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## Managing Partnership and Collaboration Risk: What You Need to Know

To participate in today's webinar, you must

1. LOG-IN to SEE the Web portion; and
2. DIAL-IN to HEAR the audio portion.

Call: 866-740-1260.  
Use the following access code: 7853891

You will hear hold music until 2:00 pm.  
**Difficulty? Call Sue @ 202-785-3891.**

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## Managing Partnership and Collaboration Risk What You Need to Know



**April 6, 2011**

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## We Appreciate Your Feedback

- At the conclusion of today's webinar a brief *ReadyTalk* evaluation form will appear.
- Would you please take a minute to provide feedback on today's program?

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## Types of Partnerships

- Strategic Alliances
- Private Sector Partners
- Government Agencies / contracting arrangement
- Coalition of Nonprofits
- Mixed/Multiple Partners

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## How Does Exposure to Risk Differ?

- How we measure success
- Formality / bureaucracy of the partners
- Legal / regulatory requirements
- Confidentiality risk
- Appropriate sharing of benefits and responsibilities

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## Motivations

- Envision larger goals
- Achieve greater impact
- Creative involvement of funders
- Explore merger
- Head off merger pressures

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## Motivations (continued)

- Pressure from funders
- Pressure from community leadership
- Escape (transfer?) legal liability
- Lower cost
- Other motivations (participant experience)

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## Your Pre-Webinar Concerns

- We'll discuss the questions you submitted in the pre-webinar survey.
  1. What you're hoping to learn or gain
  2. Your biggest fears about an existing or prospective partnership
  3. The worst possible outcome of a collaboration or partnership

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## What You're Hoping to Learn

- Best practices for pursuing collaborations
- Reasonable measures to assess the risks of a prospective partnership or collaboration
- How to anticipate risks and draft the agreement accordingly!
- Measures to consider to protect our interests in the event the partnership doesn't work out
- How to think creatively in identifying prospective new partners

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## Fears/Concerns About Collaborations

- Lack of a "complete" commitment
- Poor judgment by a partner
- Impossibility of continued good relations after an incident or loss
- Failure to communicate effectively
- Incompatible partners
- Unwillingness to consider potential harm and to allocate responsibility
- Difficulty escaping a failed relationship without serious repercussions
- Loss of momentum or "ground" made towards mission
- Being taken advantage of
- Lack of resources (funding) for all partners
- Frustration over lack of desired outcomes AND failure to learn from a failed partnership

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## Risk Management Checklist

Confirm Compatibility



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## Risk Management Checklist

Understand Motivations




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### Risk Management Checklist

- Conduct Due Diligence



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### Risk Management Checklist

- Focus Attention on Communication



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### Risk Management Checklist

- Clarify Expectations



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## Risk Management Checklist

Put It In Writing



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## A Contract is a Risk Management Tool

- Reduce chance of difficulty; path to sort our problems that do arise
- Contract negotiations offer an opportunity to work out the details
- Focus on big picture issues, but remember that if you “sweat the small stuff” at this phase, the relationship may be smoother in the long term
- Ask: is intent clear?

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## Drafting a MOU

- Overall Intent
- The Parties (Who are partners)
- Time Period of Agreement
- Assignments/Responsibilities
- Disclaimers
- Termination

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## Drafting a Contract or MOU (continued)

- Financial Arrangements
- Risk sharing / shifting
- Termination:
  - Mutual, unilateral?
  - With or without cause?
  - Breach – with time to cure?
  - Surviving clauses? (e.g., confidentiality)
- Signatures (contracting authority?)

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## Tips from BoardSource

- Board + CEO believe in and work to strengthen partnership.
- Both boards approve clearly stated outcomes, roles, responsibilities, and resource allocations.
- Multiple forms of communication keep parties in the loop.
- Ongoing face-to-face contact to build trust and familiarity.
- Flexible mindset: mistakes will be made; plans may change.
- Escape clause.
- Generous and early sharing of “success.”

Source: *Making Nonprofit Partnerships Effective*

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## Tips from Shelterforce Online

- Be suspicious – “ask tough questions to establish boundaries”
- Be clear about benefits – can you deliver?
- Keep the relationship on track – “continue to get to know your counterparts”
- Quantify outcomes – bottom line; variations

Source: *Nonprofit Partnerships With Corporations: Caution Leads to Benefits*

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### Additional Tips – Your Concerns

- Lack of a “complete” commitment

**TIPS:**

- Periodic, scheduled check-in
- Raise concerns along the way; don’t wait OR assume
- Get a third-party opinion before you start

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### Additional Tips – Your Concerns

- Poor judgment by a partner

**TIPS:**

- Resist temptation to “assume”; commit to understanding “why”
- Consider several possible responses
- Identify the various stakeholder groups who should be kept up to date
- Try to determine whether there were warning signs, and other “lessons” to be learned

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### Additional Tips – Your Concerns

- Impossibility of continued good relations after an incident or loss

**TIPS**

- It may not be easy, but avoiding a “bad goodbye” may be possible and necessary to continuing future relations
- You may need to focus on creating a “new normal” for the relationship

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### Additional Tips – Your Concerns

- Failure to communicate effectively
  - Check in on communication frequency and methods; is it working?
- Incompatible partners
  - Consider a mid-course correction or re-defining the division of labor
- Difficulty escaping a failed relationship
  - Don't wait; come to the conversation with an open mind

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### Additional Tips – Your Concerns

- Loss of momentum or "ground" made towards mission
  - Time to regroup! Seek diverse views about how to regain the lost ground.
- Being taken advantage of
  - Commit to learning from the experience... "fool me once..."
- Lack of resources (funding) for all partners
  - Explore variations to the original plan; is some form of cost-sharing required? How best to allocate costs?

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### Lessons from Failure

- Frustration over lack of desired outcomes AND failure to learn from a failed partnership
  - "Once a failure has been detected, it's essential to go beyond the obvious and superficial reasons for it to understand the root causes....The job of leaders is to see that their organizations don't just move on after a failure, but stop to dig in and discover the wisdom contained in it." – Professor Amy Edmondson, Harvard Business School, "Strategies for Learning from Failure," *Harvard Business Review*, April 2011
  - "...analyzing organizational failures requires inquiry and openness, patience, and a tolerance for causal ambiguity."

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Questions?

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Next Month's First  
Wednesday Webinar

- *Business Continuity Planning for Nonprofits*
- **Wednesday, May 4, 2011**  
2 pm Eastern



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