Collaboration Not Competition!*

DONALD LAMONT
President, Donald Lamont and Associates

Introduction

Tradition: It has always been part of the nonprofit tradition to co-operate for the common good. Changing conditions are leading many astute charities to consider collaborative ventures with nonprofits for their own benefit or even survival, as well as for the benefit of those they serve. There are early signs that "collaboration" may be a byword of the 1990s.

Collaboration: Competition entails hiding, preserving, and protecting something exclusively for yourself. Collaboration means sharing for mutual gain or benefit. While they are opposites, both arise from the same needs: the potential for gain or the fear of loss.

New Challenges: The pressures within the marketplace are challenging nonprofits to innovate, adapt, and change at an ever-increasing rate. Among today's challenges are:

- deindustrialization of the economy and the resulting impact on fund raising;
- increasing competition for funds and the need for greater sophistication in fund raising efforts;
- more informed and demanding clients exercising their right to quality service.

At the same time that it is becoming more difficult for many charities to keep up, the voluntary sector has become fragmented. Many organizations simply are not equipped to respond to the challenge. For example, there has been an eruption of small, single-issue charities. Many donors feel overwhelmed by requests for funds. Working alone, many charities cannot generate necessary resources and are unable to be truly effective since they are preoccupied with survival.

Strategic Response: Collaborating with other nonprofits can be part of the strategic response to today's conditions. In fact, survival for many charities

* This article has been developed from a workshop of The Canadian Centre for Philanthropy's conference "Challenge '91: Survive and Thrive in the Nineties", held at Toronto, November 1991.

may involve collaboration rather than competition, providing benefits to all that none could obtain alone.

As usual, different words are used in the private sector to describe a similar trend: the strategic alliance. Here partnerships with other companies are being used to gain expertise and new capabilities at low costs.

For example, Donald Lander, President of Canada Post, counts strategic alliances as a basic principle of success in today's market. Canada Post had Systemhouse Inc. develop the software for its courier packing/tracking system. Systemhouse then sold a similar system for U.S. $270 million to the United States Postal Service. Canada Post collects a share of the royalties.

Following the same principle, many nonprofits are now working more closely with profit-making businesses for common gain. For example, a related charity might benefit from a company coupon. In exchange, the charity circulates the coupon among its members. This practice, known as cross-marketing, is becoming more frequent. A current example is the "Dollars for Diabetes" program of the Canadian Diabetes Association. Sponsors pay for a volunteer-delivered package which includes coupons for the sponsors' products, informative material about diabetes and the organization, a contribution card, and a return envelope.

In the same view, why shouldn't nonprofits collaborate more with one another? Collaboration is consistent with our charitable values of altruism and service.

Our obsession should be with our missions, not with beating the competition. The overriding mission of a charitable organization should be to provide service. When nonprofits abandon competitive methods they often find opportunities for mutually profitable collaboration right before their eyes but overlooked in the frenzy to compete.

Definition: This article discusses collaboration among nonprofit organizations. It defines collaborative ventures as those that confer benefits which, while not necessarily the same, are enjoyed by all participants.

Contents: Examples of collaborative ventures are also included. These ventures pertain to service delivery, fund raising and administration. They may be central to the organization as a whole, or relate to a particular program. Also, they may involve:

- a group of nonprofit organizations—for mutual gain or the benefit of a common cause; or
- only two nonprofits.

In addition, the following questions will be addressed:

- how do we know if our organization might benefit from a strategic alliance?
- how do we identify prospective partners?
- how do we approach them?
- how do we manage the relationship?

Examples

Types of Collaboration: There are many forms of collaborative ventures, including:

- working jointly on a project sharing expertise or other resources and splitting revenue and expense;
- conceding a market segment to another agency, or apportioning the market in a fashion which improves the service provided by all parties;
- working co-operatively on several issues and developing referral networks.

The range of potential benefits may include:

- better service
- reduced costs
- better equipment, facilities and technology
- information, new techniques and methods
- additional manpower
- efficiencies of scale (saving work)
- donors and fund-raising sources
- fun
- greater understanding among charities.

Advocacy: There are many examples of charities collaborating with one another to provide service. In communities throughout Canada charities have worked together for many years for the benefit of mutual clients. Collaborative efforts can also include banding together on a national or provincial basis to lobby government for changes in legislation, for example, regarding welfare, smoking, etc.

Co-ordinating Committees: Local service co-ordinating committees are not unusual. Their members comprise agencies working in a related field, such as serving the elderly, providing adult education, helping new immigrants or dealing with child abuse. Local examples also include such efforts as collaboration among neighbourhood churches of various denominations for a food drive for the local food bank.

Sharing: Charities can share office space and equipment such as fax and photocopy machines, at reduced rates. Groups can gain more favourable employee benefit rates. Some charities even exchange financial statements to track their relative performance.

Fund Raising: In a new trend, two or more charities collaborate to raise funds for mutual gain. In recent years more charities have been exchanging direct mail lists for mutual benefit.

The CNIB and the Canadian Cancer Society, for example, are natural partners since certain forms of cancer have an impact on vision. Some patients require the services of both organizations. These charities have improved service to their clients and gained financially from working together. In Sault Ste. Marie, Ontario in March 1991 they shared equally in the proceeds from downhill and cross-country Ski-A-Thons.

"Healthpartners": Health charities in Canada receive few dollars from a major source of giving: the workplace. However, increasingly, donors are seeking opportunities to give to health charities at work through the convenience of payroll deduction.

Thus, in 1987 certain key Canadian health charities formed a strategic alliance called Healthpartners. Its sole purpose is to conduct workplace payroll-deduction campaigns for its members. Nationally its membership now comprises 17 major health-related charities.

This strategic alliance arose out of necessity: the participating organizations came to realize that only by working together could they gain greater access to the workplace. While there had been some co-operation among members on service ventures over the years, they had previously considered themselves competitors when it came to fund raising.

Formation of Healthpartners led to another level of collaboration—with United Way, the traditional workplace fund-raising organization. To date Healthpartners has successfully tested joint workplace campaigns among 15 companies in collaboration with United Way of Greater Toronto. The first of a series of joint campaigns among federal government employees took place in 1990 in the National Capital Region. Over $750,000 was raised for the health charities in that first year.

There are other spin-off benefits for Healthpartners participants. The staffs of partner charities now know one other so there is considerable informal networking. Some partners also participate in a structured program to share information about various aspects of charity management.

Other Examples: Other opportunities for collaboration include:

- Sharing canvasser lists and area-mapping schemes among organizations conducting door-to-door canvasses;
- Using personnel from like charities to help analyze each others' fund-raising programs;
- Sharing the cost of training workshops;
- Sharing the cost of developing computer software for functions such as membership management.

Getting Started

Tailor your approach: Practical considerations often confound even the most well-intentioned managers. Sometimes the key question in getting started is: "How do we even get people in our organization to consider a collaborative venture?"

The manner in which charities decide to seek and participate in collaborative ventures will vary according to each organization's circumstances.

Sometimes one enthusiastic individual embraces the idea of a joint venture and nurtures it until others seize it. In other organizations it may originate in open group discussions.

A key determinant about how to proceed is the extent to which collaboration is consistent with the culture of your charity. Some charities are extremely independent and highly competitive. The idea of collaboration with others may be foreign and threatening.

In these instances it might be best, initially, to focus on creating awareness of a problem that suggests the option of a strategic alliance. Members of the organization should be involved in identifying the problem and generating possible solutions, including collaborating with others. To ensure buy-in, people should be given the chance to discover collaboration as a workable option, rather than having it imposed.

A first step might simply be to start developing friendships with other charities. Sometimes it is prudent to move toward a collaborative venture slowly and informally on a limited (test) basis to gain experience and confidence. Be careful not to alarm people by moving too fast.

The scale of the project is also an important consideration in determining how to proceed. For example, a different approach would be taken to a small one-time collaborative event than to an alliance that will transform the organization. The latter arrangement must be part of the charities' entire strategic-planning process.

Assessing Potential Benefits and Seeking Appropriate Partners

Identifying Needs and Partners: The following approach to planning a collaborative venture suits larger projects affecting the whole operation, but the logic is the same for a more informal approach to small-scale ventures.

The methods used to identify potential collaborators and benefits correspond to those used in the strategic planning process since strategic planning and planning a strategic alliance often go together. The strategic alliance is essentially an "opportunity" to strengthen the charity—it may be a strategy within the plan to confer some benefit. Thinking about strategic alliances within this context helps to ensure that they coincide with the general operations plan.

Strategic Planning: Strategic planning is becoming more common among charitable organizations. The process allows the charity to pause, evaluate itself, and chart its future course. It normally includes the following components:

- evaluation of performance vis à vis the current plan;
- assessment of internal strengths, weaknesses, opportunities and threats;
- analysis of the needs and external forces impinging on the organization;
- isolation of areas critical to the future success of the organization, formulation of objectives, and action steps.

Often in the private sector an analysis of "the competition" is included among the steps. Charities might consider a similar step, "the collaboration analysis", for an entirely different purpose—to identify potential partners.

Simple Steps: Just mastering a simple planning process can be challenging so adding the additional steps for strategic alliances must not be too complicated. Here is a simple protocol:

STEP 1: *Weaknesses:* Proceed to consider the strengths and weaknesses of your organization as you normally would when planning.

STEP 2: *Opportunities:* When considering your opportunities think about your so-called competitors, or others, who can offset a key weakness or sustain or enhance your operation.

It may be helpful to break the qualities you are seeking down into their component parts, e.g., volunteers with access to funding sources, vehicles to distribute educational materials to senior citizens, access to computer technology for residential canvassing, etc. It is important to be as specific as you can, since this helps you to identify sources of help. When the needs are clearly identified it becomes easier to identify potential collaborators who could help to meet them.

Potential collaborators may be those who serve the same or similar clients, or they may provide the same service to different clients. To identify your competition you only need answer the following question: "What other choices are available to people who are potential consumers of our services and programs?"

Alternatively, collaborators may simply be sources you are seeking, for example, a senior citizen's group or a service club. They may possess special knowledge or be strong in a certain area where you are seeking improvement, expansion or increased resources. Finally, they may be similar charities with related needs. By banding together partners can have access to resources they can't acquire or manage alone.

STEP 3: *Offer:* Later, when you have decided to approach an organization, you reverse the process to prepare your proposal. Begin by analyzing the weaknesses or needs of the target organization and consider the strengths or benefits you can offer it, e.g., public relations benefits, access to your membership list, shared proceeds from an event, etc.

You need to do your homework here. The organization's annual report or brochures will be helpful. Just by asking around you may find people who know something about the organization you are planning to approach.

Reciprocal Relationship: Unrealistic expectations can predispose a joint venture to failure. The benefits from the relationship should be fairly distributed among the parties (in relation to their risk or contribution to the project). There must be a real interest in the wellbeing of the other organization for the alliance to work: a true "win/win" relationship.

Do not underestimate the importance of devising a substantial reciprocal offer for the other charity. The better the offer, the more likely it is that the other party will participate.

The Next Steps

Generate Trust: Once you have your thoughts together you can approach the candidate. Again, the approach taken will depend on the situation, but whatever the approach, it is vitally important that it foster trust.

Start with a simple exploratory discussion. Get to know the other people first if you haven't already met or have had only casual contacts. Then, let them tell you about their organization's strengths and needs. Take particular note of their needs.

Negotiate: When you are ready to discuss specific ideas come prepared to negotiate. Don't set hard and fast, or take it or leave it, terms. You must be flexible.

These negotiations give you an opportunity to show your interest in the wellbeing of your potential partner. It is important to explore options for mutual gain.

You will learn much about your potential partner(s), and any future relationship, from these negotiations. In a way they are a precursor of what is to come and, at this stage, you have an uncomplicated opportunity to withdraw if the chemistry doesn't seem right.

The Final Assessment: Before you confirm a collaborative venture you should make one final assessment. The character of the other organization is critical. Both parties will probably share the risks, expenses and benefits. Your control over the project will therefore be limited and the following questions must be answered:

- Can your organization's future be trusted to the prospective partner?
- Are there reasons you would be better going it alone?
- Will you be helping the other party to compete in areas outside the collaboration where you wish to operate independently?

An Agreement: If you decide to go ahead the attendant risks should be specified at the outset so that realistic expectations can be set. All stipulations must be clear. The responsibilities of the various partners should be spelled out also.

Finally, all aspects of the deal should be outlined in a formal written agreement signed by the parties. If the partnership is significant, consult a lawyer to ensure that your rights and responsibilities are clearly spelled out, and that you are protected.

Managing the Relationship

Guidelines: Once the alliance is forged there are eight related rules of thumb essential to preserving a mutually productive relationship:

1. Continually define the boundaries of collaboration.
2. Create a simple structure.
3. Recognize and accept enlightened self-interest.
4. Foster a spirit of trust.
5. Keep politics to a minimum.
6. Respect each other.

7. Be prepared to renegotiate the agreement on the basis of experience.

8. Promote two-way communication.

1. *Define the boundaries.* The boundaries of the collaborative venture must be defined constantly. When the terms of the joint venture are being set it is helpful to list the areas where collaboration will *not* occur.

Strategic alliances are marriages of convenience conceived for limited purposes. This must be clearly understood since the participants will probably compete in other areas, therefore participants risk sharing information or giving ground that will erode their competitive position. For instance, while Healthpartners members collaborate in workplace fund raising they continue to compete in every other area of fund raising.

2. *Create a Simple Structure:* Managing a joint venture in a businesslike way engenders confidence and a sense of momentum and accomplishment that in turn strengthens the alliance. Working together, the parties must create a simple structure to manage the agreement. Ways must be established to carry out the work. The participants need to understand the steps to be followed to address issues when they arise.

It may be helpful to develop a set of shared beliefs or values. These values can help to guide collective and individual behaviour. For example, the partners might share a belief that a balance should be struck between the organization's interest and the interests of others.

Goals, with measurable objectives, should be established. Progress towards these objectives should be evaluated at regular intervals.

Again, clear expectations must be set for all participants. The members must share responsibility and the workload. When parties do not fulfil their obligations the alliance weakens. A sense of grievance afflicts the larger contributor and sours the relationship. Ways must be devised to follow up once responsibility is assigned.

3. *Self-Interest/Others' Interests:* The parities should be encouraged periodically to discuss their self-interest openly. Strategic alliances are most likely to succeed when the parties acknowledge the self-interest that created the union. Self-interest isn't a dirty word. It is particularly healthy when expressed in a way that benefits others.

4. *Foster Trust:* Trust is the glue that binds the participants in a collaborative project together. Lack of trust often prevents a deal from coming together in the first place and once a venture is underway the loss of trust can quickly lead to secretive behaviour and, ultimately, to the end of the relationship.

Early opportunities should be provided for the participants to show they are dependable and to foster trust, for example, through assigning and following through on very specific, short-term tasks. It is helpful if these early tasks directly benefit both parties.

5. *Keep Politics To A Minimum:* It is vital that any voting blocks be kept to a minimum in multi-party ventures. Lobbying also should be minimized. There can be no coercion. Permitting internal politics to invade will betray the spirit underpinning the relationship: self-interest balanced with an interest in the wellbeing of others.

6. *Respect Each Other:* Listen to your partners. Respect all views. These rules may seem elementary but they are often ignored, particularly when one party is larger or more sophisticated than the other.

Inadvertently, the views and interests of some members may dominate the proceedings. Since they may have a larger stake, some members may feel their needs should be given more weight. In either case the partnership is headed for dissolution if such views prevail.

7. *Renegotiate:* Circumstances change continually, therefore participants must be prepared to renegotiate and to adapt to these new conditions as they arise. This spirit of accommodation keeps the relationship alive and dynamic.

Provision should be made for formal, periodic checks to determine the need to change the agreement. At these points the following questions should be addressed:

- Have significant changes occurred externally, internally, or because of the success or failure of the project, that affect the agreement in some way?
- Are the goals up-to-date?
- Are members accountable to one another?
- Is the venture threatening any participant?

8. *Communication:* Most of the advice given above can be summed up in one word: communication. It is vital that all parties keep in touch to detect difficulties before they grow into full-fledged problems.

Conclusion

Collaborative enterprises are intriguing adventures which can provide excitement and challenge for all participants. More importantly, they can provide the edge that offers success in the competitive climate of the 90s.