



## SESSION NOTES

### **James E. Austin**

*Harvard Business School, Social Enterprise Initiative*

#### Strategic Alliances Between Nonprofit Organizations and Business

- The Age of Alliances: it is imperative that we combine resources to reach critical mass and deal with tenacious problems.
- The Collaboration Continuum: there is a continuum of different stages that the nonprofit-for-profit alliance can go through:
  - 1) Philanthropic stage - nonprofits approaching business, business providing resources & funding.
  - 2) Transaction stage – clearly defined project and objectives, a more defined set of resources. (Corporate volunteer programs fall into this category.)
  - 3) Integrative - where the nonprofit and corporate organizations begin to meld together and begin to look like a joint venture/partnership. Characteristics of this stage are a higher level of management, increased importance of mission, broader scope of activities, and larger magnitude of resources.
- A relationship can land at any point on the spectrum because relationships are dynamic. This is not simply an escalator, but can move backwards to an earlier stage.
- What this conceptual framework does is allow you to witness the dynamic nature of where you are and where you might be.
- The important thing is to make sure you have close alignments, which fall along three critical variables: values, strategy, and mission. Relationships can be superficial or profound, and breadth can be narrow or broad.
- Recognize that when you have multiple relationships with nonprofits, you maintain a portfolio that must be managed properly.
- To manage your collaboration portfolio, consider diversity and balance.

#### Value:

- Alliances are all about creating value. If we are not doing so, then we should start doing it. It's all about generating higher social and economic value.
- Define value as it relates to different benefits, perceived fairness, and costs (always making an investment)
- Leverage resources deployed - the amount of value generated in an alliance is dependent on the resources deployed.
- Any company can write a check, every non profit can do good things. That never changes, what changes is when both partners start using those assets that are their core qualities (e.g. technology, reputation, distribution system, specific knowledge, etc.). That is why when you start mobilizing those assets, in addition to your generic resources, extraordinary things start to happen.



How does value result from these strategic alliances for companies?

- Emotional gratification
- Generic goodwill
- Specific, intense connection with stakeholders (may earn preference with customers who will have a different buying preference be more loyal, enhance image, and develop an emotional connection. Also a way to develop a new kind of market). Staff will be more motivated, loyal, and productive. Easier to recruit and select people who are more congruent with the set of values you have. Increased retention among employees. May introduce different kinds of diversity by of the people you're partnering with. Government will regard you as more credible. Community will support you more. Supplier/distributors will be more inclined to work with you.

Value to nonprofits:


- Generic – cash/in-kind donations
- Capacity building – management techniques, operating technology, capacity to lead, communication techniques
- Greater exposure and greater credibility – access to funding, to media, government, partners, suppliers, and volunteers.
- Enables a new kind of distribution/competitive advantage
- Value balance – it is essential that the value be a two-way flow. Has to be seen as an equitable, fair exchange.
- If it gets out of balance you have two risks: partners are demotivated, or one side will call all the shots and there will no longer be a fair partnership.
- Value in partnerships is a depreciable asset because benefits are transferable. Complacency is a risk. It is imperative that both partners continue to innovate.

Virtuous circle of value generation:

- Managing the relationship
- Delivering on value propositions
- Organizing responsibility – like having a key client relationship
- Communicating effectively
- Building trust by both words and deeds
- Holding your partner accountable for what the value proposition was at the beginning

Initial barriers: seven Cs

1. Culture – language, structures, and decision-making are different between businesses and nonprofits. A cultural fit is not always an easy one.
2. Conflicting goals – may not mesh
3. Confusion – about what to partner about?
4. Control – hard for people to let someone else control your fate

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5. Capabilities – will the organization actually have the institutional capacity to deliver on the value proposition
  6. Competition
  7. Costs – no such thing as a free collaboration

But, research has discovered a set of practices that are present within the strongest strategic alliances  
7 C's collaboration guidelines:

1. Clarity of purpose
2. Connection with purpose and people (2 key connections: emotional connection with actual social cause that creates a psychological force. Also interpersonal chemistry between the partners.)
3. Congruency of mission, strategy, and value. (looking for the “sweet spot”)
4. Creation of value (how can I create value for my partner? If both partners are asking themselves this question, that is when you get value of collaboration)
5. Communication Inside and Outside – to ensure that everyone understand why this alliance is so important to attaining your mission. Also need to inform stakeholders who this is an important alliance.
6. Continual learning - continually trying to discover 1) how we can create more value, and 2) how can we learn how to partner together?
7. Commitment to the partnership (not seen as deal, but as long term relationships, fundamentally deep commitment, through good and bad times)

\*See separate Q&A document.

I would like to end by saying how gratifying it is to see how CECP is flourishing due to terrific dedication of the board, energy of Charlie Moore and his team. Also, CECP's success is a manifestation and tangible evidence of where the state of the field is moving. Philanthropy is no longer a periphery operation, no longer a nice thing to do, and increasingly an imperative strategy, and central to business. That will be the mindset for this century. You all are paving the way on this path of transformation that we are all engaged in.

*The above are paraphrased notes from a presentation on June 6, 2007.*