Creating "New Value" Partnerships with Business: Step by Step

Note to the reader: This piece was adapted for INDEPENDENT SECTOR by Shirley Sagawa from chapter 10 of *Common Interest, Common Good: Creating Value through Business and Social Sector Partnerships*, by Shirley Sagawa and Eli Segal (Harvard Business School Press, 2000).

Common Interest, Common Good examines seven intensive partnerships between businesses and social sector organizations. Some were relatively longstanding (Boeing and Pioneer Human Services began their relationship in 1966) while others were of recent vintage (partnerships between Calphalon and Share Our Strength and between Denny's and Save the Children date to the mid-1990s). They involved companies ranging from Fortune 100 giants to small, formerly family-owned manufacturers. The social sector organizations involved included a start-up and one of the nation's oldest international charities. They included national and local organizations, and both a large membership nonprofit organization and a small public sector institution. They included alliances that involved a range of transactions – philanthropic, marketing, and operational – and that offered the parties a range of benefits.

Table 1

Philanthropic transactions

A business donates funds, goods, or services to a social sector organization

Examples:

- Home Depot provides employees, supplies, and cash to KaBOOM! to build playgrounds in low-income neighborhoods
- Microsoft provides software, hardware, and technical expertise to public libraries through the American Library Association if furtherance of the ALA's goal of providing public access to computers through libraries

Marketing transactions

A business affiliates itself with a social sector organization to improve its marketing position

Examples:

- Denny's rebuilds its public image and employee morale after negative publicity by raising money for Save the Children's new US urban programs
- Bank Boston strengthens its community relationships by sponsoring a team of City Year members to spend a year in full-time national service
- Calphalon increases sales and association with top chefs through a cause-related marketing deal with Share Our Strength, a leading anti-hunger organization

Operating transactions

A social sector organization helps a business improve its capacity to produce goods or services more competitively

- Pioneer Human Services provides jobs for its ex-offender clients by contracting with Boeing to parts for commercial aircraft
- Newton-Conover Middle School increase parent involvement by sending guidance counselors to meet with parents at their workplace, Ridgeview, Inc., a hosiery manufacturer seeking to improve its ability to attract workers through its family-friendly policies

Yet despite their differences, these alliances tended to follow similar paths. We compared their experiences to partnership development processes recommended by social sector and business analysts for same-sector alliances and found many similarities. From this information we constructed a step-by-step process to guide business and social sector organizations seeking cross-sector relationships.

Of course, the challenges of cross-sector partnerships vary from those typical in either sector. Many common pitfalls of social sector partnerships, such as turf battles and competition for resources, don't apply in a cross-sector context. Similarly, some of the typical challenges of business alliances, such as the threat of acquisition and concerns about sharing proprietary information with a potential competitor, should not arise when the partner is a social sector organization.

Instead, other obstacles loom large in cross-sector partnerships. These include:

- *Different language*–neither sector has a monopoly on jargon.
- *Different culture*--the stereotypical business with its "time is money" orientation will clash head-on with a slower moving, consensus-oriented, and resource-conserving nonprofit.

- *Different status*–implicitly, because of their greater resources, businesses may expect or receive deference from their nonprofit partners.
- *Different world views*–nonprofits may consider business to be "part of the problem" and view a business partner only as a check writer, while a business may believe social sector organizations are inefficient and unaccountable.
- Different bottom lines–because each sector measures success differently, cross-sector partners may clash over goals for the alliance.

If the parties talk about their differences and work to appreciate the others' needs and style, meaningful cross-sector partnerships can develop and flourish. Following the process laid out below will help organizations address differences and form strong, mutually beneficial alliances. The process is summarized in Table 2.

Table 2

Stages of Cross-sector Partnership Development

1. **Self assess:** *Consider your organization's needs and assets and identify factors that will encourage or inhibit partnerships in order to analyze whether or not to pursue a cross-sector alliance.*
   - A. Assess your organizational health
   - B. Identify your needs
   - C. Catalog leverageable assets
   - D. Examine your organizational culture
   - E. Build capacity

F. Consider the context

G. Analyze

2. **Identify:** S*eek out and contact a prospective partner that will meet the organization's needs*

A. Consider cause/company fit

B. Scan for potential partners

C. Narrow the field

D. Contact prospective partners

E. Make a pitch

3. **Connect**: *Engage in a shared process of exploration about what the alliance will look like, how it will run, and what results it will produce.*

A. Assess potential for impact

B. Determine compatibility

C. Consider culture

D. Acknowledge chemistry (or lack of it)

E. Take time

4. **Test**: *Plan, carry out, and evaluate a transaction to learn whether the partners can work together effectively for mutual gain.*

A. Plan together

B. Write an agreement

C. Build support for the partnership

D. Try it out

E. Check in

5. **Grow**: E*xtend a relationship beyond an initial transaction by resolving differences and planning additional activities*.

Building Cross-Sector Partnerships: The Five Stages of Partnership Formation

1. Self-Assess: ***Consider an organization's needs and assets and identify factors that will encourage or inhibit partnerships in order to analyze whether or not to pursue a cross-sector alliance.***

A. Assess your organizational health

Before an organization undertakes the partnership planning process, it should examine its management, financial strength, and program or product. Partnerships work best if they meet specific needs of an otherwise healthy organization. They are not a panacea--a way to save a failing nonprofit or create a new image for a disreputable company. Business literature in particular cautions against alliances between the strong and weak. Joel Bleeke and David Ernst found that these kind of partnerships succeed just a third of the time, largely because "the 'weak link' becomes a drag" on the venture: "When one partner is weak, managing the alliance seems to be too great a distraction from improvements needed in other parts of the business. When unbalanced partnerships do succeed, it is usually because the strong partner brings the capability that is crucial to the venture."[1] The ability of one partner to carry the other in a cross-sector partnership seems even less likely than in the business context Bleeke and Ernst wrote about, given the different capacities of the parties.

Dimensions of a healthy organization ripe for partnership include:

- *Financial strength*. Nonprofit organizations sometimes pursue corporate partnerships because they are having trouble raising money from other sources. Most nonprofits would describe themselves as financially needy. The important questions are: What has been their track record for raising money? How diversified is their funding base? How do they manage their budget process, and what does their balance sheet look like? Corporate partners should be wary of nonprofit partners that may have trouble living up to commitments because other sources of funding are not forthcoming.
- *Management capacity*. Partnerships take work. They draw on the time and psychic energy of senior managers involved in them, and require staff at other levels to carry out transactions and maintain regular communication. Partnerships invariably put unanticipated pressures on an organization. Strong organizations require leadership, functioning systems, and the ability to plan, monitor, and evaluate. A poorly managed nonprofit will not only have difficulty attracting corporate partners; it will almost surely lose any partner it works with if it cannot fulfill its responsibilities. Such a nonprofit will have trouble ensuring that the partnership does not detract from its social mission.
- *Program quality*. High quality nonprofit programs and services should be a prerequisite for most cross-sector partnerships. A weak program creates risks for corporate partners, regardless of the type of transaction involved. A marketing partnership, of course, could suffer from bad publicity relating to program problems. Poor quality in an operational

partnership could lead to a quick contract termination, as in any customer-supplier relationship. Even in a partnership with purely philanthropic ends, a corporate funder may conclude its resources would yield a greater impact directed elsewhere. Similarly, a corporation whose products or services are substandard will make a poorer partner than one of higher quality. Even where it is not explicit, partnerships may imply that the nonprofit endorses a company and its products or services. Social sector organizations would be wise to steer clear of businesses that may reflect badly on them.

Most of the organizations we studied exhibited strength in all three categories. Where weaknesses existed and were exposed publicly, they did jeopardize existing and future partnerships. Later in this chapter we will discuss in greater depth how to evaluate prospective partners and will touch on financial, management, and program strength again. But before seeking partners, organizations should be attentive to building their own strong systems in all three areas.

B. Consider your needs

Although cross-sector partnerships can be an innovative and effective strategy for both social sector and business organizations, they are not right for every need or every organization. As discussed earlier, there has been a dramatic increase in cause-related marketing, strategic philanthropy, and corporate volunteering. But the rising popularity of these transactions may lead organizations to believe they should follow or be left behind, even if partnering is not the best way to meet their own needs.

Every partnership should begin with a self-assessment. What are my organization's current and future needs? And is partnership the best way to meet them? Social sector organizations invariably want to increase their available resources to meet current budgets, build a financial cushion, or expand services. Almost every nonprofit desires unrestricted cash. But as the examples in earlier chapters illustrate, partnerships may meet other needs:

Table 3

Nonprofit needs that can be addressed through corporate partnerships

Organization	Need
KaBOOM!	Building supplies
	Volunteers
	Introductions to prospective funders
	Pro-bono services
	Funding
American Library Association	Equipment
	Technical Expertise
	Benefits for members
	Positioning in high-tech field

Save the Children	Organizational visibility Access to prospective donors Access to volunteer fundraisers Lead funder for new program
City Year	Volunteers Introductions to other social sector partners In-kind services for members Funding for new ventures/existing program
Share Our Strength	Organizational visibility Public awareness of issue Financial support for grantmaking program
Newton-Conover Public Schools	Access to parents Job exposure for students
Pioneer Human Services	Training opportunities and jobs for clients Business expertise

Other social sector organization needs that can be met through partnerships include access to influential individuals (such as elected officials and corporate leaders), “social marketing” opportunities (to change the behavior of the public–for example, to encourage recycling or decrease drug use), and training for staff.

Often, businesses choose social sector partnerships to improve their images as good corporate citizens. In addition, the companies studied earlier looked to social sector partners to provide:

Table 4

Business needs that can be addressed through social sector partnerships

Business	**Need**
Home Depot	Stronger community relationships
	Teambuilding opportunities for employees
Microsoft	Good public relations
	Better employee morale
	Knowledge about public access computing
	Enlarged base of potential advocates
	Acceptance of product as industry standard

Denny's	Better employee morale Improved relationships with franchisees New customers A better public image
BankBoston	Greater employee loyalty Good public relations Reinforced image as early investor Improved quality of life in community
Calphalon	Increased sales Increased attention from retailers Implied endorsements by influentials Differentiation from competitors
Ridgeview	Employee recruitment and retention Continued leadership role in community
Boeing	High quality component parts Improved quality of life in community

In addition, corporations may find that social sector partners can provide access to influential individuals (such as elected officials and community leaders), training for employees, and access to customers.

C. Catalog leverageable assets

Transactions between businesses and nonprofits involve an exchange of value between the partners in which the assets of one organization addresses a need of the other, and vice versa. Organizations should begin relationships understanding their own needs. But they also must be aware of their assets -- what they offer prospective partners. While some assets are obvious, others are less so. For businesses, assets may include:

- *A strong philanthropic tradition*. A history of giving can be leveraged through a marketing campaign. It provides nonprofits with a comfort level that the company is serious about the social mission as well as the financial bottom line. BankBoston's leading position as a good citizen has enabled the company credibly to advertise its cross-sector partnerships and be well positioned to become an initial investor in interesting new social ventures.
- *Skilled employees who will volunteer for nonprofits*. The construction skills of Home Depot employees made them valued contributors to KaBOOM!, Habitat for Humanity, and other nonprofits. UPS and United Airlines made senior executives in operations and human resources available full-time for a year to support the activities of The Welfare to Work Partnership. MTV used its knowledge of the 18- to 24-year-old market to craft recruitment ads for AmeriCorps.

- *Products and services, available as in-kind donations*. The high tech and pharmaceutical fields are leading givers of products. American Airlines used its excess capacity to help AmeriCorps by donating frequent flier tickets to enable corpsmembers to travel on less-than-full flights. Children First, a for-profit child care chain offers free drop-in care to Jumpstart corpsmembers and staff. A company can leverage the assets of one nonprofit partner to help another, as BankBoston did when it donated concert tickets for a series it sponsored to City Year corpsmembers and when it used the on-air credit line it received from a public radio station to promote another nonprofit partner.
- *Facilities* may be used as training sites, locations for dinners and fundraising events, even staff picnics. For example, the law firm Hale and Dorr allowed its nonprofit partner Jumpstart to use its posh offices for a celebratory luncheon and policy roundtable intended to honor its corpsmembers and attract new donors, board members, and supporters to the nonprofit.
- *Purchasing volume* can be leveraged to assist nonprofit partners. For example, when Timberland renegotiated its long-distance phone service, MCI agreed to provide Timberland's key nonprofit partner, City Year, the same volume discount.
- *Connections to other companies, funders, or social sector organizations* may be valuable to nonprofit organizations. BankBoston's relationship with the Quincy School helped City Year become accepted in the closeknit Chinatown community. Burger King introduced The Welfare to Work Partnership to its advertising agency, Ammirati Puris Lintas, which created a public service announcement campaign for the non-profit on a pro bono basis. Influence with policymakers and others allows

the nonprofit access it might not otherwise have; for example, former Procter & Gamble CEO Brad Butler testified numerous times before congressional committees about the importance of early childhood education.

- *Marketing opportunities*, which will help raise the visibility of nonprofit partners or causes. Calphalon shared space at housewares trade shows with its partner SOS. General Mills uses the back of cereal boxes to promote the causes of its nonprofit partners. *Characters* or other properties can be licensed at no charge to nonprofit organizations who may use them in promotions. For example, licensors of more than two dozen popular children's characters from Barney to Scooby Do donated the use of the characters to the Josephson Institute for an entertaining but educational video called "Character Counts." *Celebrity endorsers* may be willing to assist nonprofit partners of the companies that hire them. For example, the Harlem Globetrotters, which are sponsored by Denny's, performed for children served by Save the Children local partners.
- *The ability to honor and recognize* volunteers, staff, clients, and community partners is always needed by social sector organizations. BankBoston's annual breakfast for Quincy School teachers costs little, but allows the school community to start the year on a high note.
- *Customers* can serve as a fundraising base, as Denny's collection of change at the cash register for Save the Children demonstrates.

Early in the planning process a business should establish a cash and product donation budget for the partnership. But other forms of assistance, listed above, may be of substantial value to social sector partners and may be leveraged by the company at very little cost.

Social sector organizations also have assets that can be used to meet the needs of corporate partners and generate resources for themselves. These include:

- *A well-known name, a compelling cause, an attractive logo, and a good reputation,* which make up the social sector organization "brand," an essential ingredient of a marketing transaction. Save the Children, with name-recognition over 75 percent, leveraged its brand through licensing.
- The *ability to demonstrate impact* may also be an asset. In some cases, impact is easily perceived – a Habitat for Humanity house or KaBOOM! playground are tangible, immediate evidence that the organization yields results. Other types of social sector organizations can demonstrate impact through evaluations or testimonials from clients.
- *A well-known, charismatic leader or spokesperson* may be attractive to corporate partners. For example, America's Promise has used its popular chairman, General Colin Powell, to attract business and social sector partners alike. Although less well known, Share Our Strength founder Bill Shore has proven a strong asset for the nonprofit, especially after appearing in American Express Charge Against Hunger television advertising for American Express. Shore's low-key, sincere approach helped lend credibility to this and other campaigns, even though the nonprofit was not a household name. *Connections to influential individuals* are also beneficial. For example, Save the Children was able to secure an invitation to a White House event on afterschool programs for Denny's executives.

- *Ability to provide a good, service, or expertise needed by business*. Pioneer Human Service's manufacturing capacity enabled the nonprofit organization to meet the needs of a range of business partners.
- *Volunteer opportunities* that can motivate and inspire corporate employees. All of the organizations we studied provided volunteer opportunities that were well integrated into the core program of the organization.
- *Events* like Share Our Strength's gourmet food event, Taste of the Nation, which showcases top local chefs to upscale attendees, provide useful exposure and help build a company's image.
- *Facilities or equipment* may also be marketable. For example, when AmeriCorps hosted a conference on afterschool programs, instead of renting a hotel banquet room, it paid the Latin American Youth Center a fee to hold the opening dinner at their facility located in an old church–creating an ambience appropriate to the subject of the conference and providing the nonprofit youth center extra income it could put toward serving children. Other nonprofit organizations can offer meeting space, sites for retreat, or child care facilities for special use after hours.
- *An extensive distribution system*, such as the American Library Association's connection to 57,000 librarians and other library personnel across the country, the Learning First Alliance's reach to ten million educators, policymakers and parents, or The Welfare to Work Partnership's access to companies employing over 20 million people.
- *Ability to provide recognition or awards*. KaBOOM! signed a deal with Walgreens to build nine playgrounds in the communities with the most purchases of designated

products in Walgreens stores. The Points of Light Foundation sponsors annual awards to individuals and organizations for outstanding volunteer service.

D. Examine your organizational culture

Before approaching potential partners, social sector organizations should also assess their internal culture. Do staff and board members have positive attitudes toward business? Would a person with a business background feel comfortable working in the organization? How quickly does the group make decisions? While it is the subject of some debate, we believe that an organization lacking a business-friendly culture can take steps to become more compatible with prospective partners. Step up the pace of decisionmaking. Add business people to the board and staff, if possible. Invest in the kind of management training common to for-profit organizations. Invite business speakers to keynote conferences, make business publications available to staff, and reward innovation. In addition to familiarizing staff with the world of business, these actions can surface prospective partners, improve the operation of the organization and create a culture that can work effectively with the corporate world.

E. Build capacity

Certain capacities of nonprofit organizations are useful in the creation of corporate partnerships. Public relations capacity makes it possible for the organization to publicize the corporation's support and build its own visibility, making itself more attractive to business partners. Relationship managers ensure that the business's needs are considered at all appropriate opportunities. The organizations we studied that manage multiple partnerships have dedicated staff assigned to each company.

Social sector organizations considering business partnerships should also prepare staff and board. While some of the nonprofits we studied had built corporate interaction into their designs from the earliest days, others had to spend time laying the groundwork to help internal stakeholders understand the relationship of corporate involvement to the organization's mission. This might take place over many months or even years, but such investment is essential. Studies have found that nonprofit board involvement and support are critical to the success of social enterprises; notes one report, "If the board is actively and positively involved, it can lead the way, ask probing questions, and raise needed capital . . . . If the board is resistant or obstructionist, it can make the organization retreat from opportunities and even surrender or collapse under market pressures."[2] Before entering into a significant partnership, nonprofit organizations should seek the endorsement of the board, which will more likely be forthcoming if the concept is discussed *before* a deal is on the table.

We have observed that the social sector organizations that are highly successful at attracting and maintaining corporate partners are excellent communicators. They have professional looking materials that are attractive and contemporary, but not slick or expensive looking. They are able to explain what they do in layman's terms, avoiding the convoluted jargon sometimes found in the social sector. When good communicators speak to the public, they share a powerful vision, describing in clear, compelling language the impact of their program.

Bold but measurable objectives show that a plan is realistic. Measurable objectives are those you can tell when you've achieved them. They may be tangible (building 100 new playgrounds) or intangible (cutting the rate of recidivism by 50 percent). Ideally, they involve numbers–six out of ten local people know the number for the city-wide hotline; there is an increase of 20 percent in the number of successful placements. Demonstrating results often means paying greater attention to collecting data, and finding ways to measure outcomes. The trend is for funders of all types to demand greater accountability. Of course, not everything that counts can be counted, and not everything that is countable counts. But having empirical data that shows that the inspiring anecdote is not an isolated occurrence will strengthen the case.

F. Consider the context

In same-sector alliances, context plays an important role in encouraging the formation of partnerships. Social sector organizations partner with one another when resources are declining or the political climate favors collaboration. Businesses seek alliances in response to competitive pressures, or when the market creates a need to move quickly, with expanded capacity, or outside their geographic area to pursue an opportunity.

Monitoring the climate is essential in these alliances. Just as certain environments favor alliances, others make it difficult for them to flourish. In fact, one study by the Conference Board suggests that dramatic, unanticipated change in the market environment is overwhelmingly the reason that alliances fail.[3]

Context is equally critical in cross-sector alliances. Barbara Gray, in *Collaborating*, suggests that cross-sector alliances occur in response to economic change in a region or when solutions are needed to balance interests. Cross-sector partnerships are also warranted when public concern is raised about an issue relevant to both sectors (such as education or child labor) or when there is a shift in the supply of human resources (such as an increase in the number of working mothers or decline in the education or skill level in a community). While it is rarely a good idea to pursue a partnership solely because context warrants it, without a view toward specific needs and assets, it is folly to pursue such relationships without it.

G. Analyze

Before proceeding, an organization should complete its self-assessment. Does the organization have needs that can be best met through partnerships? And does the organization have assets that can be leveraged? If the answers to these questions are yes, the organization should consider its capacity, culture, and context. Is the organization strong enough to maintain a partnership? And do you speak the language, know the field you wish to pursue? If the time is right, the organization is able, and partnership is warranted by a convergence of needs and assets, the time is right to look for a prospective partner.

A Word About Deal Brokers

Deal brokers can be intermediary organizations, consultants, PR firms, professional fundraisers, facilitators, or any other professional who purports to be able to help develop cross-sector partnerships. Few of the organizations we studied used outside experts to develop their partnerships. Those that did have experience with "deal brokers" had mixed results. Nonetheless, we believe the involvement of "deal brokers" can contribute to the development of healthy partnerships if certain conditions are met.

First, and most important, the intermediary should view its role as building the knowledge and capacity of its client to be a good partner, not to own or manage the partnership. Planning and matchmaking are common ways that deal brokers are used in partnering. Sarason and Lorentz[4] describe an effective matchmaker as one who knows the territory, has the ability to scan the environment for possibilities and the imagination to create them, and perceives assets and builds on strength. She is able to see opportunities for connections between people and organizations that appear to be separate. She has influence and power, but is selfless.

Like a good yenta, an intermediary is committed to making the match, not the commission. A case in point: One of the nonprofits we studied worked with a public relations firm, which developed a lucrative deal for the organization with one of its corporate clients. The initial transaction was considered successful by both partners. But because the intermediary had positioned itself between the two partners, in fact, insisting that all communications go through the firm, the two were unable to establish a true partnership. Not until the business and nonprofit mutually agreed to bypass the firm were they able to work toward a relationship that could create greater value for them both. Unlike this firm, outside consultants committed to building partnerships should encourage direct communication between the organizations, coach them, make introductions, help them to structure effective transactions, but not act as the connective tissue.

Second, outside experts should be just that--experts. They should fill gaps in the organizations' knowledge base. They may have useful rolodexes, but we caution against using outside agents to pitch a deal, beyond an initial query or introduction. It is the organization itself that should establish its credibility, not the outside consultant. A consultant's expertise in structuring cause-related marketing or sponsorship arrangements may help an organization up a steep learning curve. But no expert will know either party's needs better than the organization itself, or be able to reach into the depth of the organization to describe assets that could be used in an innovative way to advance the partnership.

Third, in certain circumstances, deal brokers may play a useful role as facilitator. When there is a history of mistrust or conflict, where there are more than two organizations involved in an alliance, where one or both parties has difficulty thinking out of the box (but is willing to try) or when there are high stakes involved, a facilitator with expertise building partnerships may be well worth the cost. Both the social sector and business literature subscribes to this point of view.[5]

Fourth, deal brokers may serve as translators. They should understand both worlds well enough to be able to explain the actions of each partner to the other, to translate the jargon, and coach each in how best to present itself.

Fifth, there will be experts involved in many transactions who should not be allowed to take over the dealmaking. Lawyers and accountants and public relations agencies fit this bill. Their role: they provide expertise, contribute pieces to the whole. They should not be allowed to control the relationship.

In sum, we appreciate the important role that outside experts can bring to a partnership. But we issue a strong caution that consultants and firms of various sorts *cannot do the hard work for you.* They may coach you, scan for you, issue spot, or introduce. But ultimately, you will do the hard work of building the relationship.

2. Identify: ***Seek out and contact a prospective partner that will meet the organization's needs.*** [6]

Understanding an organization's needs and assets, as well as its culture, capacity, and context, are prerequisites for identifying prospective partners. These factors should guide decisions about whom to pursue and frame a "value proposition" that compellingly explains "what's in it for you." The key, then, is to find a partner that might respond to that value proposition, whose assets respond to your organization's needs, and whose culture, capacity, and context are compatible with yours.

A. Consider cause/company fit

Before searching for an organizational partner, think about the fit between cause and company. Businesses should look for a cause that will make sense to the public, but not one that is obviously self-serving. In our case studies, there were many good cause-company fits: A family restaurant and a children's charity; a cookware company and the cause of hunger; a builder of playgrounds and a building supply company.

Drumwright, studying advertising campaigns with social dimensions, identified three types of affinity that seem to contribute to the success of marketing partnerships: relationship to the core business, affinity for the cause among key constituents, and the active support of the cause community. "Dissonance resulted when there was no relationship and sales people and retailers did not develop an affinity for the cause," she writes. "When there was too close a relationship, managers pointed to cynical reactions from consumers about the company's motive, who perceived it to be opportunistic or exploitative." [7]

Drumwright's findings are consistent with our observations about the partnerships we studied. Those partnerships with strong marketing objectives (remember, philanthropic and operational partnerships can have marketing goals) tended to pair social sector organizations with related industries, but not those who would make the company appear self-serving. Even Microsoft, which had the closest tie between company and cause (software and public access computing) and is the only company we studied to draw public criticism of its efforts, was viewed in a generally favorable way because it focused on low-income communities and avoided giving in a way that would have a direct connection to its marketing plans. In cases where there was no obvious tie (youth service and banking), the manner of giving (serving as an initial investor) and the consistency with the bank's internal values (teamwork, initiative, integrity, diversity) eliminated any dissonance that might have occurred with no ties.

From the point of view of the social sector organization, the particular industry of the prospective partner appears to be less important than its record of corporate responsibility, particularly as it relates to the cause. Most of the nonprofit organizations we studied used a limited number of criteria to screen corporate partners–Save the Children avoided companies that do harm to children, such as manufacturers of land mines, infant formula manufacturers that don't comply with the World Health Organization's guidelines and tobacco and alcohol companies; City Year avoided tobacco and alcohol companies and corporations doing business in apartheid South Africa. But beyond this base level of screening, social sector organizations looked much more carefully at the people involved and the care with which they approached the cause. Even if the company had a less than perfect record of social responsibility, the social sector organizations we studied were willing to take a chance if they perceived the partnership was part of a sincere effort to improve. The social sector organizations understood that their business partners had business goals. But if doing good was not part of the calculation, social sector organizations took a pass.

B. Scan for potential partners

When ideas about cause-company fit are sufficiently well developed, research about potential partners can begin in earnest. Social sector leaders will want to become familiar with the world of their prospective partners. Knowing how business works and speaking the language is important. Reading business publications on a regular basis helps–City Year, Share Our Strength, and Save the Children staff do. Employees of the organization itself may have business ties, as may board members, donors, and volunteers, as well as vendors, landlords, accountants, attorneys, and other professionals. Like motivated job hunters, social sector managers without business experience would be wise to interview their connections to gain advice about working with the business sector and to identify potential partners.

General information about a wide range of companies is easy to find, via the Internet, annual reports, Foundation Centers and directories of corporate giving histories and priorities, and the business press and news media. Social sector organizations seeking specific types of transactions also may read related trade publications.[8]

C. Narrow the field

Once potential partners have been identified, a preliminary assessment of the match between needs and assets should be conducted. Examples of this type of synergy include the pairing of a group that organizes one-time, high impact volunteer projects with a company that can contribute needed supplies and volunteers and is looking for ways to build teamwork and community relationships (KaBOOM! and Home Depot) or a partnership between a company wanting to improve its employee morale and image as a corporate citizen and a well-known nonprofit looking to grow its program (Denny's and Save the Children). Without a matching of needs and assets–for both cause and company–strong partnerships are unlikely to emerge.

Another dimension of organizational fit involves the pairing of national organizations with national partners, regional with regional, and local with local. Most national or multinational corporations support local programs in the communities where they operate. In this sense, they act as local companies. There appears to be a growing demand for national nonprofits with local chapters or affiliates who can engage employees at key sites. Finally, organizations initiating alliances will want to examine prospective partners based on self-defined threshold criteria relating to the social sector mission or business needs. Both business and social sector organizations should consider prospective partners' reputation and ethics.

A prospective partner's experience with partnerships should also be considered, but it will cut two ways. An organization with multiple partners will likely have systems in place to meet partners' needs and a more sophisticated approach to working across sectors than those new to partnering. But these organizations may also have their attention divided in many different ways and makes it hard for a new partnership to become visible. It was for this reason that Denny's declined to pursue a relationship with Children's Miracle Network, which it greatly admired but felt it had too many corporate partners, in favor of Save the Children, which had no major US corporate partner. Limited visibility for the partnership could also be a problem where an organization is well known for a single relationship or cause–for example, McDonald's with Ronald McDonald Children's Charities or Avon and Breast Cancer Awareness.

Finally, before proceeding too far, a sort of "due diligence" search should be conducted. A review of Internet information, financial statements, press clips, nonprofit 1099 forms filed with the IRS, court filings, information on file with the Philanthropic Advisory Service of the Council of Better Business Bureaus and the National Charities Information Bureau, membership in trade associations that adhere to standards, and quality certifications (for example, the accreditation of child care organizations by the National Association for the Education of Young Children or selection as an AmeriCorps sponsor) can provide a background check that could suggest a clean bill of health. Interviewing the organization's other partners and colleagues also provides useful information. But relying solely on these sources is a little like entering marriage with a "mail order bride" one hasn't yet met. Face-to-face meetings will provide far more insight into the match.

D. Contact prospective partners

Identifying a contact person who can make an introduction will help the initiator get a return phone call. The partnerships we studied that were initiated by the social sector partner involved a personal contact. Darell Hammond of KaBOOM! had met Home Depot's Suzanne Apple when they spoke on a panel at a housing conference; City Year founders scoured their acquaintance network to identify people who could introduce them to targeted companies; Monique Barbeau met Dean Kasperzak on a plane. A business volunteer with the organization, an acquaintance of a board member, or the friend of a friend could help the organization penetrate a business. Due to the volume of requests received by many businesses, cold calls should be a last resort for social sector organizations. Even businesses, which tend to have an easier time reaching out to nonprofits than vice versa, may find cold calls don't work with "in demand" nonprofits.

Use your contact to get to the right person within the organization to hear your proposal based on the type of transaction involved. A marketing proposal should be presented to marketing executives; a proposal that will build skills of employees might be best reviewed by human resources. Pitching to the wrong person can lead to an early turn down, as one nonprofit executive found when a contact arranged a meeting for her at a company she had targeted. Much to her chagrin, the meeting was not with the marketing department, but rather, at the company's foundation, which had priorities inconsistent with her organization's focus. "I knew what he was going to be like. I've been there. He's going to be very polite and say uh uh uh and then tell me he can't give me any money. I don't want money from him. I want his sales force to sponsor us. This guy has nothing to do with that." She was right. The meeting led to a quick rejection.

Based on needs and assets, find the division of the company whose needs your organization can meet and whose assets you want. If your contact is in the wrong division for your purposes, ask them to set up a meeting for you with a person in the right division.

E. Make a pitch

Because so much of a good relationship between institutions is based on relationships between people, early face-to-face meetings make sense. Vickie Tassan of Nation's Bank tells a story about her encounter with a representative of a large, national community-based organization. After meeting him at a conference, she agreed to discuss how his organization and NationsBank might work together for the "greater good of the community":

> He arrived 20 minutes late for the appointment--mostly because he forgot to ask for directions. I asked him to tell me about the organization--who had been past corporate supporters, what types of corporations supported his group, strengths and weaknesses, board involvement and composition. As Executive Director (ED) of the organization, it should have been a no brainer. He was unprepared. Instead of being able to talk specifics, he kept saying NationsBank needed to support him because what they did was so important to the community. . . . The coup de grace was when I mentioned that our program dollars are set for the upcoming calendar year in August. Meaning that there was no large unassigned pot of funds to help this ED fund a new program. Well, that piece of information did not sit well with the ED. He must have been really teed-off because he committed the fatal error of telling me that I had to give his group money because the "[Community Reinvestment Act] says you have to."[9]

The Community Reinvestment Act is a piece of federal legislation that requires banks to extend credit in all parts of the community they service, including low- and moderate-income areas. "But just so you know, CRA does not say I have to give a community organization money!" says Tassan.

Tassan's anecdote carries some obvious lessons for social sector organizations. Be prompt. Be courteous. Be prepared. Arrogance is never attractive. But you don't need to beg. You have assets that you are offering the business you are approaching. But neither should you expect that the prospective funder knows about your good work or is committed to your cause. Be prepared to present your organization in a way that will give a prospective funder confidence that the corporation's money will be well spent. Develop and share professional materials--they should offer specifics about why your cause is important, how you do business, who supports you, how you are governed, and what results you have achieved. Never assume that just because you work for a compelling cause that this fact is sufficient to attract corporate support. A social sector initiator should be prepared to demonstrate its effectiveness in achieving its own mission with both anecdotal “human face” examples and hard numbers, stressing impact rather than inputs as much as possible. For example, talk about how many children increased their reading levels, not how many tutors you fielded last year, and include a story about a specific child who made particularly remarkable progress because of your program.

A common error we found among individuals new to partnering is to pitch a detailed arrangement that assumes the needs of the other party. “It’s like going out on your first date and spending the whole evening talking about marriage,” explains Rackham and his coauthors. “Usually it’s better . . . not to go to a customer with a fully developed concept of partnership.”[10] Yes, the successful initiators we studied had done their homework prior to contacting a prospective partner and had some idea what types of assistance they would appreciate. But they did not present a fully formed design for the partnerships. “The company always knows better what they need,” says Judith Kidd, who has worked at both BankBoston and City Year, and then became dean at Harvard and director of its student volunteer organization. She notes that City Year’s founders “didn’t pitch what benefits BankBoston would achieve.” Instead, the partners “dreamed up ideas together.”

3. Connect: ***Engage in a shared process of exploration about what the alliance will look like, how it will run, and what results it will produce.***

Once a prospective partner has heard your pitch and signaled an interest, it is time to begin a joint exploration of the partnership's potential. This process should look at likely impact, compatibility, culture, and chemistry. It should also allow for sufficient time for the parties to get to know one other to make sure the match makes sense.

A. Assess potential for impact

Without potential for impact, there is no point proceeding. Rackham and his coauthors consider this the most important selection criteria, but concede it is "something of a Catch-22. You don't know if there is sufficient justification for partnership until you have enough of a partnership to explore the question." [11] It can only be answered through freewheeling discussions in which executives from both organizations are candid about their hopes for the partnership, their goals and vision. These can be penciled in–we don't recommend going through a formal strategic planning process until after the test phase. But in early discussions there must be a purpose in view or when the infatuation ends and the hard work begins, the parties may find they have invested a lot for little gain.

B. Determine compatibility

Assuming that early meetings demonstrate compatible needs and assets and that the executives involved want to proceed, partners will need to go deeper into the organizations before they make a major commitment. Rosabeth Moss Kanter, using the metaphor of marriage for partnership development, describes this phase of partnership building as "meeting the family":

> The rapport between chief executives and a handful of company leaders needs to be supplemented by the approval, formal or informal, of other people in the companies and of other stakeholders.[12]

We agree. This stage in the relationship has all the complexity of planning a wedding, including high hopes and blindness to potential problems.

Experts advise seeing a prospective partner in its "native habitat" in order to understand more completely the partner's important qualities.[13] In fact, most of the partnerships we examined involved travel by each party to the other's headquarters, and included "site visits" by the company to see the social sector program in action.

Deeper engagement between the staffs provides helpful clues about the relationship. Do both partners understand the goals of the partnership the same way? Is the prospective partner's reputation consistent with reality? And do they share a worldview? In simplistic terms, social sector organizations often view business as part of the problem, not part of the solution. Stereotyping "polarizes the partners, setting up us-versus-them dynamics that undermine the desire to collaborate," according to Kanter.[14] Negative attitudes of social sector organizations toward business can leave companies feeling that their resources aren't being used effectively, just as business biases can leave social sector organizations frustrated that their partners don't appreciate the challenges they face. When that translates into political action, former partners may find themselves on opposite sides of an issue.

In the partnerships we studied, there was strong synergy between nonprofit and business staff with regard to their philosophies of social change. KaBOOM! Founder Darell Hammond and Home Depot's Suzanne Apple subscribed to an "asset-based" theory of community organizing and even read the same authors. BankBoston's Ira Jackson and City Year's founders shared the vision that City Year would provide the model for large-scale national service. Microsoft and the American Libraries Association believed that public libraries should offer universal public access to the Internet. Save the Children and Denny's shared a view that the best way to help children is to help families help themselves. Having a compatible philosophy regarding the social mission of the partnership allowed the partners to focus on other issues and put the organizations on firm ground. This type of compatibility usually surfaces through conversations, not a review of materials.[15]

The way the social mission relates to the business and its operations also contributes to the success or failure of the partnership. Ridgeview's decision to allow Newton-Conover school guidance counselors to meet with parents at the factory was rooted in the company's founding family's values, which had been integrated into the values of the business. In contrast, consider Sunbeam, a company whose CEO eliminated the company's philanthropy budget, stating that "the purest form of charity is to make the most money you can for shareholders and let them give to whatever charities they want."[16] When Sunbeam pursued the American Medical Association for a cause-related marketing partnership, the nonprofit organization would have been wise to explore the values of the company before signing an agreement. When pressure on the AMA due to the terms of the deal caused the nonprofit to back out of the partnership, the association was forced to pay nearly $10 million to settle a lawsuit with Sunbeam.

C. Consider culture

Face to face meetings and in-depth conversations will also reveal whether the partners' cultures are sufficiently similar for a strong partnership to take hold. It is one of the most often cited problems in cross-sector partnerships and the second most common reason for alliance failure.[17] These and other dimensions of culture may be present in both for-profit and not-for-profit organizations:

- *Decision making style.* Are many people involved in every decision or is authority vested in a few people at the top? Are decisions final when made, or open for later reexamination? Is an extensive amount of data needed for a decision, or are managers encouraged to rely on their experience and instincts?
- *Approach to problem solving.* Does the organization use a team-based approach, or is a single manager or division responsible for resolving problems? Is there a focus on people or systems? Is trial and error part of the culture, or does the organization engage in extensive, detailed planning?
- *Work style.* What are the hours and pace of work? Is staff rewarded for working the most hours, for quick results, or for productivity, creativity, or team-orientation? Is risk taking and innovation encouraged, or is consistency and longevity rewarded?
- *Communication.* Is the culture open or secretive? Is communication encouraged across hierarchal levels or must it flow in a formal process through established channels? Are meetings formal, with agendas, overheads or Powerpoint presentations, or informal and flexible?

- *Ethics.* How does the organization balance ethics and expediency? Is integrity a prized value, even if it costs the organization, or does management take a "don't look, don't tell" approach?
- *Employee development.* Is there a commitment to the professional development of employees, with many senior managers promoted from the ranks? Or is there an up and out philosophy? A tradition of bringing in new talent to expand the organization's perspectives?
- *Formality.* Is there a casual dress code in operation or are suits and stockings the norm? Does the managerial hierarchy permeate all interactions or does the organization encourage informal interaction and equality? Do managers have open doors, or are appointments necessary?
- *Mission-driven.* Have employees internalized the organization's mission, beliefs, values? Are there myths and rituals within the organization that help define its character?

In the best case, an organization would find partners that share the most important elements of its culture. When Hale and Dorr sought nonprofit partners, it looked for entrepreneurial organizations that it felt would match its own style. However, as our case studies demonstrate, partnerships may be developed where there is a cultural mismatch, although these relationships are harder to manage and sustain.

Microsoft and the American Library Association provide a good example of a culture clash and how to resolve it. After months of planning and crafting solutions to dozens of challenges, equipment and Microsoft software had arrived at the Libraries Online pilot sites. Eager to hold the press conference, Microsoft was baffled by library staff's reluctance to open the computers to public use until the librarians became familiar with the new resource. The result of a fundamental culture clash, this standoff was rooted in library tradition. "Librarians are control freaks–they don't want to put anything out to the public until they know it themselves," says then Public Library Association Director George Needham. Microsoft wanted to make the computers available to the public immediately, thinking the librarians and the public could learn together. "A 14-year-old user might know something they don't," explained Needham. "They wouldn't look like the information master–it was very threatening." The librarians wanted to keep the computers in the back room for two weeks. "It drove Microsoft up the wall," he recalls.

In the case of a culture clash like this, the first rule is to talk about it. What may seem to be stubbornness or lack of urgency may simply be normal operating procedure to the partner. Understanding the partner's point of view can help an organization come up with possible compromises–ways to accomplish the same thing in a different way. In the case of Microsoft and the library community, the culture clash was addressed through discussions to get to the root of the cause, and then negotiation. Ultimately the librarians' resistance dissipated, according to Needham. "They know they can't know everything."

Some issues may be simple–a nonprofit with a casual dress code may change its look when meeting with corporate partners; a business might use email to communicate with a nonprofit short on staff to answer phones. But some elements of culture are not easily addressed, and may be important to a long-term relationship. A company that is risk averse will not be happy with a partner that is eager to gamble, just as a nonprofit used to slowly building internal consensus may find it difficult to work with a company dedicated to fast-paced innovation. In these cases, an organization should make a decision about how much they are willing to adapt their normal practices. Of course, cultural differences may not surface until later in the relationship. But like an engaged couple that has undergone prenuptial counseling, cross-sector partners that have discussed their history, values, missions, and decision making and problem solving approaches before they needed to be exercised may find themselves better able to bridge differences after the wedding.

D. Acknowledge chemistry (or lack of it)

A major factor cited by many of the organizations we studied regarding their decision to pursue a relationship was chemistry between the leaders. Kanter observes that business deals "often turn on rapport between chief executives. And the feelings between them that clinch or negate a relationship transcend business to include personal and social interests."[18] In the cases we studied the personal connection between the senior staff involved helped the partnership take hold. The people liked working together. They felt an immediate chemistry, they shared their partner's world view. They wanted to make the relationship work at least in part, because of that personal connection. For these reasons, it was a major contributing factor to the development of serious partnerships.

"People give to people," observes Home Depot's Suzanne Apple. We share this observation with several cautions. Rackham and his coauthors call personal relationships "The Fool's Gold of Selection Criteria." While they argue that intimacy–closeness, sharing, and mutual trust between people in the partnering organizations–is a key ingredient of successful partnerships, it can be given too much weight.[19] In fact, chemistry is not required in good partnerships. Trust, respect, common values, yes. But like many good marriages, chemistry plays a far bigger role in the courtship phase than it does over the long haul. Second, as it does in other contexts, chemistry may in fact blind the parties to problems in the relationship until it is too late. And finally, dependence on chemistry, because it occurs between people rather than institutions, may make the relationship vulnerable if specific individuals leave the organization.

E. Take time

Finally, a critical factor in the formation of successful partnerships (like successful friendships) is time to get to know the prospective partner. Organizational consultant William Bergquist and his coauthors call this problem "the Danger of Whirlwind Courtships." They write: "Partnerships often fail in part because insufficient time is devoted to matching the reasons for forming the partnership with the intentions, competencies, and perspectives the other partners bring to the relationship." [20] While in many of the alliances we studied the partners were eager to move ahead together, they began with a single modest project, deferring a more substantial commitment until they had completed an transaction together. We call this the "test" phase.

4. Test*: Plan, carry out, and evaluate a transaction to learn whether the partners can work together effectively for mutual gain.*

A. Plan together

In this phase, as Kanter describes it, again using a metaphor of marriage, the "romance of courtship quickly gives way to day-to-day reality as partners begin to live together."[21] As the partners go about "setting up housekeeping" like newly marrieds, they may be tempted to engage in extensive planning at this stage. But few of the organizations we studied used their first transaction together to develop a long-range plan. Like newlyweds that move in together, organizations working together for the first time will learn a lot from the process, which can inform future strategic plans. Planning done before you "move in together" and learn each others' ways may be time wasted.

That doesn't mean planning is not needed. In their discussion of potential impact, partners will have shared their ideas for possible transactions. Some of these will have mutual appeal. It is important that the partners work together to develop a shared vision–it is through this process, rather than by one organization selling the other on a predetermined idea, that a true partnership is developed.

We recommend that partners focus their planning on a single transaction with short-term results. The manageability of a single transaction allows partners to have an early success without undue strain. The experiences of the pilot effort create greater buy-in and yield useful lessons for future transactions.[22]

Like organizing a wedding, determining the details about the transaction will surface additional issues relating to culture, values, and resources. Business and social sector alliance analysts also recommend that teams from each organization, rather than single individuals plan the transaction. Working this way allows for greater buy-in among different departments or levels of an organization, and brings both creativity and structure to the relationship. Involving multiple people in its genesis makes the relationship less dependent on a single individual over the long term. Team to team negotiation also allows for a broader range of experience to be brought to the relationship, which is useful, both as a way to assess one another and to inform the development of transactions.

B. Write an agreement

The most important elements of the agreement are common goals for the transaction. These should include goals important to the social sector organization as well as business goals. They should be created with a view toward how success will be measured.

Failure to communicate goals can present serious challenge to a relationship. For example, when a major manufacturer of children's products decided to launch an education program, it found a willing nonprofit partner, which used the company's funds to create a top-quality model program. The nonprofit was pleased to present its excellent results to its major funder and prepared information documenting favorable educational outcomes. But the company had *assumed* the program results would be positive. What it wanted to know was *how many people knew that the company was responsible* for making the program possible. How many impressions? The nonprofit had no idea. In this case, the partnership continued, but only by the nonprofit agreeing to replace the program director with a person the company had identified.

The challenge of the double bottom-line seems to come up most often in marketing partnerships, but may in other contexts as well. Social sector organizations measure their effectiveness not in dollars and cents, but by lives changed, social goals achieved. These effects may be hard to measure. And they may conflict with the needs of business organizations that value the visibility of the effort over the achievement of social goals. At the same time, social sector partners accustomed to government or foundation grants may assume that social goals are the only goals, even when attention to the needs of the business partner would not undermine social objectives and would enable a longer-term, more rewarding alliance to take hold.

Problems can be avoided if the agreement focuses on the concrete–the *transaction* not the underlying *partnership*–just as friends might negotiate the details of a future outing, not the future course of their relationship. The negotiation and agreement should address:

- Goals – the strategic rationale for the alliance;
- Objectives – milestones that can be identified;
- Responsibilities – for both parties;
- Decisionmaking – the governance structure;
- Structure – the lines of communication and accountability;
- Financials – contributions of both parties;
- Legal forms – the structure of the arrangement;
- Measures – how success or failure will be determined; and
- Transaction-specific items.

The agreement should be in writing wherever possible–even in the most trusting partnerships we studied, the parties signed written agreements, sometimes in the form of grant proposals, others as memoranda of agreement, and still others as formal contracts drawn up by lawyers. It is worth noting that while lawyers and other professionals may be involved in formalizing a partnership transaction, they should not drive it. As Kanter reminds us, "Third-party professionals . . . play their most important roles at this point in the process. But if they dominate, the relationship can become too depersonalized and lose the leaders' vision."[23] In none of the strong partnerships we studied did lawyers play a major substantive role in negotiations.

C. Build support for the partnership

Before launching the partnership, an effort should be made to build support among key stakeholders–staff, board members, and others. If the organization followed an inclusive process in initiating the partnership to begin with, this will be an easy job. If not, extra effort should be made to brief internal opinion leaders and gain their approval.

A conscious effort to communicate the goals and activities of the partnership, along with information about the partner, should occur as soon as the deal is signed, if not before. The businesses and social sector organizations we studied used a variety of techniques to inform employees about its partnerships, most commonly including employee newsletters, memoranda from the CEO, and email and intranet communications.

It is important that in attempting to build support for the partnership that organizations not oversell the deal. "If partners fall prey to unjustified optimism, disappointment is bound to follow," caution Yves Doz and Gary Hamel.. Such circumstances often lead to early termination of a partnership. Doz and Hamel recommend care in communicating possibilities, and ensuring some overlap between those who negotiate and those who implement the deal.[24]

D. Try it out

The next step, of course, is to carry out the deal. Hold the event, run the promotion, offer the training. Individuals who are central to the partnership at all levels should witness the pilot firsthand, if possible by visiting the site, participating in the event, or volunteering.

E. Check in

And then, assess results. Did both parties view the transaction as successful? How do they judge success? If an evaluation of the transaction was conducted, it can provide useful lessons that will help the partners construct future transactions. Even if no evaluation information is available, the partners should share their own assessments and the data on which it is based.

Evaluation received short shrift in almost every relationship we studied. Most of the parties noted that they were in the process of planning for an evaluation, or trying to determine outcomes based on information they had available. A little foresight will make this kind of assessment easier, and more accurate. We encourage partners to agree upon measures of success and to establish baseline data in advance of a transaction–What was the business's average monthly turnover before the volunteer program was introduced? What was the sales volume during a similar period before the cause-related marketing campaign was initiated? What percentage of community members recognized the nonprofit's name before it became associated with a major company in the area?

Although baseline information should be collected as early as possible, a partnership's first transactions should be evaluated mainly to improve future transactions, rather than judge the overall efficacy of the alliance. Studying impacts too soon may cause an organization to conclude failure prematurely, before a partnership has had a chance to mature.

Inevitably, new partners discover operational and cultural differences when they attempt their first transactions. Like newlyweds, how the partners handle their differences determines whether they will enjoy a long and fruitful relationship or a short-term alliance.[25]

5. Grow: ***Extend a relationship beyond an initial transaction by resolving differences and planning additional activities.***

Not every partnership will reach the "grow" phase. The completion of a transaction is a time for a graceful exit if the experience was less than ideal--the "I'll call you" that's more appropriate than a breakup at the end of a first date. Those that do reach the "grow" phase are positioned to become "new value partnerships"–relationships that offer fertile ground for mutually beneficial transactions to occur over an extended period of time. Because it is time consuming and expensive to develop new partnerships, there are incentives to work at growing existing ones. At this point in the relationship, partners should undertake longer-term planning.[26]

Inevitably, partners change as a result of a partnership, although the amount of change varied greatly in the cases we studied depending on the depth of the relationship and its goals. Together, strong partners not only learn from one another – they develop a third new culture, language and systems that define the alliance. And as partners come to understand each other's needs, they find ways to add new value to the relationship. They become the best friend who knows what you like, is there for you when you're down, and helps you dream up new possibilities. The next chapter describes the qualities that define these new value partnerships.

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[1] Joel Bleeke and David Ernst, "Is Your Strategic Alliance Really a Sale?" *Harvard Business Review: Strategic Alliances,* (January-February 1995): 26.
[2] Council on Foundations, *Evaluation for Foundations* (San Francisco: Jossey-Bass, 1993), 84.
[3] Andersen Consulting, "Beyond the Walls: Partnerships for a Better Future," presentation materials at Drucker Foundation- Management and Leadership Conference, Post Conference Roundtable, 2 November 1996.

[4] Seymour Sarason and Elizabeth Lorentz, *Crossing Boundaries: Collaboration, Coordination and the Redefinition of Resources,* (San Francisco: Jossey-Bass: 1998), 95.
[5] Neil Rackham, Lawrence Friedman and Richard Ruff, *Getting Partnering Right: How Market Leaders Are Creating Long Term Competitive Advantage* (New York: McGraw Hill, 1996), 213.
[6] We do not discuss in this chapter the process an organization that is not the initiator of the relationship should follow. Nonetheless, an organization should be prepared to respond when contacted by a prospective partner. It will, ideally, begin by asking the questions laid out under "self-assess," and "identify." Social sector organizations can make themselves more attractive to business by building their assets. When approached by a business, a social sector organization should evaluate both its ability to help the company meet its needs and its own potential to benefit. Even when the dollars involved make the offer hard to turn down, it will not always be the case that the costs will outweigh the benefits. If partnering with the company means opening a new site, the nonprofit will need to consider whether the site is appropriate to its mission, whether other donors are likely, and whether it has the organizational capacity to expand, as City Year did when a potential million dollar sponsor wanted to bring the program to an area of New Jersey. (City Year turned down the offer, believing the program would have difficulty attracting local funding there.) If the partnership would require distributing products, the organization will need to consider whether the products are of use to its network, whether the products are worthy of such an implied endorsement, and whether the organization has a strong enough dissemination system to get the product into the hands of the people who will use it. If the company hopes to boost its image through the partnership, the organization will need to consider whether the business's past conduct will damage the nonprofit's reputation. Being prepared to make this assessment will help stop a social sector organization from making bad choices when confronted with seemingly good deals.
[7] Minette E. Drumwirght, "Company Advertising with a Social Dimension: The Role of Noneconomic Criteria," *Journal of Marketing* 60 (October 1996).
[8] For example, *Advertising Age*, *Brandweek* and *The Licensing Book* help organizations understand not just the baseline financial information and industry position of the companies they are targeting, but also their current marketing and other business strategies. Organizations such as Businesses for Social Responsibility and the Social Venture Network are also good resources
[9] Vickie Tassan, "Advise For Working with Banks," keynote address at the AmeriCorps Renewal Conference in Baltimore, Maryland, 8 November 1995.
[10] Rackham, 101.
[11] Ibid.
[12] Rosabeth Moss Kanter, "Collaborative Advantage: The Art of Alliances," *Harvard Business Review: Strategic Alliances,* (January- February 1995): 34-46.
[13] Andersen Consulting.
[14] Kanter, 43.
[15] Ibid., 38.
[16] Daniel Kadlec, "The New World of Giving," *Time*, 5 May 1997.
[17] Conference Board, 1993, as cited in Andersen Consulting.
[18] Kanter, 38.
[19] Rackham, 127.

[20] William Berquist, Julie Betwee and David Meuel, Building Strategic Relationships: How to Extend Your Organizations Reach through Partnerships, Alliances and Joint Ventures, (San Francisco: Jossey-Bass, 1995), 80.
[21] Kanter, 41.
[22] Writers from both the business and social sector fields support this point of view. See for example Larraine Segil, *Intelligent Business Alliances: How to Profit Using Today's Most Important Strategic Tool*, (New York: Random House, 1996), 133; Henrietta S. Schwartz, "Introduction," in Henrietta S. Schwartz, ed., *Collaboration: Building Common Agendas* [Teacher Education Monograph No. 10](Washington, D.C.: ERIC Clearinghouse on Teacher Education, 1990), 2.
[23] Kanter, 41.
[24] Yves L. Doz and Gary Hamel, *Alliance Advantage* (Boston, MA: Harvard Business School Press, 1998): 151-52.
[25] Ibid., 42.
[26] There is an entire industry devoted to strategic planning–there are many excellent consultants, books and resources on the market to aid in this process. We don't attempt to elaborate here. Rather, once both parties have made the decision to make a long-term commitment, we simply encourage them to engage together in a planning process. We do not advise, as Microsoft and the American Libraries Association did, that the process be a see saw, with one group floating a proposal and the other responding. Instead, we suggest the partners work together to seek consensus on several important elements. With their experience working together in mind, along with any results about their initial transactions, they should reassess their vision for the relationship and redefine goals and objectives. They should identify measures of success, and commit resources to a continuous improvement process. Finally, they should adjust as appropriate the decisionmaking, staffing and other structures of the arrangements.