Advancing Together
The Roles of the Nonprofit Board in Successful Strategic Alliances

Revised, 2011
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**Mission**
Our mission is to foster effective risk management practices and the overall development and advancement of nonprofits through unique, creative initiatives.

**Ten Things Series for Nonprofit Boards**
Welcome to this series of short briefing papers for nonprofit board members. Whether a seasoned leader or first-time trustee, there is a continual need to revisit the expectations and demands of the critical board member roles in steering, supporting and safeguarding nonprofit organizations. In this series, First Nonprofit Foundation has identified topics of particular interest to board members and will provide digests of time-tested wisdom, emerging thought, and the insights of highly experienced practitioners. We trust these papers will succeed in helping nonprofits to develop and advance. As always, we welcome your comments and suggestions.

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*Advancing Together: The Role of the Nonprofit Board in Successful Strategic Alliances*

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*Shaping the Future: The Board Member’s Role in Nonprofit Strategic Planning*

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Nonprofit leaders have a rich history of weaving alliances of all forms, which bodes well given the current sector-wide emphasis on effectiveness, efficiency and making an impact that contributes to long-term positive change. Strategic alliances can improve organizations' ability to advance the mission and serve their customers—by achieving a scale that increases the availability or types of programming and by making a deeper impact through the capabilities of several partners. Successful strategic alliances strengthen organizational capacity and quality, expand knowledge and connections, and enhance effectiveness through collaborative leadership, combined staff and volunteers, joint fundraising, and shared technology and facilities.

Alliances take a wide range of forms and may involve partnerships among nonprofits or a mix of nonprofits, businesses, and government. One way to conceptualize the various forms of alliances is to view them along a continuum of intensity from occasional cooperation to regular coordination to “low intensity” collaboration to strategic alliances and, in some cases, to merger.

_Humankind has not woven the web of life. We are but one thread within it. Whatever we do to the web, we do to ourselves. All things are bound together. All things connect._

—Chief Seattle, 1854
Strategic alliances (near the far end of the alliance continuum, but not necessarily leading to merger) are an excellent way for nonprofits to expand their reach by joining forces. This can be especially true in tight fiscal circumstances, where joint actions can achieve more than any one organization could acting alone. Partners share resources, risks, and rewards and participating organizations may become legally connected.

While challenging to form and sustain, strategic alliances that do succeed offer new solutions to complex problems and enable partner organizations to make the most of innovative opportunities. In some arenas, strategic alliances are an absolute necessity to ultimately succeed on mission. In domestic violence prevention, for example, there are proven models of in-depth collaboration across community systems including comprehensive Family Justice Centers\(^1\) where emergency and long-term services are provided by multiple agencies. These large-scale strategic alliances are making a meaningful difference in permanently reducing domestic violence homicides and helping survivors to rebuild their lives.

Whether engaging in large-scale undertakings or two-organization projects, nonprofit boards are key to ensuring strategic alliances provide the maximum possible benefits to their customers, communities and their organizations. Members of nonprofit boards have a special responsibility regarding strategic alliances, because such alliances may affect the fiduciary and other obligations of the board. Working together with their chief executive and designated staff, board members should build their knowledge regarding the different purposes and forms of strategic alliances and then exercise their governance and support roles.\(^2\)

In this booklet, you will learn about ten roles of the board member when considering strategic alliances:

1. Understand the different purposes and forms of strategic alliances
2. Ensure that alliances fit with mission and vision
3. Create governance policies for strategic alliances
4. Assess the benefits and risks of strategic alliances
5. Assess possible structures for strategic alliances
6. Assist with developing alliances and documenting alliance agreements
7. Formally approve strategic alliances
8. Prepare for sharing power and control
9. Provide oversight and support for strategic alliances
10. Capitalize on synergies
Nonprofit organizations and those they serve benefit from strategic alliances in significant ways. As documented by Amelia Kohm, David LaPiana, and Heather Gowdy in their study of alliances, Strategic Restructuring, the most important goals and resulting benefits of strategic alliances are:

- Increased services.
- Increased programmatic collaborations.
- Increased market share/competitiveness.
- Increased funding.
- Increased administrative capacity/quality.³

One success can lead to another. With the hard lessons, confidence, and synergies gained through participation in strategic alliances, many nonprofits go on to seek new and expanded partnerships. However, experience also spells caution. Alliances require in-depth commitments of organizational resources including management and governance time and attention—sometimes large amounts over extended periods. And sometimes, despite careful planning and best efforts, alliances come to naught. Nonprofit boards are wise to appraise and balance the benefits, risks and costs of strategic alliances as they guide and monitor their organizations’ approaches.
Members of today’s nonprofit boards need a basic understanding of the nature and purpose of strategic alliances. While there are many terms used in the literature to refer to strategic alliances, there are basically three different forms—joint programming, joint operations, and joint venture corporation.

**Joint Programming**
In joint programming, two or more organizations create new projects or significantly modify or expand existing programs in order to have an impact beyond what one organization might achieve alone. Programming is broadly defined here to include direct services, performances and exhibitions, advocacy, research, publications—the myriad nonprofit undertakings. Expansion may include services to new populations, work in new geographic areas, programmatic affiliations with regional, national, or international networks, and so on. Specific structures and terms related to this kind of alliance include co-sponsorship, partnership, network, coalition, consortium, collaborative, and the like. Joint programming will typically use the assets of each organization. Such assets might include unique access to target audiences, a strong public image, links to powerful officials, established regional, national, or international affiliations, or specific knowledge or skill sets.

**Joint Operations**
Often called a “back-office consolidation,” administrative services are shared by two or more organizations in a combined infrastructure. This may include facilities, fleet, technology, staff—from receptionists to chief executives—and even integrating whole departments such as human resources or accounting. Joint operations can create efficiencies while enhancing effectiveness, such as joint capabilities for sophisticated web site offerings that would be out of reach of a lone organization. Joint operations can also build “bench strength.” Alliances allow greater breadth and depth of expertise in administrative functions than most nonprofit organizations can afford alone. Extending to the role of executives, alliances provide the opportunity for top managers to contribute their expertise to more than one organization and for a chief executive to serve more than one organization on an interim or permanent basis.
**Joint Venture Corporation**

A joint venture corporation is a new nonprofit or for-profit corporation created by two or more participating organizations to accomplish a specific programmatic or administrative purpose. The separate entity is often developed to address complex legal, liability, marketing or financial issues, or to address an opportunity that requires a new “arm’s length” organizational form. Examples are:

- Management Service Organization: joint operations are provided through a separate corporation, which is owned by the partner organizations.
- Nonprofit or for-profit “social enterprise”: a social mission is combined with the goal of realizing net profits.
- Parent-subsidiary relationship: one organization experiences a type of “cell division” in which a program or initiative emerges as a new interlocking corporation.

The major factors that move partner relationships toward these intensive alliances are:

- Prior experience in working together and forming alliances. Interest in forming a more intense relationship often grows out of successful experiences with lower intensity partnerships such as cooperating on a special event or participating in a collaboration.
- Scope and nature of goals to be accomplished. Typically the larger and more encompassing the goals, the more intense the relationship.
- Permanency of alliance or expected timeframe for accomplishing goals. The more permanent the alliance, the more intense the relationship.
- Type and number of organizations involved. As more organizations become involved in an alliance, there is a greater need to clarify the relationships through a defined structure with clear written expectations.
- Source and type of funding and resources available. Funders with a positive history of supporting strategic alliances are likely to take an interest in higher intensity/higher value partnerships.

Understanding the purpose and forms of strategic alliances allows nonprofit boards to more easily envision their potential, while not ignoring their pitfalls.

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**2. Ensure That Alliances Fit with Mission and Vision**

Many nonprofit organizations are addressing strategic alliances in their planning by identifying them as important elements of their vision, goals, and strategies. As part of any planning or visioning process, board members, with their broad “big picture”
Many nonprofit organizations are addressing strategic alliances in their planning by identifying them as important elements of their vision, goals, and strategies. As part of any planning or visioning process, board members, with their broad “big picture” view of the organization and the community, should intentionally look for synergies available through alliances.

In the course of planning, the board members of organizations that want to be open to alliance in the future should answer the following questions:

- What opportunities are there for us to maintain or pursue strategic alliances?
- What organizational resources and capabilities are required to successfully form and sustain strategic alliances?
- How might specific alliances advance our mission and benefit our primary customer, community, or service recipients?
- How might potential benefits stack up against risks and costs?
- How does a specific alliance opportunity fit with our mission, vision, and strategic plan?

The board’s ongoing planning role includes identifying and examining opportunities to form and sustain alliances as well as analyzing the risks and costs. By answering strategic questions, the board can help ensure that alliances address significant community needs and advance the mission and vision. In addition, board members can see to it that alliances are sound investments of organizational and community resources.

3. Create Governance Policies for Strategic Alliances

The board’s policymaking role for strategic alliances is a neat fit with core governance responsibilities in direction-setting, risk assessment, oversight, and support. Boards should develop a policy framework that encourages alliance development and defines the threshold of investment and intensity that triggers a formal governance review. Most nonprofit organizations already have policies that define at what levels the organization’s expenditures and contracts must be reviewed, approved, and overseen by the board. Alliances require similar policies. Boards need to call for a formal review:

- When the resources to be committed to a strategic alliance reach specified levels.
- If a strategic alliance has the potential to affect the organization’s “brand.”
- Whenever joint operations, high intensity joint programming, or new organizational structures are contemplated.
Additionally, the board should define:

- Its expectations and roles in oversight of individual strategic alliances.
- The roles of committees, task forces, and individual board members in working together with the chief executive and designated staff to monitor and support strategic alliances.
- How and when it will assess whether alliances are becoming “too much of a good thing.”

To carry out its policymaking role for strategic alliances, the board should create a policy statement that encourages exploration and development of strategic alliances. This statement may identify the conditions under which the organization will consider participation in strategic alliances (for example, when services would be enhanced, when the number of people served would be significantly increased, when costs would be deeply reduced, or when operations would be improved by significant sharing of staff or physical infrastructure). It could set the investment level, reputational risks, or contract conditions that require an alliance to be formally reviewed by the board.

The board should develop structures and responsibilities for the oversight and support of specific alliances, including:

- The board’s accountabilities and representation on joint governance or oversight bodies.
- The content and timetable for required programmatic and financial reports.
- The roles for the chief executive and designated staff on board committees, task forces, and individual board members.

Finally, the board policy should call for a periodic review of the organization’s “portfolio of alliances” in which board members analyze the significant staff, resource, and governance implications of developing and maintaining multiple strategic alliances. This may lead to:

- Analysis of opportunity costs: Are there better things we could be doing with our time and resources?
- Restricting the number of complex alliances engaged in at any one time.
- Working with the chief executive to ensure sufficient management capacity for complex alliances, including possible consultant contracts or new staff positions dedicated to developing and managing the organizations’ partnerships.
Assess the Benefits and Risks of Strategic Alliances

When a new or ongoing alliance reaches the organization’s defined threshold of investment and intensity, the board—together with management—should initiate a formal governance review. This step precedes approval of a strategic alliance and commits the board and staff to explore the following questions:

1. What is the purpose of the strategic alliance?
2. How would the alliance fit with the mission, vision, and goals?
3. How would the alliance lead to improved or expanded programming which the organization is not able to provide on its own?
4. How would the alliance lead to improved infrastructure?
5. How might the alliance affect the organization’s brand?
6. Would the alliance provide for greater staff depth for the partnering organizations?
7. What will be the required short-term and long-term investments of both financial resources and people’s time?
8. How will the risks presented by the alliance be addressed?

In order to conduct an effective review of an alliance, the board should ask for an analysis of the assets (funds, staff, volunteers, and use of facilities and equipment) that will go into the project and what results are expected for customers, the community, and the organization. Discussions should address both the short- and long-term horizon. Board and staff must know what they are getting into and how long it will take to achieve desired results.

The easiest area to underestimate is the time and energy required to develop and manage successful strategic alliances. And the easiest area to overestimate is the speed at which there will be an actual return on these investments. Complex alliances often take a year or more for any significant impact to be realized because planning and start-up phases are slowed by shared decision-making processes and complicated arrangements. For example, it may take months to plan a new program, establish the necessary support systems, train staff and volunteers, and market the program before even one client is seen. Alliances require patience on the part of funders and donors who press for demonstrated success, patience on the part of management and staff when work does not bring results quickly (it can be discouraging to spend time planning and starting programs without seeing an immediate impact), and, for the above reasons, patience on the part of the board.

Alliances require dedicated staff time. Training and development of specific skills may be required as well as organizational change. As a participant in a study on...
partnerships reports, “To collaborate takes so much more time, effort, patience… People work so hard just to keep their own organization running… Then, with collaboration, they’re maxed out.” Staff who experience the alliance as a better way to accomplish their job, and not as an add-on to an already full job, will more likely be confirmed champions of the alliance. Organizations address the staffing demands of alliances in a variety of ways:

- Acknowledge a shift in the roles of the chief executive or other staff
- Assign alliance support roles to board committees, task forces, and individual board members
- Contract for assistance from an outside consultant or firm
- Make plans and seek funds for additional administrative support or an “alliance coordinator” position
- Decide they do not currently have the capacity to pursue a particular alliance

Board members’ time can be stretched because strategic alliances require advance review of materials and discussion time at board meetings. Individual board members also may participate in a task force, advisory group, or oversight committee responsible for developing, monitoring and supporting a strategic alliance. In addition, there are many potential shoulder-to-shoulder roles with staff for individual board members—from providing legal counsel, to assessing real estate options, to helping develop branding strategies, to designing management information systems.

Bottom line, the board must feel confident that the organization’s strategic alliances are worthwhile. And whenever exercising its role in a formal governance review, the board must work closely with the chief executive and designated staff to address the board’s questions so that it can exercise its responsibilities at a meaningful and appropriate level of detail.

5. Assess Possible Structures for Strategic Alliances

All too often boards are first introduced to a strategic alliance by being asked to take action on forming a specific kind of structure to implement an initiative. When this happens, board members need to slow the process down—potentially take one step back (in timely fashion)—and then proceed to assess what structure is the best fit for the purpose.

In the initial stages of forming an alliance, partners will want to think about how formal the alliance needs to be—whether it requires a handshake, a Memo of
Understanding (MOU), a formal contract, or a new legal structure. As Hoskins and Angelica state in *Forming Alliances*, “For most organizations, it makes sense to form the least complex alliance and still get the job done. Too often organizations create alliance structures that are more complex than necessary to accomplish the goals of the project.”

Board members need to understand a proposed structure from the standpoints of financial mechanisms, governance and management implications, and legal underpinnings. They should always ask questions about simpler alternatives or interim staging to determine if there is a less complicated way to proceed. Finally, the board needs to grasp the implications of a proposed structure for both board and staff time and energy. This last concern ensures that the structure does not present a burden that will have an adverse impact on other organizational commitments.

Many alliances seem to start small at the more autonomous end of the alliance continuum and begin to press structural questions as they grow more intense. This evolution may occur because:

- The leaders of partnering organizations develop a sense of trust in each other over time, which leads to the confidence to create a more complex alliance
- As the partners in the alliance work together, they see ways to have a bigger impact which may require a more formal structure to capitalize on greater opportunities
- After operating in a more informal structure, partner organizations see rising risks, costs, or revenues and decide that they need a more formal structure to address the inherent liability and financial issues

There are two general types of structures that undergird strategic alliances:

- **Less formal structures defined by MOUs between partnering organizations.** MOUs spell out the specific roles and commitments that each organization is assuming and tend to be shorter-term so that partners can respond to the changing needs of the alliance. For example, one alliance partner may initially take on the role of “fiscal agent” wherein they accept, administer, and have legal oversight of alliance funds. Because MOUs are official agreements, they establish mutual accountability and should be viewed as legally enforceable contracts. MOUs are frequently used to formalize strategic alliances, especially in their early stages, and should be subject to governance review when meeting the organization’s “intensity threshold.”
- **More formal legal structures created together by partnering organizations.** Whether supporting joint programming or joint operations, these formal structures are longer-term, strengthen mechanisms for mutual accountability and always meet the threshold for governance review. Many formal alliance structures can be put in place without incorporating a new joint venture corporation, whereas some are ultimately best served by doing so.
The hallmark of a joint venture corporation is a structure in which alliance partners share governance powers. This can be accomplished through a parent-subsidiary relationship or establishing a new “shared ownership” entity. In both cases, the alliance structure defines alliance partners’ control through board composition and clearly delineated governance responsibilities.

There are technically 28 types of tax-exempt nonprofit organizations noted in the IRS codes (which covers everything from credit unions to churches to the National Football League)—and so the board will need advice in sorting through its options. John Harbison and Peter Pekar speak to the multitude of structures possible in their book, Smart Alliances, with the following: “There are no one-flavor-fits-all structures… The alliance structure needs to be tailored for each company because the critical issues, challenges, and degrees of freedom differ significantly from one opportunity to the next.” When considering which corporate structure is most suited to an alliance purpose, it is always wise for boards to have counsel from specialized consultants, attorneys, insurance advisors, and certified public accountants with solid background in relevant nonprofit and for-profit options.

6. Assist with Developing Alliances and Documenting Alliance Agreements

Strategic alliances call on board members to fulfill responsibilities related to a key support role: engaging the community in the mission of the organization by building advantageous relationships. Board members bring a variety of personal resources to their service on the board—trusted personal relationships, professional knowledge and skills, and membership in networks such as Rotary, Chamber of Commerce, and professional or community groups. Board members can continually scout for partnership opportunities and, in close coordination with their chief executive, act as liaisons to other organizational and community leaders. Board members—as well as their business and personal contacts—may also contribute specific expertise, skills, and knowledge to developing an alliance and documenting an alliance agreement.

An intensive and rewarding role for board members is to join their chief executive or designated staff on task forces with representatives of partner organizations to develop the written agreements, plans, and legal documents that define the purpose, structure, and working relationships for a strategic alliance. As when considering the merits of differing legal structures, it is always important to seek reliable counsel...
or facilitation from experts. Many alliances begin with a positive personal association between leaders who share enthusiasm for seeing a great idea come to life. However, once an alliance moves from the “great idea” stage to the implementation stage, a broader set of insights and relationships become critical.

“Prior to committing to a partnership, nonprofits need to work out each partner’s role, responsibilities, and goals,” counsels Francie Ostrower. “Skipping or skimping on this planning stage is a false economy. In the process, they can surface potential tensions and difficulties at the outset—find ways to work around them, or decide they are too severe to warrant continuing before they go further.”

Pre-planning provides an opportunity to build trust between partners. As Karen Ray points out in *The Nimble Collaboration*, “Trust is a key indicator of the potential for success. Trust happens as you work. Build trust by sharing data and clarifying expectations.” Among the many important topics for partners to successfully communicate about and negotiate are:

1. Defining the alliance purpose and structure
2. The major benchmarks and overall plans for developing the alliance and implementing its activities
3. Initial and longer-term budgets for the alliance and who will bring what resources to the table
4. How new resources will be obtained and administered by alliance partners
5. How the partners will manage liabilities and risks
6. Who will have what management responsibilities
7. How confidentiality and sensitive records will be handled when individuals are being served by more than one organization
8. How the alliance itself will be “branded” and the ways in which each organization will be publicly recognized as a participant
9. How partners will address difficult negotiations and situations in which there is a potential conflict of interest or problem with competition
10. “Entry” and “exit” provisions covering required investments and how assets and expenses will be divided upon concluding an alliance
11. What mechanisms will be put in place for ongoing communication and appraisal once the alliance is up and running.
12. What documents and proposals will be prepared for the partners’ boards to review and approve

The development and nurturing of alliances entails a complex set of undertakings. As there is a deeper sharing of resources, risks and rewards among the partnering organizations—or an increase in the number of partners—it becomes ever more important for expectations and roles to be specified in writing. This reduces misunderstandings, ensures accountability, and aids continuity when there is turnover in board and staff participants.

*6. Assist with Developing Alliances and Documenting Alliance Agreements*
7. Formally Approve Strategic Alliances

Ultimately, there should be a board vote to approve a proposed alliance agreement, whether it is in the form of an MOU, contract, or other legal document. All significant alliances should be formed or continued only with formal board approval based on four governance responsibilities:

- **Strategic**: Forming the alliance must advance the mission and vision and address one or more of the organization’s strategic goals.
- **Fiduciary**: Board members are responsible for ensuring that the organization’s resources are used in a way that minimizes risk and that ensures a fair return on investment both for the organization and the community. A “fair return” is a values-based discussion—what good, for whom, at what cost.
- **Brand protection**: Board members need to be vigilant in protecting the organization’s reputation, especially when alliances are high profile or high stakes.
- **Public representation**: Board members must understand and approve strategic alliances so they can represent their organization and its alliances to the public.

The following questions should be answered to the board’s satisfaction before taking formal action to approve a strategic alliance:

1. What is the purpose of the alliance and how does it advance the organization’s mission and vision?
2. What are the benefits to primary customers, the community, and for the organization?
3. Who are the partners?
4. What are the major benchmarks for the alliance?
5. What is the structure of the alliance?
6. How are the organization’s costs for the alliance covered?
7. How are the organization’s risks in the alliance addressed?
8. How does the alliance fit with the agency’s management capacities?
9. How will the board be involved in ongoing oversight and support?
10. How will the success of the alliance be evaluated?

The board’s oversight role and expectations should be spelled out when approving a particular strategic alliance. In the early stages, the board may call for more frequent reports, but as time goes on and a track record is established, reviews may be less frequent.
8. Prepare for Sharing Power and Control

One of the biggest influences on successful strategic alliances is the mindset of the organization’s leadership. Nonprofit board members are trained to provide fiduciary oversight, which should translate to appropriate controls regarding use of the organization’s assets. However, what belongs to whom in a strategic alliance is not always crystal clear. In forming and maintaining a successful alliance, it is necessary to give up some control and determine how decision-making power will be shared. As Hoskins and Angelica note in *Forming Alliances: Working Together to Achieve Mutual Goals*, “… it is too simplistic to say a direct link exists between releasing control and gaining more resources; each organization must determine for itself how much control it is willing to give up for an opportunity to gain resources.”

Practically speaking, there are several principles that board members should keep in mind when sharing power and control:

- In alliances, self-interest is a good thing. Those who represent a participating organization need to ensure that the self-interests of their own organization are clearly stated. Understanding and honoring the various self-interests around the table makes it safer and easier to share decision-making.
- Many alliances make decisions based on arriving at a consensus among the partnering organizations. Achieving consensus means that the decision is one that every partner can live with rather than the preferred solution of any one organization. The board needs to know its “bottom lines.”
- When engaged in joint programming or operations, staff employed by one organization may take some of their work direction from an alliance partner. It is important to recognize this and reflect it in human resource policies.
- Since tasks are shared, accountability is also shared. For alliances to work smoothly, the partners need to hold each other accountable for their commitments. Not to do so damages the long-term prospects of the alliance.

Authors Yankey, Jacobus, and Koney of the Mandel Center for Nonprofit Organizations provide a good summary in *Merging Nonprofit Organizations: The Art and Science of the Deal*. “The types of alliances organizations enter into depend on the overall goals for these [alliances] and, in large part, the degree of autonomy potential partners are willing to give up to achieve their goals. Balancing these aspects of the relationship requires a comprehensive understanding of the organizations involved as well as the ability to weigh the goals of the organizations with the long-term costs and benefits of the relationship.”
Provide Oversight and Support for Strategic Alliances

Responsibility for monitoring and supporting the progress of a strategic alliance is usually delegated to a board committee or task force that works closely with the chief executive or other designated staff. In some cases, a joint task force is formed including board and staff of the partnering organizations. Outside facilitators are frequently engaged to work with alliance partners on planning and implementation, and to guide formal evaluation processes.

When partnering with the chief executive and designated staff in hands-on oversight and support roles for a strategic alliance, board members should keep in mind that no alliance occurs without a few stumbling blocks. Problems—as well as unforeseen opportunities—are best addressed when communication occurs promptly and candidly. The keys to supporting strategic alliances include:

• Monitoring progress toward established benchmarks.
• Partners’ willingness to be honest (and tactful) about their concerns.
• Commitment to illuminating options and working things through—often with the help of a skilled facilitator.
• Regular progress reports to the board and timely response from the board on any pressing issues.
• Enough flexibility on everyone’s part to keep reorganizing as necessary.
• As warranted, taking steps toward a positive conclusion and celebrating alliance achievements.

Leaders who are experienced in creating and managing successful alliances understand how vital trust is among partners. Setbacks or recurring problems are typically due to two causes: relationships that are not working effectively or a structure that does not suit the alliance’s purpose. Signs of relationship difficulties include:

• Lack of attendance at meetings or lack of follow-through with assigned tasks.
• Excessive time spent in meetings, gathering data, or discussing processes and plans rather than implementing projects.
• Lack of acknowledgement of short-term accomplishments.
• Interpersonal conflicts.
• Missed benchmarks.

Alliance relationships are complex—and can grow even more so over time. For example, membership changes (partners drop out, new members are added, board and staff members change) result in the need to revisit alliance agreements, refresh
the partners’ understandings of their roles and responsibilities, and build new relationships and communication channels.

The structure for a strategic alliance may become problematic because the basic purpose or focus of an alliance has changed—sometimes due to success. Or, monitoring may show that original alliance agreements did not cover key issues or were too restrictive and are now stifling progress. Even if the structure of the alliance was appropriate when the alliance started, it may eventually grow obsolete and need to be rethought. Signs of structural difficulties include:

- Monitoring progress toward established benchmarks.
- Persistent confusion over who does what.
- A need to update written agreements frequently to “patch holes.”
- Significantly different interpretations of elements of the alliance agreement.
- New opportunities or an expanded scope that may require a different structure.

Sometimes stumbling blocks in strategic alliances begin to appear as stonewalls. There are points when partners may need to step back and decide whether to recommit to the alliance and then do the difficult work of reorganizing and rebuilding. Sometimes a strategic alliance does not achieve its purpose and the inherent value in continuing must be questioned. There may be indications that a strategic alliance is no longer a worthwhile investment or that it has successfully accomplished all it can and should be concluded.

An important aspect of ending an alliance is marking and celebrating accomplishments. Whether capping off a true success or maneuvering a congenial parting, everyone who has played a part should have the opportunity to acknowledge the value of the alliance as a learning experience and collective effort to make the world a better place.

10. **Capitalize on Synergies**

Successful strategic alliances add up to more than the sum of their parts. Alliance partners hope for and expect to see the synergies that come from enlarging their circles and pooling their resources. Board members should watch for and help the organization to capitalize on foreseen—and unforeseen—synergies:

- By adding different disciplines or perspectives through partnerships, staff and board members are able to consider opportunities and challenges in new ways and develop innovative approaches across the organization.
• Combined resources often result in even greater opportunities for resource development.
• A successful experience whets appetites for new or significantly expanded projects with existing partners.
• As an alliance’s reputation grows, more organizations want to join the effort.
• Once partnering organizations have achieved success through an alliance, their reputation in the community attracts more ideas and proposals for what they might do.
• New networks and relationships lead to new opportunities (including prospective board members).
• Research conducted through an alliance points up what the community needs next—and positions the alliance partners to respond.
• Successful advocacy conducted through an alliance changes the landscape—and produces new opportunities for joint programming.
• Alliance leaders can show the way through demonstrating best practices or reducing the cost of doing business for an industry.
• Board members gain larger views of what is possible, which can influence a range of governance considerations.

Synergies are the prize in the Cracker Jacks box of strategic alliances. An alliance may produce all the partners’ hoped for results—or just some—but both foreseen and unforeseen synergies can be found if alliance partners know where to look and take action on what they see.

**Conclusion**

Strategic alliances advance the mission and offer significant benefits. Strategic alliances involve high intensity relationships where resources, risks, and rewards are shared, and decision-making power and public recognition are negotiated. The boards of nonprofit organizations are key to ensuring that strategic alliances provide the maximum benefits possible to their customers and communities. They ensure a mission and vision fit, understand the long-term nature of return on investment, align the purpose and structure of alliances, clarify bottom lines that empower their chief executive when negotiating agreements, assure necessary resources and staff, and oversee and support implementation. While a great deal of energy goes into creating and sustaining alliances, these successful efforts expand partner organizations’ ability to change their worlds and the world around them.
Endnotes


5 The Drucker Foundation, Meeting the Collaboration Challenge Workbook (p. 42–44)

6 Ostrower, Francie, The Reality Underneath the Buzz of Partnerships: The Potentials and Pitfalls of Partnering (p. 37)

7 Hoskins, Linda and Angelica, Emil, Forming Alliances: Working Together to Achieve Mutual Goals (p. 18), Fieldstone Alliance, 2005


9 Ostrower (p. 40–41)


11 Hoskins and Angelica (p. 18)

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VINCENT HYMAN, series editor, is an award-winning writer, editor, and publisher. After leading the development of the nonprofit publishing center at Amherst H. Wilder Foundation and the publishing program of Fieldstone Alliance, Inc., he founded Vincent Hyman Editorial Services, with expertise in nonprofit management, foundation effectiveness, policy, marketing, and related issues. He is editor of scores of books, coauthor of *Coping with Cutbacks: The Nonprofit Guide to Success When Times Are Tight*, author of numerous web and print articles, and has three decades of experience in writing, editing, and organizational communications.