



# Snapshots

Research Highlights from the Nonprofit Sector Research Fund

February 2001  
No. 15

**In This Issue:  
Advice for  
Collaborating  
Nonprofits**

## Working Together

### Nonprofit Collaborations, Alliances, and Integrations Improve Performance and Advance Missions

Nonprofits are experimenting with a range of partnerships and getting good results, say researchers in two recent studies funded by the Nonprofit Sector Research Fund. Both studies call for further investigation into the specifics of how and why such partnerships work. In "A Comparative Study of Rural Nonprofit Community Collaboration," Keith Snavelly and Martin B. Tracy (both of the Southern Illinois University, Carbondale) studied collaborative practices among 66 rural nonprofit organizations in seven counties of southern Illinois and six counties in the Mississippi Delta where rates of poverty and unemployment are high.

Organizations that work together in ways that are more permanent and formalized are profiled in "Strategic Restructuring: Findings from a Study of Integrations and Alliances Among Nonprofit Social Service and Cultural Organizations in the United States," by Amelia Kohm (Chapin Hall Center for Children at the University of Chicago), David La Piana, Alfredo Vergara-Lobo, and Heather Gowdy (La Piana Associates, Inc., Piedmont, CA). The researchers surveyed a broad cross-section of 192 nonprofit social services and cultural organizations in the United States and conducted in-depth case studies of selected partnerships. Their study suggests that nonprofits work together in three main ways:

- Collaboration — Organizations keep their decision-making power and make no permanent commitment.
- Alliances — Organizational decision-making power is shared or transferred, and the organizations will continue the alliance for the foreseeable future.
- Integrations — Corporate control and/or structure changes; one or more organizations may be created or dissolved.

Kohm et al. found that the organizations that engaged in strategic restructuring did so in order to better manage their operations (by eliminating service duplication, for example), to increase buying power, to lower costs, and to strengthen their competitive edge.

For a list of factors that facilitate nonprofit partnerships, see page 2. For research questions, see page 3.

### Meeting the Challenges of Collaboration

The two studies on nonprofit collaboration, by Snavelly and Tracy, and by Kolm et al., both suggest that nonprofit partnerships have so far been successful for the participants. Both studies revealed that nonprofits representing the full range of partnership possibilities experienced

increased programmatic collaborations with partner organizations, and increased services, administrative capacity and quality, and market share. Survey respondents in both studies also identified major challenges encountered in the change process, such as autonomy issues and territoriality, conflicting organizational cultures, and trust-building among organizations.

## “How to Be” advice for collaborating nonprofits

### Factors Survey Respondents Identified as Promoting Successful Partnerships:

- Leadership that believes strongly in the partnership and demonstrates this belief.
- Multiple forms of communication to keep all stakeholders—staff, board members, funders, and clients—up-to-date on plans, problems, and benefits of the partnership.
- Face-to-face communication with partner organizations in the form of meetings, trainings, parties, and other forums to build trust and understanding among staff members.
- Flexibility, even in the best-planned partnerships—an understanding that unforeseen issues will arise, mistakes will be made, and alternative paths identified.
- Early evidence of benefit to assure everyone that they are on the right track, such as better or less-expensive employee benefits or improved facilities.

From “Strategic Restructuring: Findings from a Study of Integrations and Alliances Among Nonprofit Social Service and Cultural Organizations in the United States”

### Collaboration Difficulties

Snaveley and Tracy found that leaders of rural nonprofits were committed to collaboration in spite of the difficulties of collaboration in rural settings. Difficulties include geographically scattered clients who may have limited access to transportation, limited community resources, low staff salaries, and resistance to service offerings (mental health, for example).

Committed, strong leadership was a key to successful collaboration among these nonprofits, as were the interpersonal connections that came from being among a small number of agencies in a given community, say the authors. They also found that collaboration was affected by the administrative and policy environments within which the nonprofits existed. For example, Illinois state government initiatives led to collaborations that were more formalized and regional in scope than those in Mississippi.

Snaveley and Tracy identified the most common collaborative activities in their study of nonprofits: Case management activities such as receiving and making client referrals were common and were often formalized through memoranda of agreement that specified the terms of collaboration. The nonprofits often participated in extensive information-sharing, planning, and problem-

solving networks. Some very small nonprofits were given financial support by other local nonprofits. There was occasional resource-sharing such as loaning staff for a special project or offering a training session at reduced cost.

Most of the nonprofits in the study were not interested in diminishing organization boundaries. For example, there was very little interest in adopting common service-delivery procedures, guidelines, and assessment strategies. The researchers point out, however, that this lack of interest may be due to procedures and policies imposed by government grants, regulatory bodies, and accrediting agencies.

Snaveley and Tracy argue that rural nonprofits have the dedication and capacity to collaborate. “Government mandates, philanthropic grant regulations, and collaborative management strategies need to take into account their unique social, economic, and organizational conditions, but working to orient rural nonprofit leaders to collaboration may not be necessary,” they suggest.

### Strategic Restructuring: Alliances and Integrations

Kohm et al. explain that strategic restructuring occurs when two or more independent organizations forge an ongoing relationship to increase administrative efficiency and advance the programmatic missions of the organizations through shared,

transferred, or combined services, resources, or programs. This restructuring can range from jointly managed programs and consolidated administrative functions to full-scale mergers. They find two major types of restructuring and further sub-types.

Alliances share or transfer decision-making power, establish a formal agreement, and commit to continue for the foreseeable future. They may take the form of administrative consolidation, which includes sharing, exchanging, or contracting administrative functions, and joint programming, which includes jointly launching and managing one or more programs to advance the programmatic missions of the organizations.

Integrations change corporate control and structure to create or dissolve one or more organizations. The researchers identify four sub-types of integration:

- o A management service organization creates a new organization to integrate administrative functions and thus increase the administrative efficiency of participating organizations.
- o A joint venture creates a new organization to advance a specific administrative or programmatic goal of two or more organizations that will share governance of the new organization.
- o A parent-subsidiary structure combines administrative functions and programmatic services to increase efficiency and program quality by creating a new entity or designating an existing organization to oversee another.
- o A merger integrates all administrative and programmatic functions of one or more organizations to dissolve them and make them part of the other organization's structure or to dissolve both organizations to establish a new one.

Most of the organizations began strategic restructuring because of at least two out of three factors:

- o A sudden interruption of the status quo (due to a fiscal crisis, leadership change, or significant opportunity, for example)
- o Forward-thinking leaders who successfully shepherd a strategic restructuring in spite of opposition
- o A real, perceived, or predicted climate change that calls for a different way of doing business (for example, reductions in public grants or contracts or the implementation of managed care policies).

In accounting for the factors that lead to successful restructuring, the survey respondents stressed the importance of being “forthright, flexible, and focused on the big picture.” (See the “How to Be” on page 2 for more specific factors).

Readers may obtain “A Comparative Study of Rural Nonprofit Community Collaboration” and “Strategic Restructuring: Findings from a Study of Integrations and Alliances Among Nonprofit Social Service and Cultural Organizations in the United States” by contacting The Aspen Institute's Publications Office at (410) 820-5338.

#### QUESTIONS FOR FURTHER RESEARCH

##### On Collaboration

- How do social, economic, and organizational conditions impact collaboration?
- What internal and external conditions spawn success and failure?
- What is the impact of public policy on nonprofit collaboration?
- What are best practices in collaboration?
- What are the financial costs of collaboration?

##### On Strategic Restructuring

- What are typical life cycles of strategic restructuring partnerships?
- Do organizations tend to begin with more informal collaborations before considering increasingly formal arrangements?
- What factors tend to cause movement from one type of partnership to another?
- How do federated organizations structure their relationships with their affiliates?
- How do the benefits of these relationships compare to those of strategic restructuring?
- What are the motivations, costs, benefits, and challenges of various types of alliances?
- What is the measurable impact of strategic restructuring on organizations?
- How are cross-sector partnerships similar to and different from nonprofit-nonprofit partnerships?
- How do organizations that choose to do strategic restructuring differ from those that do not?
- How do failed strategic restructuring experiences compare to successful ones?

From “A Comparative Study of Rural Nonprofit Community Collaboration” and “Strategic Restructuring: Findings from a Study of Integrations and Alliances Among Nonprofit Social Service and Cultural Organizations in the United States”

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