Thursday, March 7, 2013

Workshop Objectives:

❖ Define what a strategic alliance is and learn the range of strategic restructuring agreements that exists.

❖ Understand the key differences between strategic alliances and collaborations.

❖ Discuss the importance of knowing your perspective partner(s) and understand why building trust is critical to any successful strategic alliances relationship.

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- ❖ Learn pro and cons of different types of strategic alliances and discuss some best practices.

- ❖ Begin to assess if your organization is ready to consider a strategic alliance and learn the steps needed for a successful strategic alliances agreement.

- ❖ Hear from a panel of local nonprofits that have diverse experiences with strategic alliances.

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Ground Rules:

❖ Be fully present and fully participate

❖ Speak your truth

❖ Respect all points of view

❖ Look for ways to learn from each other

❖ Listen, Listen, Listen, then respond

❖ Share the "air time"

❖ Honor confidentiality

❖ Enjoy the learning process

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Agenda

❖ **9:00 am**
  - ✓ Welcome and opening prayer
  - ✓ Review workshop objectives and ground rules
  - ✓ Complete pre-workshop assessment
  - ✓ Group Introductions/Ice-breaker activity

❖ **9:45 am**
  - ✓ Define strategic alliances and the types of agreements that exists
  - ✓ Discuss the differences between strategic alliances and collaborations

❖ **10:15 am**
  - ✓ Understand the importance of building relationships and trust in strategic alliances relationships

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- ❖ **10:30 am**
  - ✓ Break
- ❖ **10:45 am**
  - ✓ Discuss the pros and cons of different types of strategic alliances and learn some best practices
- ❖ **11:15 am**
  - ✓ **Activity:** Begin to assess if your organization is ready to consider a strategic alliance
  - ✓ Learn the steps needed for a successful strategic alliances agreement
- ❖ **11:45 am**
  - ✓ Break for working lunch
- ❖ **Noon**
  - ✓ Facilitated panel discussion

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- **12:45 pm**
  - ✓ Audience Q & A

- **1:00 pm**
  - ✓ Small group discussion

- **1:20 pm**
  - ✓ Complete post- workshop assessment
  - ✓ Next steps
  - ✓ Thank you
- **1:30 pm**   Adjourn

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Strategic Alliance

❖ A <u>Strategic Alliance</u> is a formal relationship between two or more parties to pursue a set of agreed upon goals or to meet a critical business need while remaining independent organizations.

❖ Strategic Alliances include:
   ✓ joint programming
   ✓ administrative consolidation

❖ In strategic alliances, a considerable amount of autonomy is retained by the individual partners.

Today's workshop

Today's workshop is about Strategic Alliances, but we will touch upon the full range of Strategic Restructuring, which includes mergers.

Strategic Restructuring

Strategic Restructuring is the deliberate, thoughtful, and formal process of two or more nonprofit organizations sharing, transferring, or combining services, resources, or programs.

- Strategic Integrations involve some changes in corporate structure, often a legal change.
- They are comprised of joint ventures, parent-subsidiaries, and mergers.

Strategic Alliances are one of the fastest growing trends for nonprofit organizations today.

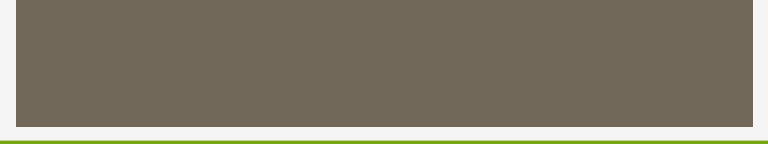**What do you think are some of some of the reasons for this?**

The environment in which nonprofits function today has changed dramatically.

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- In the face of these changes, nonprofit leaders have had to come up with creative strategies to strengthen their programs and build capacity and, at the same time, maximize valuable human and financial resources.

Human/ Financial Resources

Environment

Programs

Build Capacity

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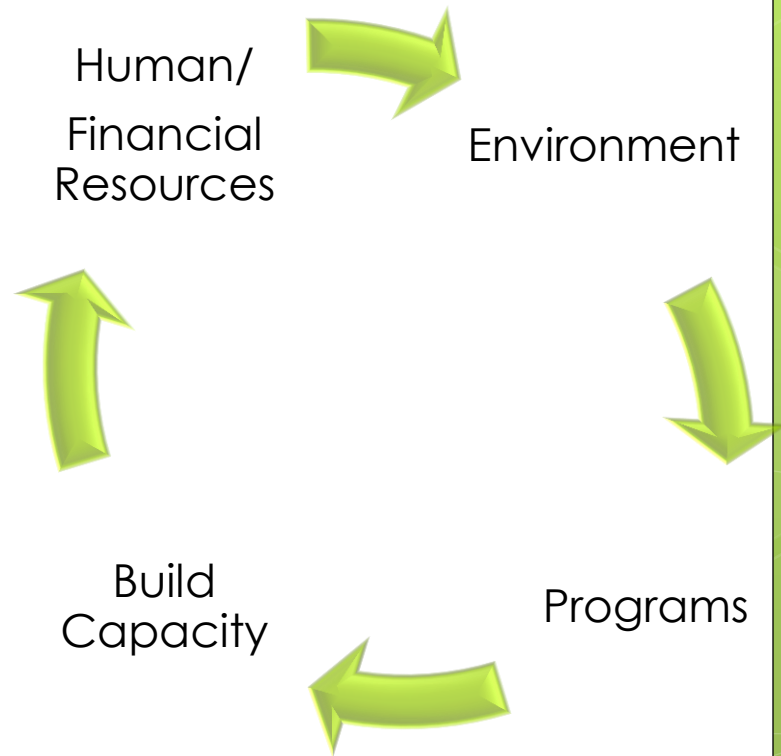
Generally, there are three reasons nonprofits consider entering into strategic restructuring agreements:

1. To have a more unified voice and greater influence.
2. To have greater economies of scale.
3. To have increased organizational efficiencies

Benefits for greater economies

- ✓ Strategic alliances can result in expanded programs and audiences
- ✓ Greater numbers of staff and stakeholders,
- ✓ Improved market share and geographic reach
- ✓ And the potential for increased access to funds and financial stability.

Increase Organizational Efficiencies

- ✓ Strategic alliances can result in integrating services and eliminating duplication,
- ✓ Combining systems and infrastructure,
- ✓ Reducing overhead
- ✓ And decreasing external competition for funding, staff, volunteers, or clients.

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Strategic Restructuring Categories

❖ The broad category of Strategic Restructuring falls into two categories: Alliances and Integrations

❖ Following are the types of Strategic Restructuring from Low risk to High Risk:

Low Risk

- ☐ Joint Programming
- ☐ Administrative Consolidation
- ☐ Joint Venture

High Risk

- ☐ Parent Subsidiary Management
- ☐ Service Organization
- ☐ Merger

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Joint Programming

❖ _Joint Programming –_ is one of the most common forms of alliances. It is referred to as partnering or collaborating.

❖ Joint programming is when two or more existing organizations partner together to achieve specific, significant, but limited programmatic results. The nonprofits all remain independently governed organizations, but share decision-making and service delivery for a specific program.

What are some examples of successful joint programming that you are aware of?

Administrative Consolidation

❖ *Administrative Consolidation –* involves exchanging or combining administrative functions for two or more existing organizations.

❖ Administrative consolidation could result in sharing programs, staff, facilities, or equipment, but requires no changes to organizational structure.

❖ The consolidation can be in one or more areas such as executive director, financial operations, human resources, communications and marketing, fundraising, or information technology.

What are some examples of Administrative Consolidations that you are aware of?

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Joint Venture

❖ _Joint Venture -_ involves a commitment to continue for the foreseeable future, shared or transferred decision-making power, and some type of formal agreement.

❖ A joint venture can also be in the form of a new separate organization that is created by two organizations to fulfill a specific program purpose.

What are some examples of Joint Ventures that you are aware of?

Parent - Subsidiary

❖ _Parent - Subsidiary -_ is a lesser-form of merger. It usually occurs when two organizations wish to merge, but some legal or financial reason makes a legal merger unwise. One organization takes over another organization, while keeping much of the programming and some aspects of the governance intact.

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❖ Administrative and programmatic functions are combined and overseen by the "parent". The subsidiary retains its own programmatic board of directors that is elected by and reports to the parent board.

What are some examples of Parent – Subsidiaries that you are aware of?

Management Services Organization

- *Management Services Organization –* is an integration that includes the creation of a new organization in order to integrate administrative functions and increase the administrative efficiency of participating organizations.

What are some examples of Management Services Organizations that you are aware of?

Merger

Merger – is the most extreme form of integration. Every aspect of the nonprofit organizations must be reviewed, combined, redefined, and ultimately restructured into one legal entity. Successful mergers require two organizational cultures to become one.

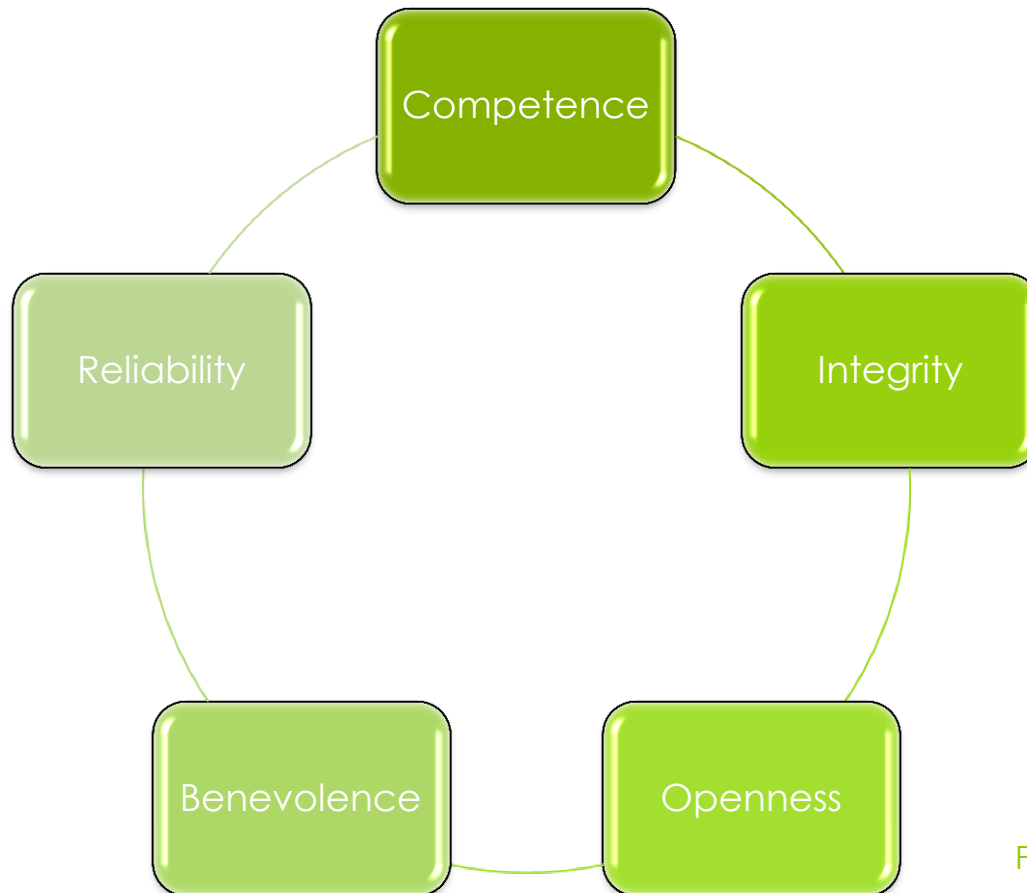**What are some examples of Mergers that you are aware of?**

Strategic Alliances can be a wonderful way for nonprofits to meet challenges, but only if:

- ✓ The nonprofit is ready for the alliance
- ✓ Chooses the right kind of alliance
- ✓ Finds the right partner (s)

Collaboration versus Strategic Alliance

- For purposes of this training, we are defining collaborations as informal agreements to work together and
- Strategic alliances as formal written agreements to work together

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Building Trust and Relationships

Competence

Integrity

Reliability

Benevolence

Openness

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Pros and Cons of Different Types of Strategic Restructuring

- **Joint Programming** – Can further programmatic mission, problems can occur if staff skills are not complementary
- **Administrative Consolidation** – Can increase administrative efficiency; problems can occur if organizational values are not similar
- **Joint Venture** – Opportunities to consolidate administrative, programmatic, or advocacy, problems can occur with sharing governance
- **Parent Subsidiary** – Goals are increased administrative and programmatic efficiency, challenge can be functioning as one organization, but legally being separate organizations
- **Management Services Organization** – Creates a new organization, problems can occur with the management of the new organization
- **Merger** – Involves dissolving one or more organizations, problems can occur creating a new organizational culture

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Considering Strategic Alliances

How to begin to discuss if your organization is ready to consider a strategic alliance?

- ❖ Driving forces for a strategic alliance
- ❖ Anticipated benefits of a strategic alliance
- ❖ Concerns regarding strategic alliance
- ❖ Desired Outcomes of a strategic alliance

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Strategic Restructuring Process

Exploration

Resolution

Negotiation

Decision

Implementation

Integration

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Resources

- The material presented in this workshop was based on the research of David La Piana – www.lapiana.org
- and
- Synopsis: Success Factors in Nonprofit Mergers – July 2012 www.wilderreach.org