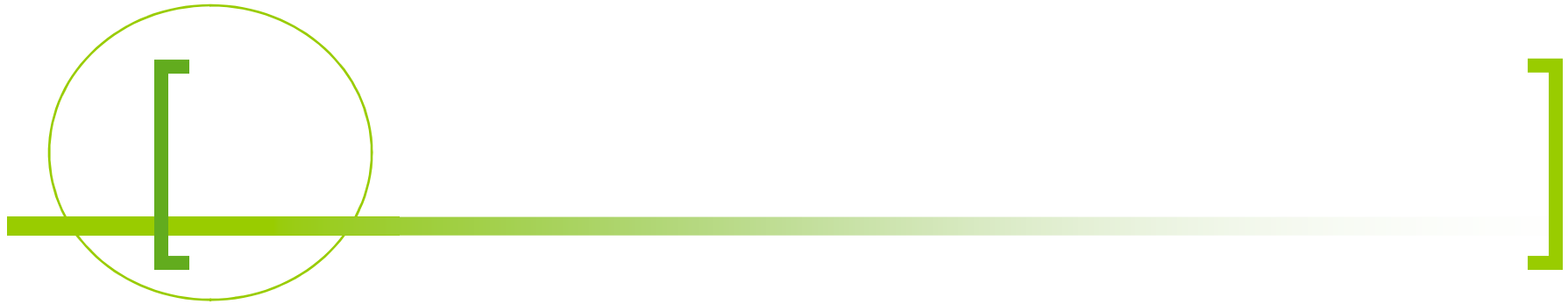
SAMPLE

Step 1: List All Significant Organizations With Which You Currently Collaborate

Organization	Intensity (H,M,L)	Organization	Intensity (H,M,L)
Leadership Austin - BSE	H	ECT - space sharing	H
ACC - nonprofit healthcare	L	Texas MSO Network	L
SOI Council - fundraising	M		
ACF - risk management pool	M		

Step 2: Plot Each Collaboration on the Below Strategic Collaboration Continuum
(Use a larger "X" for more intense collaborations and a smaller "X" for less intensive ones)





Keys to Successful Collaborations and Mergers

Case Study: Texas Nonprofit Summit



onestar
foundation
texas center for social impact

**Governor's Nonprofit
Leadership Conference**

2009 GREENLIGHTS
**CROSSROADS
CONFERENCE**
FOR NONPROFIT EXCELLENCE
**STRENGTH
IN NUMBERS**



onestar
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**Governor's Nonprofit
Leadership Conference**

**TEXAS NONPROFIT
SUMMIT**
SEPTEMBER 23-24, 2010
ON A MISSION:
IGNITING A NONPROFIT
REVOLUTION



Greenlights
FOR NONPROFIT SUCCESS
Crossroads Conference

What Supports Strategic Alliances?

- Trust
- Communication
- Opportunities for structural change (ED departure, financial crisis, audience change, etc.)
- Shared values
- Shared culture
- Shared goals
- Commonalities

Keys To A Successful Collaboration

- Confirm a shared vision and objectives
- Define desired results
- Disclose self-interests
- Clearly delineate roles and expectations
- Implement clear decision-making processes
- Clarify authority and power (if not equal, clearly define who has what authority and power)
- Set a timeframe for the collaboration

Moving Right on the Continuum...



Communication

- Share ideas
- Share information
- **Example:** The leaders of two similar nonprofits meet quarterly for lunch to compare notes on community need, program effectiveness, etc.

Cooperation

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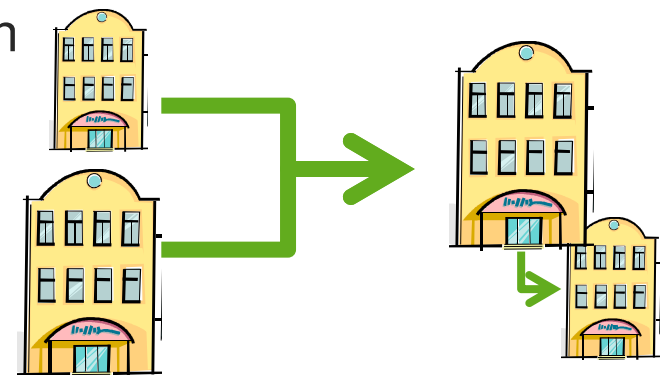
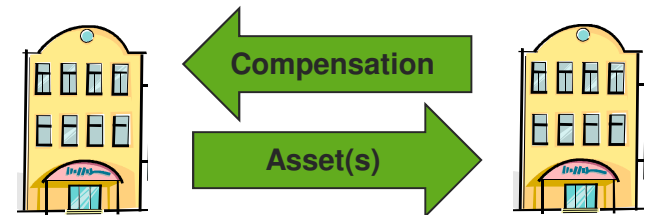
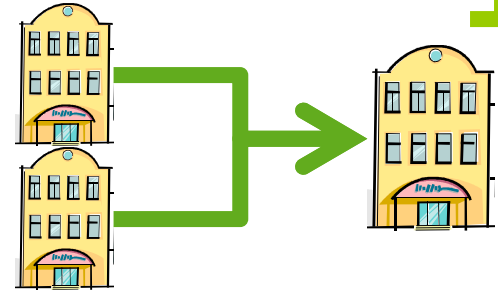
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Examples of Shared Services

- Sharing **physical resources** (office space, vehicles, office equipment, etc.)
- Sharing **human resources** (admin staff, HR professionals, accountants, grant writers, etc.)
- Pooled **purchasing power** (negotiate better rates on event space, audits, printing, IT services, other vendor agreements, etc.)
- Shared **marketing services** (jointly hire a marketing professional, etc.)
- Other examples?

What is a Merger?

- **Outright Merger** – 2 or more organizations becoming one organization
- **Asset Transfer** – asset(s) of one organization are transferred (sold, given, etc.) to another organization
 - “Assets” can be physical (buildings, equipment, etc.), human resources, and even programs/services
- **Parent-Subsidiary Merger** – one organization becomes a subsidiary or “member of” the other organization



When Might a Merger Make Sense

Mergers should **not be taken lightly** and are not for everyone. But consider a merger when...

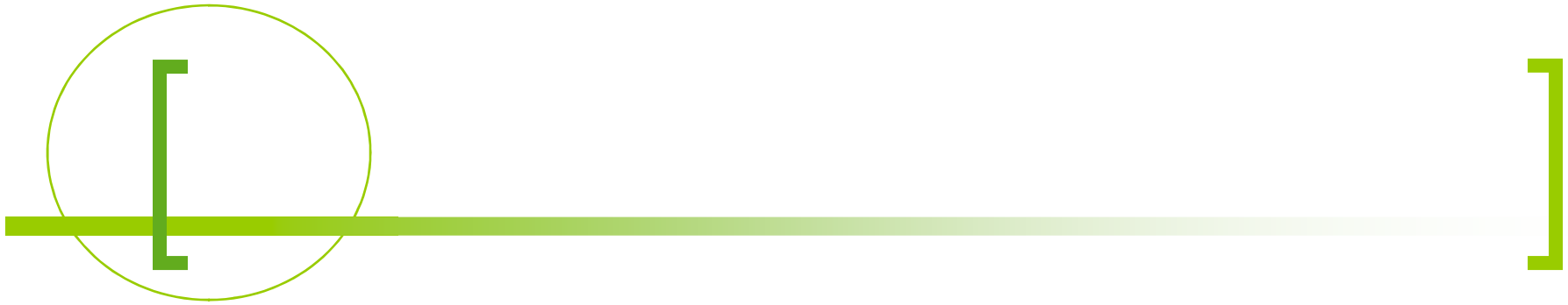
- There is a great deal of **overlap** (client, funders, etc.) between organizations (see next slide)
- One or both organizations are **struggling** (financially, program delivery, board, etc.)
- A particular **event** occurs (retiring ED, major strategic change, crisis, etc.)
- Key **funders** or other stakeholders make it a priority (but not just because they say so)
- A clear opportunity to **expand influence**, impact, geography, etc. is possible and deemed important

Merger Analysis Matrix

Area of Analysis	Your Score (H,M,L)	Typical Weight Given to This Factor
Mission similarity		High
Degree of client/customer overlap		High
Complimentarity of programs and services		High
Cultural similarity – shared values, HR approaches, work environment, etc.		Medium
Degree of funder overlap		Medium
Similarity of fundraising approaches		Low
Systems similarity (accounting, fundraising, etc.)		Low
Geographic service area overlap		Depends – can go both ways
Occurrence of a “merger-friendly event”		Depends
Other factors:		Depends

Critical Merger Success Factors

- ✓ Determine **decision-making rules** and overall processes at the outset
 - When possible, establish equal power between organizations
- ✓ Carefully manage **communications** and expectations
- ✓ Engage an **independent facilitator**
- ✓ Engage **key funders** and other key stakeholders as appropriate points
- ✓ Move **slowly and carefully** – this is a big and complicated decision
- ✓ Balance self-interests with **community/client best interests**
- ✓ Focus on **organizational culture** and staff integration



Action Planning

Action Planning

- Evaluate existing collaborations
 - Do they need to be enhanced? Ended? Continued as-is?
- Identify areas of your hedgehog that collaboration might help you achieve
 - By collaborating more upstream, downstream, or laterally with competitors in your 6-Forces.
- Elevate strategic collaboration on your board's and staff's radar screen

Action Planning Exercise

- My Key Take-Aways from Today

- Potential Strategic Collaboration Issues to Explore

- Immediate Next Steps

Additional Resources

- **The Collaborative Leadership Fieldbook** – David D. Chrislip, 2002.
- **The Nonprofit Mergers Workbook** - Amherst H. Wilder Foundation, 2000.
- **Strategic Management for Nonprofit Organizations, Theory and Cases** – Sharon Oster, 1995.
- **Collaboration Handbook: Creating, Sustaining, and Enjoying the Journey** – Amherst H. Wilder Foundation, 1994.
- Greenlights' consulting department