The Collaboration Menu: *Choosing your entrée*

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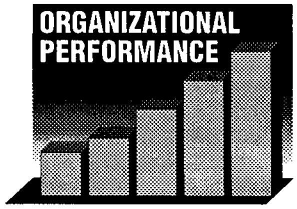


There's a lot of talk about partnerships, coalitions, mergers, and alliances these days, and for good reason. Whatever you choose to call it, collaboration makes good sense. In an era of growing demand and shrinking budgets, there is no better time for not-for-profits to explore collaboration as an innovative way to reduce operating expenses while maintaining or enhancing services. But how do you know if collaboration is right for your organization?

Panacea or Pitfall?

Collaboration is based on the idea that organizations with similar mandates can accomplish more working together than they can on their own. They may be formed around a particular cause or common issue, or to simply build the organizational capacity of partnering agencies.

"The importance of comparable organizational cultures cannot be over-emphasized."

The Up Side: Despite a significant commitment of financial and human resources, there are many compelling reasons for not-for-profits to seriously consider greater degrees of collaboration. These include:

- increased financial and organizational stability
- improved service delivery
- decreased operational costs
- increased information sharing
- access to greater resources and a larger knowledge and skill base
- greater visibility and credibility in the community
- more influence speaking as a united voice
- reduced isolation for smaller organizations

Effective Partnerships: There are many examples of successful collaborations within the not-for-profit sector. Effective partnerships typically include:

- high levels of communication, trust, and commitment among partners
- strong leadership
- strong managerial will and staff support
- similar organizational mandates
- comparable organization sizes
- stable organizations
- a small number of partners
- an equitable commitment of resources

Obstacles: Okay, so all of this sounds good so far. However, there are also many obstacles that can seriously derail your collaboration. These include:

- differing expectations around the vision or goals
- loss of direction or focus
- lack or change of leadership
- lack of time or commitment
- unequal involvement of partners
- excessive bureaucracy
- "turf battles"
- diversion of too many resources from regular programming
- clash of organizational cultures
- failure of initial projects
- inadequate funding
- concerns over liability
- rushing the process

Making it Work

Once your organization has identified other organizations to potentially collaborate with, you will likely want to first determine the needs and compatibility of all partners. This involves comparing missions and organizational culture, reviewing the individual and shared needs of each organization, and perhaps developing an inventory that permits the comparison of existing human and capital resources if co-location is being considered (see below). The importance of comparable organizational cultures cannot be overemphasized; research has shown that culture clash is perceived to be the single most common reason for failed mergers within the corporate sector.

"...you and your partners will... need to...build trust by openly discussing your fears and concerns about the partnership."

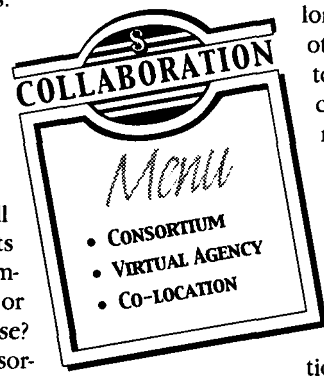
Reviewing this information will help you to identify which collaborative structure is the most appropriate for your group. However, since the process used to develop your collaboration is equally as important as how you structure it, you and your partners will also need to articulate a collective vision, develop long-term goals, objectives, outcomes, and action plans, and begin to build trust by openly discussing your fears and concerns about the partnership.

Positive Beginning: Here are some additional hints to get your collaboration off and running smoothly:

- Establish common understandings and ground rules.
- Define a clear vision and stay focused on it.
- Develop clear roles for members and leaders.
- Establish a formal decision-making process and

mechanism for resolving disputes before they arise.

- Be open to build trust.
- Deal with difficult issues immediately.
- Focus on long term results versus short-term rescue plans.
- Involve all stakeholders affected by the process.
- Keep staff informed of the process throughout.
- Strive for "win-win" scenarios.
- Keep good documentation of the process.
- Involve a neutral third party to initially provide direction and keep the process on track.
- Develop goals and objectives with timelines.
- Spend time getting to know others.
- Be persistent and patient.
- Take the time to do it well.
- Celebrate your accomplishments!



Collaboration Models

At some point in this process, your group will need to consider the more practical aspects of how to structure the collaboration. For example, who will administer joint funds received or assume responsibility for the photocopier lease? Three possible models of collaboration are a consortium, virtual agency, and co-location. Each model has its own advantages and disadvantages and varies in terms of associated risk and liability, level of organizational autonomy, estimated cost of implementation, potential cost savings, and time frame for implementation. Although each model is presented here as being distinct, many components of each are applicable across models.

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Consortium

Sometimes less is more. A consortium is an example of how organizations can achieve cost-efficiencies and greater levels of program synergy without merging or sharing office space, avoiding increased bureaucracy in the process. For many organizations, the consortium model takes collaboration a step beyond the traditional program-specific partnerships they are likely

already involved in. Partner organizations contribute to the consortium's activities while maintaining their existing society status. Together they draft a joint agreement to support the work of the collaboration using a menu-based approach. This menu approach gives organizations the option of collaborating to the degree they feel comfortable simply by picking and choosing which joint activities they wish to participate in, e.g. fundraising, marketing and communications, volunteer management, staff and board development, and joint programming. The consortium model is the simplest of all three models to implement and manage, as well as the most flexible. It is also very attractive to organizations reluctant to commit on a larger level and allows them to test the waters first with a less formal association.

Virtual Agency

A virtual agency uses information technology to connect collaborating organizations with each other. Rather than focusing on what work is performed, the virtual agency focuses on how that work is done through the use of email, electronic mailing lists, private electronic conferences, web pages, online databases, and other forms of electronic communication. Adopting a virtual agency approach provides organizations with a more cost and time-efficient method of working by decreasing their reliance on traditional methods of communication such as face-to-face meetings and long distance telephone. Alone or concurrent with other models, the virtual agency can be a strong tool to facilitate greater communication within any collaboration. However, it is important that partners in a virtual agency set specific expectations about how and when their work will be done on-line. Information technology will not simply increase the activity of your collaboration if there is no compelling reason for your organizations to interact. One advantage of the virtual agency is that organizations again keep their separate society status and existing office locations. A second benefit is the increased capacity it gives organizations to expand their work into outlying regions. However, there is a significant risk of investment into systems that depend on staff fully adopting them and may not be used to their full potential.

Co-location

In a co-location scenario, autonomous organizations join together to share office space and common administrative functions. A prime motivation for organizations to co-locate is the cost savings from shared administration and potential innovations in service delivery that can develop among agencies. Co-location can also provide smaller agencies with access to better resources and greater credibility through association. Unlike a merger, where several societies either amalgamate into one new entity or are consolidated into the activities of a larger society, co-locating organizations maintain their individual society status and develop a separate structure for the governance of the partnership as a whole. This governance structure can either be a "host" agency, a nonprofit society, a limited company, or a co-operative. Again, each has its own advantages and disadvantages. Appointing a host agency is the most common form of co-location governance. This involves channeling rent and other administrative activities through the host agency based on a mutually agreed-upon formula by all partners. If a group wishes to distribute liability more equitably among its partners, it may choose to form a separate nonprofit society to govern the collaboration as an umbrella entity. This is the second most common form of governance next to the host agency option. Additional options include incorporating the umbrella entity as a limited company or as a cooperative, which is a more equitable variation on a limited company.

The Reality Check

Although the concept of collaboration frequently looks good on paper, it can be a very different experience in practice. Actual case studies of collaborating not-for-prof-

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its have revealed both anticipated and unanticipated outcomes for the groups involved.

It is important that not-for-profit managers fully appreciate the significant amount of staff time and resources that collaboration frequently requires. For example, several years after co-locating with three other HIV/AIDS organizations under one roof, one executive director of a small agency estimated that co-location issues continued to take up thirty percent of her time, down from fifty percent during the initial implementation phase. Anticipated cost savings never materialized as they became locked into major equipment leases and more expensive administrative functions. Since most decisions were passed through an umbrella board, this third layer of bureaucracy also became very cumbersome, to the degree that they eventually pulled out.

In a second example, one multi-service community center housing twenty not-for-profits did not experience any cost savings until their fourth year when an expensive phone system was finally paid off. One manager involved described it as "a huge, long, complicated process". Another local consortium of seven small to medium size not-for-profits took two years to develop satisfactory terms of reference and accomplished little else in that time. As one of their members noted, "I discovered that the process moves slower than one would like."

Formal studies of not-for-profit mergers (the closest example to co-location available) also cite significant reductions in staff productivity during a merger phase. Further, cost estimates for a merger can reach as high as $40,000 if there are leases to break, new facilities to rent, letterhead to purchase, and labor adjustment costs. It is not unreasonable to assume that these costs would be the same under a co-location scenario. Finally, sustaining the collaboration is just as important as implementing it, which requires an on-going commitment of resources over time.

Therefore, at a time when many groups are facing funding uncertainty, careful consideration needs to be made regarding an organization's capacity and willingness to devote the necessary resources to the collaboration. The best piece of advice for organizations about to initiate a collaboration may be to test out the alliance early on with small, manageable projects that build trust, commitment, and credibility with all partners and stakeholders.

Conclusion

The process of collaboration is not always easy but it does come with valuable rewards for those committed to seeing it through. With an open mind and awareness of some of the potential pitfalls, not-for-profits can embark on a process that can ultimately make their organizations stronger and more responsive to the communities they serve. Working together means working smarter, and that's good news for everyone.

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Best of the Letter

As part of our Celebration Countdown I have selected articles of excellence from our archives to share with our readers one more time. Enjoy!

George B. Wright, Editor

This article first appeared in the October 1998 issue.

Perfect Not-For-Profit Board Performance:

A Mythical Adventure into the Next Century

STEPHEN R. BLOCK, PH.D.

Without a paradigm shift in the way most people think about board member and executive director roles and responsibilities, the next century of board performance will likely look the same as it has over the past several decades. Boards and executive directors will continue to experience confusion, conflict, disappointment, and frustration about their roles and responsibilities. Why is that? The answer is that most of the advice and wisdom to not-for-profit boards is a formula for frustration and failure.

Board members and executive directors continue to have unrealistic expectations of each other despite years of exposure to "improvement" literature, training, and a traditional set of governance standards designed to guide board member involvement. In fact, most of the board literature, board consultation and board training programs reinforce the ingredients of failure. Failure is exemplified in the executive director complaints that are familiar, regardless of the location and size of the not-for-profit organization:

Executive Director Complaints

- "I can't stand it when any of them try to micro-manage. But, I'm not going to tell them what is really on my mind. There would be hell to pay..."
- "A couple of them miss meetings and don't even call to say they are not coming. I wish I had the power to fire them!"
- " I have learned that asking them to help fund raise is just a waste of time. Half of them won't even make a financial contribution to our organization."
- "Even though its obvious they haven't prepared for meetings, I just tell them they are doing a great job. But, I don't really believe it."

Board Criticisms

Critical remarks among board members are also quite commonplace: