



Collaborating for a cause: Nonprofit alliances

Countless nonprofits have partnered up for strength and survival in recent years. But the success of these arrangements depends on careful planning and oversight.

Types of partnering

There are many types of partnership arrangements between nonprofit organizations. But the two terms you'll hear most often are:

1. Strategic alliance. This is a blanket term typically used to represent a wide range of affiliations. A strategic alliance can involve a relationship with another nonprofit, a for-profit or a governmental entity. Such alliances can take the form of joint programming, collective impact collaborations, cost sharing and many other arrangements.

2. Joint venture. A joint venture is a specific type of strategic alliance involving a contractual arrangement with another nonprofit, a for-profit entity or a governmental agency. The two entities become engaged in a solitary enterprise without incorporating or forming a legal partnership. A joint venture is otherwise similar to a business partnership, except that the relationship typically has a single focus and is often temporary.

No matter what type of alliance you make, many of the considerations are the same. To select the appropriate partnership model, examine your motivation for linking up. Do you want to save money by sharing administrative expenses? Will the union enable you to expand your reach? Will the collaboration involve a single initiative or involve multiple projects over a long period?

Perfect pairing

The best alliances involve partners with similar goals and expectations — including financial ones. Ask, for example, whether your prospective collaborator has the necessary means. An alliance between a nonprofit and another entity, regardless of type, is like any business partnership: Your partner should have a good net asset balance and be able to live up to its financial commitments.

Then make sure your values align. Does the entity have similar business ethics and strong internal controls? Two working as one requires openness and trust between the parties. Remember, you'll be sharing credit *and* responsibility.

Also ask how past donors — particularly corporate donors — will feel about your alliance. Be prepared to explain your newly defined or broadened target groups and causes.

Ready to roll

If your nonprofit has shied away from alliances because you safeguard your autonomy, it may be time to reconsider. Just be sure to choose your partner carefully. Once you have an objective and organization in mind, we can perform a cost analysis to make sure that any financial expectations are on track.

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