



## Developing Effective Partnerships Between Non-Governmental Organizations and Corporations

by Susan Rae Ross

### A. Why Should NGOs Partner with Corporations?

Partnerships between non-governmental organizations (NGOs) and corporations are unique because they are both private sector entities, but their missions, motives and desired results are quite different. In his book, *The Collaboration Challenge*, Dr. James Austin coined the term “cross-sectoral partnerships to describe relationships between organizations that work in different sectors, such as NGOs and business.

Before continuing it is important to address a common misconception. Partnerships between NGOs and corporations are not public-private partnerships (PPPs). The latter, which receive a great deal of attention, are partnerships between a government agency, such as United States Agency for International (USAID)/ Global Development Alliance ([http://www.usaid.gov/our\\_work/global\\_partnerships/gda](http://www.usaid.gov/our_work/global_partnerships/gda)), and a for-profit entity. Many NGOs receive funds to implement these GDA partnerships, and in so doing create multi-stakeholder (public, private and NGOs) partnerships. The focus of this article is the direct relationship between NGOs and corporation.

These relationships are important for three key reasons. **First**, globalization and the technology revolution have made the world smaller, but the nature of our problems is more global in scope and complex in nature. For example, diseases such as HIV/AIDS and Swine Flu easily transcend national borders, requiring cooperative surveillance and treatment. Another example is climate change, which has many sources with widespread impact requiring actions at multiple levels. There are no silver bullets. The more interconnected the world becomes the broader the ripple effect individual actions have on the entire interdependent system. **Second**, more people are affected by these problems. Income inequities are growing throughout the world. A recent report found that the income of the top 10% of Europeans is nearly nine times that of the poorest citizens; in the US the gap is 16 times greater<sup>1</sup>. These disparities are much greater in developing countries and will only worsen with the current economic crisis. The International Labor Organization predicts that global unemployment could rise by 20 million to 190 million people and that the number of people working for less than the US\$2 per day will rise by 100 million. **Third**, the current development approaches have received inadequate resources resulting in limited systematic changes.

Therefore, the only way to address the growing complexity of problems that affect more people is to create new paradigms that maximize core competencies of each sector to develop innovative and sustainable solutions. In addition, more and different types of resources—money, skills, and networks—are required to address existing and emerging issues.

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<sup>1</sup> OECD Report Growing Unequal? : Income Distribution and Poverty in OECD Countries, October 2008

## B. What are the Benefits and Challenges?

NGO-corporate partnerships are growing in number and importance due to the reasons above, as well as, reductions in government funding in many countries and the rise in influence and power of business on society. For example, In 2005, Wal-Mart had revenues of \$285.2B, which was larger than the combined GDP for all sub-Saharan Africa countries<sup>2</sup>. While it may be important for NGOs and corporations to partner, there are risks and benefits that need to be assessed for organization.

NGOs and businesses have many assets they can offer each other. **NGOs** often do not quantify the assets that include their: 1) field presence (e.g., country office infrastructure); 2) understanding about local context, conditions and relationships with local communities that can greatly expedite implementation; 3) ability to pilot new innovations/interventions; and 4) policy advocacy and mobilization skills. **Businesses** can offer their: 1) ability to plan and work at scale; 2) ability to design systems; 3) access to networks (e.g., Ministry of Trade); 4) technical expertise; 5) volunteers; and 6) other resources (e.g., financial, meeting room space, transportation). Table 1 outlines the benefits that NGOs and corporations can gain from working with each other.

**Table 1: Benefits of Cross-Sectoral Partnerships**

Benefits for Business Working with NGOs	Benefits for NGOs Working with Business
Improved Image/Creditability with Customers/Employees	Strategy Enhancement/Implementing at Scale
Improved Employee Morale/Retention of Staff	Access to Human Resources/Skills
Skills Development/Technical Expertise	Financial Resources/In-Kind
Product innovation/New Perspectives of Consumers	Access to Technologies
Access to Markets/New Networks	Greater Visibility
Greater Visibility	Access to New Networks/Greater Visibility

All partnerships have challenges, but organizations that participate in these relationships bring diverse philosophies and capacities. These differences can be strengths if successfully managed, but often times they are the reasons that partnerships fail. NGOs and businesses bring diverse perspectives to these partnerships including, different:

- ◆ **World Views**: There are major discrepancies between the time horizons of the business case (e.g. quarterly earnings) and the development approach (e.g., consensus building approach). These differences shape implementation approaches, measures of success and decision-making styles of the respective organizations.
- ◆ **Languages**: Communication is often a challenge because the partners have different technical languages that may lead to miscommunication.
- ◆ **Status**: There is often a vast difference in size and resources (e.g., power dynamics ) between the partners, which can make the partnership unbalanced.
- ◆ **Measures of Success**: Success is dependent on time. Businesses may define success as increased visibility, enhanced employee morale, or increased sales, objectives that are measured in relatively short-time frames. NGOs often measure success in terms of changes in human behavior (e.g., infant mortality) that requires a longer timeframe to see results.

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<sup>2</sup> Stiglitz, J. Making Globalization Work. WW Norton and Company. New, York. 2006

These groups often have different expectations of each other that can reinforce old attitudes and may jeopardize these relationships. Research indicates that there is still a huge amount of distrust among the private, public and NGO sectors. The Prince of Wales Business Leadership Forum found that **businesses** often: 1) expect NGOs to provide value in specific business terms without social benefit (e.g. costs savings); 2) feel that NGOs are not very effective in addressing problems (e.g., education, HIV/AIDS); 3) see NGOs as fostering dependency; and 4) view NGOs as highly political. On the other hand, **NGOs** often: 1) see corporations as the problem and distrust their motives; 2) view them only as check writers; and 3) expect businesses to help further their social missions without any business benefits. As a result, there has been little interest or trust on either side.

Historically, NGOs relations with corporations have been either confrontational, using a variety of tactics (e.g., boycotts) to make businesses change or philanthropic, with minimal interaction among the parties. Many NGOs have avoided working with corporations at all because of their negative views towards their practices. In the past decade, these relationships have started to change but there is much more work to be done to effectively engage both parties.

NGOs often think that corporations will make decisions quickly and have a great deal of money. However, most corporations don't have clear strategies for working with NGOs so it often takes them a relatively long time to decide what they want to do and with which NGO. In addition, corporate foundations only comprise 12% of all philanthropic dollars in the US<sup>3</sup> but volunteers and funds from the business units are not included in this figure. Businesses usually give small (\$10,000-\$100,000) single year grants to begin the process of working with a NGO. If they develop trust with an organization, over time they may provide more funds.

### C. Partnership Framework

Partnerships generally imply that there are positive relationships among the parties. As previously mentioned, the relationships among NGOs and corporations have not always been positive. SR International has adapted several stakeholder engagement models to fully capture the breadth of interactions between NGO and corporations. Engagement encompasses a range of actions that vary in terms of: 1) level of involvement of each party; 2) time frame; 3) strategies; and 4) expected outcomes. As outlined in Table 2, this framework is divided into two components. First, is engagement **without** the exchange of resources are limited interactions that can influence business practices but are NOT partnerships. Second, is engagement **with** exchange of resources between the parties are deliberate actions between parties to work on a common area with the exchange of some form of resources (e.g., money, skills, branding). These are NGO-corporate partnerships.

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<sup>3</sup> Giving USA 2008 Report. Giving USA Foundation and compiled by the Center on Philanthropy at Indiana University.

**Table 2: Stakeholder Engagement Continuum**

Engagement <i>without</i> Exchange of Resources ( <i>Influencing</i> )	Engagement <i>with</i> Exchange of Resources for Common Purpose
<b>Consulting/Advising:</b> may encompass NGOs providing technical expertise and/or representing voices of their clients/members.	<b>Resource Exchange (<i>Philanthropy</i>):</b> includes the exchange of financial resources (money), skills (people), in-kind goods/services (things)
<b>Consumerism/Procurement Sourcing:</b> rewarding corporate practices by buying practices.	<b>Transactional (<i>Fee for service</i>)</b> includes fee for a specific service with clearly articulated deliverables (e.g., audit, research)
<b>Shareholder Resolutions</b> are petitions brought by the shareholders against corporations to change their practices	<b>Joint Programming:</b> builds on the strengthen of the organizations to create new value that benefits both (e.g., licensing, Franchising, Co-Branding)
<b>Campaigning</b> includes protests, media campaigns, boycotts against bad practices corporate or government practices.	<b>Integrated Programming:</b> occurs when organizational missions become interdependent.

Source: Adapted from James Austin, The Collaboration Challenge

#### D. How to Partner

Partnerships are not created equal; they vary greatly in terms of: 1) size; 2) purpose and nature of relationship; 3) timeframe; 4) types of relationship mechanisms; and 5) desired outcomes. Partnerships do not just happen; they are built, usually by a few champions, motivated individuals in both organizations, who are interested in working together for mutual benefit. The overwhelming consensus is that all entities dramatically underestimate the (staff) time required to select and participate in partnerships. In addition, many organizations stated that they often did not spend the time upfront to fully understand their partner’s objectives, motivators, needs, and modus operandi.

The literature indicates that successful partnerships have three key characteristics that include: 1) achieving mutual trust; 2) having clearly defined goals and objectives; and 3) well-articulated roles and responsibilities. In addition, each partnership needs a well-articulated partnership strategy including indicators to monitor progress of the partnership as well as structures and systems to support the relationship. So the question is what steps are needed to achieve these desired results.

SR International has developed a comprehensive decision-making tree that provides further details, but there are six key questions that every organizations needs to ask themselves before starting any type of partnership.

- Question 1:** Why Do We Want to Collaborate?
- Question 2:** What Type of Collaboration/Partnership Do We Desire?
- Question 3:** How Will Select a Partner(s) ?
- Question 4:** What is the Appropriate Relationship/Partnership Mechanism?
- Question 5:** What is the Required Level of Effort to Support the Relationship/Partnership?
- Question 6:** What are the Desired Results of the Relationship/Partnership?

Table 3 provides some examples of answers to these basic questions by type of partnership. In general, resource exchanges (e.g. grants) are usually short-term in nature, requiring fewer staff to achieve specific project results. In comparison, joint programs, such as cause-related marketing, will require a greater level of effort both in terms of the number of staff and greater senior management involvement to support the relationship, with the potential of providing larger scale results.

**Table 3: Summary of Partnership Models**

<b>Type of Partnership</b>	<b>Relationship Mechanism</b>	<b>Level of Effort (LOE) (Staff)</b>	<b>Results/ Outcomes</b>
<b>Resources Exchange</b>	Grants, In-kind Donations, Pro-bono services, Volunteers	Project & Finance staff, little support from Senior Management	<b>Project Outcome</b> <i>(Short-term)</i>
<b>Transactional</b>	Contracts/Fee for Service	Project & Finance staff, some support from Senior Management	<b>Contract Deliverables</b>
<b>Joint Program</b>	Cause-Related Marketing, Licensing	Project, Finance, Marketing Communications staff & more support from Senior Management	<b>Project Outcomes</b> <b>+Greater Visibility+</b> <b>Funds</b>
<b>Integrative</b>	Series of Agreements	Significant senior management involvement of a variety of staff @ all organizational levels	<b>Outcomes +Greater Visibility + Improved Relationships+ Value</b>

In summary, partnerships are not easy, particularly when your partner has a different world view, goals, strategies and measures of success. In addition, there are risks that need to be considered by each party before entering into any relationship. Despite these challenges, it is important that NGOs and corporations work together to meet the complex challenges we now face. The frameworks and tools in this article can help you create effective partnerships that can maximize the core competences of NGOs and corporations and the process must begin by developing a greater understanding of how both entities operate in order to find common ground that can provide a solid foundation for a meaningful partnership.

Ms. Ross is currently writing a book on NGO-corporate partnerships that will provide additional tools and a meta-analysis of NGO-corporate partnership case studies.