NSI NONPROFIT SUSTAINABILITY INITIATIVE

COLLABORATION GUIDE

WHAT IS SUSTAINED COLLABORATION & WHY DO NONPROFIT LEADERS PURSUE IT?

AN LA BASED FUND THAT INVESTS IN NONPROFIT RESILIENCY DURING MOMENTS OF TRANSFORMATION

Sustained collaboration is a critical, strategic, strengths-based tool that nonprofit leaders often explore when their organization:

- Anticipates an executive transition
- Needs to expand capacity to meet the needs of their community
- Anticipates a major change in revenue streams
- Finds their operations or programs impacted by policy change
- Desires to grow and achieve economies of scale quickly
- Plans to jointly advocate with peer organizations

NOT ALL PARTNERSHIPS ARE MERGERS. COLLABORATIONS CAN TAKE MANY FORMS:

Alliances and Networks

Coalitions

A coalition is a temporary alliance of distinct parties, organizations, or states for joint action to achieve a common goal. Coalitions often form to address specific issues and may dissolve once the objective is met. Example: Multiple environmental organizations forming a coalition to lobby for climate change legislation.

Collaboratives

In a collaborative partnership, two or more organizations work together on a project or initiative, sharing resources, knowledge, and expertise. Unlike a coalition, a collaborative partnership is usually more integrated and may involve shared responsibilities and decision-making. Example: A tech company and a healthcare provider collaborating to develop a telehealth platform.

Movements

Movements are large, often informal, groupings of individuals or organizations that aim to facilitate societal change. Unlike other forms of partnerships, movements are often less structured and can be driven by grassroots efforts. Example: The Black Lives Matter movement, which involves various organizations and individuals advocating for racial justice.

Collective impact efforts

Collective impact is a structured form of collaboration where multiple organizations come together from across sectors to solve a specific social issue. This approach usually involves a "backbone" organization that coordinates the efforts and measures the impact. Example: Schools, local government, and non-profits coming together to improve literacy rates in a community, coordinated by a backbone organization.

Shared Service Arrangements

Co-location

Co-location involves two or more organizations sharing the same physical space to reduce costs and improve service delivery. This arrangement allows for easy sharing of resources but usually does not involve any deeper level of integration. Example: A community center that houses a food bank, a health clinic, and an employment agency all under one roof.

Shared staffing

In a shared staffing model, an organization can share its competencies with an affiliate organization through agreements whereby employees work for multiple organizations, dividing their time and expertise between them. This can help reduce costs and increase efficiency for all involved parties and share talents across organizations. Example: An organization lacking experience in grant compliance requirements contracts with a partner organization that has in-house expertise in order to borrow staff time and benefit from their expertise.

Back-office consolidation

Back-office consolidation involves organizations sharing administrative functions like HR, accounting, or IT services to reduce overhead and improve efficiency. Each organization remains independent but benefits from shared services. Example: Several small organizations sharing the same accounting function (both staffing and software systems) to meet their financial administrative needs with greater economies of scale.

Fiscal sponsorship

In a fiscal sponsorship, a nonprofit organization offers its legal and tax-exempt status to groups—often smaller, less-established entities—engaged in activities related to the sponsor's mission. This allows the smaller group to focus on its programmatic activities. Example: A well-established animal welfare organization acting as a fiscal sponsor for a smaller group focused on local pet adoption.

Integrated Organizations

Joint Ventures

A joint venture is a business arrangement where two or more organizations create a new entity to pursue a specific project or business activity. Each partner contributes assets and shares risks and rewards. Example: A group of health clinics creates a joint venture to launch a care transformation program and decrease hospitalization rates.

Parent-subsidiary relationships

In this arrangement, one organization (the parent) holds a majority stake in another organization (the subsidiary). The parent company has control over the subsidiary but each remains a separate legal entity. Example: A larger child welfare agency absorbs a smaller, community-based agency to achieve greater administrative efficiencies and expand their program offerings and cultural competency, while maintaining the independent brand and identity of the smaller agency.

Asset transfers

Asset transfer involves the transfer of assets—like property, equipment, or intellectual property—from one organization to another. This can be part of a merger, acquisition, or other restructuring. Example: A housing developer lacking the financial reserves to maintain and subsidize its properties, transfers properties and their accompanying contracts to other housing providers.

Mergers

A merger occurs when two or more organizations combine to form a single new entity. This is often done to expand reach, reduce competition, or achieve greater efficiency. Example: Two peer youth development organizations merge during an executive transition, as a means of achieving a smooth succession plan, strengthen fundraising capacity, and achieve administrative efficiency.

CONSULTANTS:

The types of facilitation and technical assistance that sustained collaborations require can vary from project to project, here are some examples:

- Board development and values alignment work
- Assess readiness and identify prospective partners
- Conduct financial due diligence / forensic accounting
- Establish process and timeline, set expectations, mediate challenges, draft term sheet
- Perform stakeholder research and communication
- Contract and funding analysis
- Liaise with legal counsel
- Compensation analysis
- Project management
- Software adoption and data migration
- HR and policy integration
- Communications, marketing, and PR
- Cultural integration and change management

99% of NSI grantee partners reported that a neutral, third party facilitator was critical to the success of their partnership exploration

HOW DO WE BEGIN?

- **Start the Conversation and Understand Your Options:** Introduce the concept of sustained collaboration to your board as part of your regular strategic planning process and normalize the full spectrum of partnership models (not just mergers).
- **Readiness and Assessment:** Understand what you have to offer and what you are seeking from prospective partners before conducting a landscape analysis and identifying/approaching prospective partners.
- **Identify a Consultant:** Engaging a neutral, third party facilitator with experience in a broad range of partnership negotiations is critical. Consider also the importance of cultural competency, values alignment, financial due diligence, and any content-area expertise that may be required for a robust due-diligence process.
- **Board Resolution:** Secure board buy-in for an exploratory process, set realistic expectations for how long it may take, and determine who will represent your organization on a task force for this process.
- **Request Funding:** NSI provides collaboration exploratory and implementation grants to help make this a regular and accessible strategic tool for nonprofits. Reach out to us to learn more!

WHAT SHOULD WE EXPECT?

- **While it can be done under unusual circumstances, we do not advise that you rush this process.** Average processes range from 6-24 months depending on complexity. Processes benefit from your ability to move at the speed of trust and willingness to provide documentation for a thorough negotiation.
- **If negotiations are successful, you will likely want to engage legal counsel at some point.** Whether you plan to leverage board relationships, use existing counsel, or engage pro bono legal counsel - it is best to secure counsel early in the process so you can ensure a timely (and affordable) response when you need it.
- **Compromise is often involved.** Go into the negotiation with an understanding of what your non-negotiables are, and prepare your facilitator with what issues will likely be met with the most resistance.
- **Communicate with your key funders early and often, and help them to understand your goals** - particularly if you anticipate growth as a result that will require additional investments (1+1 can sometimes = 3!).
- **Be prepared for the challenges of cultural integration (on both the board and staff levels)** - budget for the support you will need to project manage and resource these change management elements.

WHAT NEXT?

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