Forefront

Mission Sustainability Initiative

March 24, 2017

Forefront Large Conference Room

Nonprofit Strategic Partnerships: Benefits, Pitfalls and Challenges

Forefront’s Mission Sustainability Initiative (MSI) held a session on *Nonprofit Strategic Partnerships: Benefits, Pitfalls and Challenges.* Genita C. Robinson, Forefront’s MSI Director, introduced and facilitated the session, which featured presentations from Marcia Festen, Arts Work Fund, David McConnell, Mission+Strategy Consulting, Brenda Palm, Working in the Schools, and Renita R. White, UCAN.

Mergers and partnerships can bring strength to organizations and help advance their mission, but that does not mean there are not challenges and pitfalls along the way. Building successful partnerships can be time- and resource-intensive, and not every possible partnership should move forward. In discussing some of the elements to consider when exploring potential partnerships, participants made the following points:

* Any form of partnership takes time and effort to come to fruition. They should not be plunged into with too much haste. The process is somewhat like dating, in that organizations should take the time to get to know each other and learn their respective strengths and weaknesses. The process may end in a relationship or it may not, but both outcomes can carry benefits as the organizations learn about themselves and carefully plan for their futures.
* The central concern for any partnership is how well it advances organizational mission. Enhancing the bottom line is nice, but if it brings mission drift with it, it could weaken the organization.
* Finances are a tricky part of a partnership—organizations cannot assume that simply because they acquire another organization, that the organization’s grants will come with it. Careful analysis of the financial burdens that will be assumed and revenue opportunities needs to be performed.
* Relationships are key to the entire partnership process. Existing relationships can spur conversations that begin explorations of partnerships, and maintaining those relationships is an important part of the ongoing process. Effort needs to be put into building and maintaining trust between the organizations.
* Taking the time to engage in organizational assessments and to let leaders, board members, and staff absorb what a partnership will mean is important. Rushing a partnership can lead to unease within the organizations involved and can miss steps that would be important to helping the cultures of the organizations involved blend.
* Blending cultures is tricky, because often the distinct culture of an organization is what attracts people to work for it, so any potential change in that culture can elicit negative reactions. Consultants who have expertise in organizational culture can help in this blending. Making sure there are shared values between the organizations involved is an important part of blending cultures.
* Involving funders in conversations about potential mergers sooner rather than later is wise. If funders hear indirectly about a potential merger, they may be reluctant to fund the organizations involved.
* Two boards are involved in any merger, so all members need to be involved in the process and have significant input into what the new organization will look like and who will move to the new board. Each board has different sets of relationships, which can play a role in determining the resources to which the organizations have access.
* Staff need to be involved as well, especially since there are frequently worries about which positions will be retained after a merger. Frequently this question brings its own answer, as generally some staff will decide on their own not to continue with the new organization. Staff can provide valuable insights about how the culture of their organization affects the value of their job, as well as thoughts on how a proposed partnership will relate to organizational mission.
* Just because partners are lined up to explore a merger does not mean the merger must happen. Sometimes the right answer may be back-office collaboration rather than a merger; in other situations, it might be better for both organizations to continue on as they were, or for one organization to simply close down rather than bringing financial burdens to another organization through a merge.
* Assessing where an organization stands and if a merger might be appropriate is an important first step. Consultants can help with this assessment, and there are also self-assessment tools available.
* Applications for MSI grants will be available on April 6. Applications received by 9 a.m., April 17 will be reviewed by the funders committee at the end of April. The funders committee will meet on a rolling basis, so there will be more chances for funding after that April meeting. Some activities that can be funded include implementation costs, costs for integrating IT, HR, and payroll resources, and costs for a consultant to help with the process. The initiative is looking for a wide variety of organizations, with a focus on those with a budget under $10 million.

**Three takeaways from this session**

1. Any form of partnership takes time and effort to come to fruition. They should not be plunged into with too much haste. The process is somewhat like dating, in that organizations should take the time to get to know each other and learn their respective strengths and weaknesses.
2. The central concern for any partnership is how well it advances organizational mission. Enhancing the bottom line is nice, but if it brings mission drift with it, it could weaken the organization.
3. Involving funders in conversations about potential partnerships sooner rather than later is wise. If funders hear indirectly about a potential partnership, they may be reluctant to fund the organizations involved.