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Managing Partnership and Collaboration Risk:
What You Need to Know

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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?
Types of Partnerships

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

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

Motivations

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

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

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

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
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.

Risk Management Checklist

- Confirm Compatibility

Risk Management Checklist

- Understand Motivations
Risk Management Checklist

- Conduct Due Diligence

Risk Management Checklist

- Focus Attention on Communication

Risk Management Checklist

- Clarify Expectations
Risk Management Checklist

- Put It In Writing

A Contract is a Risk Management Tool

- Reduce chance of difficulty; path to sort out 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?

Drafting a MOU

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

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

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
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

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

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
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

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?

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.”
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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