Partnerships
What is right for you?

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In responding to major cuts in funding many organisations are seeking partnerships to help reduce overheads or raise income. Care must be taken, however, as there isn't a one-size-fits-all solution. It is essential to fully understand the values, aims and objectives of each partner and how the parties will work together. In this article we examine three options for working together ranging from a simple working relationship through to a full partnership, highlighting the benefits and risks of each alternative.

Mergers, acquisitions or partnership agreements are certainly not new. Many organisations have derived major benefits from these approaches, often enabling survival and growth which could not have been achieved by working alone. Furthermore, to an observer of the charity and voluntary sector there is still a lot of duplication and hence apparent opportunity for rationalisation. For example, there are currently over 700 charities in the UK to support individuals with sight difficulties.

So what's the problem? Why aren't charities linking together every day and singing the praises of partnerships?

As well as the many organisations who can tell a success story, there are those who will tell of expected benefits that never materialised, profile that was lost with donors and how their people disengaged with the new organisation. One charity Director recently relayed his dismay that after seven years of a merger, his people still referred to themselves as from 'organisation A' or 'organisation B'.

Realising benefits is ultimately about your people, not about your logo. It's about engaging different teams in a common vision, looking forward together and not backwards individually. Every situation is different and a tailored solution is required. Here we consider partnerships in three broad categories: the working relationship, the middle way and the full partnership.

The working relationship

When a local not-for-profit organisation needed to attract new members, the committee recognised that they lacked the PR and marketing skills required to boost profile and awareness within the local community. Instead of trying to cajole long suffering volunteers into doing something they were not comfortable doing, they chose to approach the local hospice charity with an offer of working together. A clear win/win scenario emerged using the hospice's PR and marketing expertise and the not-for-profit organisation's membership and profile with local schools.

Partnerships don't always need to equate to a merger. They can simply be seizing an opportunity to share skills for mutual benefit.

The middle way

The middle way is about sharing and improving support operations such as payroll, IT, procurement or facilities management. It requires shared control of support activities, but not of your core operations.

Organisations in the commercial sector have long recognised the benefits of sharing support activities through outsourcing. The outsource provider gains efficiencies of scale and is able to pass a proportion of these benefits back to the company. Within the charity and voluntary sector you may not wish to outsource your services – why encourage someone else to make a profit from your operations? However, there may be other organisations facing similar challenges and with similar support activities, organisations who would be open to working with you to drive efficiency improvements using the 'middle way'.

To achieve success with the middle way it is essential that the organisation's processes are fully defined, and that leaders are totally clear which of these processes are core (those for which the organisation was designed to operate) and which are support. The middle way provides efficiency opportunities in support processes but it should not require compromises in the core activities that deliver services directly to the organisation's beneficiaries.

The full partnership

A full partnership calls for each partner to share control and may require one partner to give up their individual identity. Clearly this is no small ask. The principal drivers for change include:

1) Service quality: Partnering to provide a broader or deeper service and thereby deliver greater benefits to the organisation's beneficiaries.

2) Cost reduction: Partnering to secure cost efficiencies through common support functions such as HR; IT, procurement or facilities management, where a single department can handle a work load greater than its current activities.

3) Profile building: Partnering to increase geographical spread, reach more beneficiaries or raise organisational profile with potential donors.

4) New contracts: Partnering to increase the probability of securing large government contracts

5) New skills: Partnering to acquire skills which an organisation lacks, yet are essential to meeting their strategic objectives.

6) Succession planning: Acquiring the leadership talent required to sustain the long term performance of the organisation.

The benefits may appear enticing, but full partnerships are fraught with difficult hurdles to overcome. It will be critical to ensure a match of organisational values, the engagement of senior managers and the full support of Trustees from each organisation.

When the disability charity John Grooms joined with the Shaftesbury Society to form what is now known as Livability, it was essential that each organisation shared strong Christian values. Furthermore, the timing was good in that John Grooms' CEO was ready to step down and was not seeking to retain control of the combined organisation. This created clarity of future leadership at an early stage, and opened the door to a full partnership.

For Livability change wasn't about high profile press releases describing their new logo, it was about their people, their values, their beneficiaries and achieving more for less.

Summary

Working with others can deliver mutual benefit, but it does require planning and a clear understanding of the compromises that both sides are prepared to make. Three options have been considered. The benefits, risks and challenges of each are summarised overleaf.

	Benefits	Risks	Key challenges
Simple working relationship	Reduced time to do things. Reduced costs. Shared skills. Retained control over all operations.	Low	Understand skill gaps and capabilities of potential partners. Be sufficiently open-minded to find a win/win.
Middle way	Reduced back office costs. Reduced need for support staff. Direct impact on bottom line. Retain control over core operations. Non threatening.	Potential for disengaging support staff. May find incompatible processes with a potential partner. Possible impact on delivery reputation if core activities are disrupted. Potential VAT issues on cross charging services.	Fully understand and define core and support processes. Be able to identify similarities and differences with partner processes. Engage staff. Managing change.
Full partnership	Secure valuable services for beneficiaries. Improve quality of service. Improve operational efficiency. Secure additional funding. Deliver bottom line cost savings. Speak with a louder voice.	Disengagement of core and support staff. Disruption to critical activities as the focus may drift from beneficiaries to internal matters during the period of change. Confusion amongst donors/sponsors. Expenses associated with the change programme. Legal costs.	Quickly achieve excellent team working within the new leadership team. Maintain the full support of both sets of Trustees. Match the charitable objectives of each organisation. Fully understand and align culture and core values. Engage staff and volunteers in each organisation. Communicate with all stakeholders, and then communicate even more! Track benefits. Focus on the purpose of your organisation and don't be distracted by personal agendas. Maintain openness and transparency to build mutual trust.

In moving forward there are many questions to address as you decide what type of partnership is right for your organisation. Answering the following questions as early as possible will dramatically increase the probability of success:

1) Are you clear on the skills that are required to deliver your strategic objectives and any skill gaps within your organisation?

2) Do you fully understand your processes and are you totally confident that you have distinguished between 'core' and 'support' processes?

3) Are you completely satisfied that the values of your organisation are articulated, understood and shared?

4) How will you guarantee that the newly formed top team gels quickly, and would a Board evaluation tool help to speed up this process?

5) When facing resistance to change, are you confident that your organisation will maintain total focus on the value you bring to your beneficiaries?

6) Are you clear on how you will track progress and monitor improvements in performance?

The further you are prepared to progress down the partnership journey, the greater the potential benefits.

Are you ready for the challenge?

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