

Flying in formation

Blackmail, bribery and arm-twisting on the road to charitable collaboration. Mark Bentley's research pinpoints the best ways to encourage charities to work together.

With over 25,000 charities currently registered nation-wide, New Zealand has one of the highest ratios of charities per person in the world. This is prompting fears of unnecessary competition and duplication of activity. In the private sector, industry rationalisation such as merger, acquisition or closure would probably eradicate the problem. In the charitable sector, however, merger is a dirty word.

Over in the United Kingdom, a recent survey found that only three percent of charities had ever considered merger as a strategic option. In the past four years there were only 260 mergers out of a total population of 171,000 charities: a paltry 0.15 percent.

In light of this reluctance to merge, collaboration has been seen as an important way to enhance the quantity, quality, accessibility and cost-effectiveness of services, and reduce gaps and overlaps in the provision of outputs in the charitable sector.

The principles of good collaboration are well established. The main challenge for philanthropic trusts and government,

I contend, has not been to get charities to collaborate well, but rather to get them to do it at all.

Financial incentives such as priority funding for collaborative bids, milestone funding to check the legitimacy of collaboration, and foundations funding together (thereby leading by example) tend to attract the most attention. Since resource scarcity is one of the main drivers for collaboration, and access to funding is one of the most obvious leverage points, it will be no surprise these financial incentives to collaborate have been popular in New Zealand, especially with our foundations.

However, there is more to incentivisation than just financial levers. The broadest view of the meaning of 'incentive' – an incitement, provocation or spur – encourages us to consider the potential of non-financial incentives as well.

These include: convening dialogue around key issues and core purpose; education programmes aimed at promoting best practice and developing collaborative not-for-profit leaders; providing analysis of successful col-



Mark Bentley... "In the charitable sector merger is a dirty word."



Photo: thinkstockphotos.com

laborations; mapping issue areas and deliverers; providing collaboration matching and brokering services; making admin systems more collaboration friendly; and supporting the development of shared services.

So which are most likely to work? Interestingly, when last year I investigated the issue for a research project as part of my University of Auckland MBA programme, I found that leaders of charities and foundations see the world in a slightly different way.

In general, the foundations canvassed ranked financial incentives as having the highest potential. However, charities ranked convening dialogue, leadership development and promoting shared services above financial drivers.

And while it is accurate to say foundations were more supportive of financial incentives than charities, it would be wrong, to say that they were universally supportive of using them in isolation.

People from several private foundations made negative comments about the unintended consequences of financial incentives. One cautioned for the careful

Is it worth it?

In the memorable words of a US programme director interviewed by Indiana University's Ann Marie Thomson and James Perry, "Collaboration is like cottage cheese. It occasionally smells bad and it separates easily."

In their article 'Can AmeriCorps build communities?', published in *Nonprofit and Voluntary Sector Quarterly* back in 1998, they argued that collaboration is not a panacea.

Since then, the demand for collaborative responses to problems has increased as government's role in solving society's problems has shrunk and changed. It now seems hard to find a contemporary policy document that does not include collaboration as a key strategy.

The philosophical drivers for collaboration split into efficiency or effectiveness considerations. These differing perspectives have the potential to cause problems. Evidence suggests funders and providers may be at cross purposes on occasion: with funders looking for efficiency and providers collaborating for effectiveness.

People familiar with collaborative working are likely to be sceptical of the efficiency argument. Effective collaboration eats up resources. Frequently, just getting on and doing it yourself saves both time and money. Most successful collaborators in the social welfare area contend that effectiveness is the major reason for collaboration and there is a broad realisation that complex multi-dimensional problems cannot be solved by single siloed organisations.

Clearly, collaboration is not suited to every situation and when ill-conceived can do more damage than good.

Yet, the Charity Commission in the United Kingdom found that only five percent of charities involved in collaborations felt that the arrangement did not benefit them. In that minority group, the main flash points for failure were: a breakdown in communications (29 percent); a lack of clarity in relationships (18 percent); and a lack of initiative in partner charities (18 percent).

use of such incentives, saying they can be either “a gateway to long-term change or window dressing”. Another warned that “high money can start to distort behaviours”.

In their work ‘The inter-agency services collaboration project’, published by The Wellesley Institute in Toronto, Canada, Joan Roberts and Pauline O’Connor recommended that funders needed to avoid “forced collaboration” and not “impose their own agendas”.

It appears that many charities see financial incentives as falling into this area: being done to, rather than with, them.

In my own research one person from a local health charity commented that they could “see the merit of resource-based incentives but not on their own or accompanied by a ‘you must do this’ attitude”.

As another local health charity put it: “I can see incentives working well as part of a larger strategic goal not as a gun to the head. We need to be sold rather than told.”

Charities were far more supportive of non-financial incentives, particularly those that helped build trusted relationships and set direction and consensus. “I prefer inspiration rather than the stick,” said one regional migrant charity.

“Let’s educate, talk and empower first,” said a national health charity source. “I certainly would not go with just financial as I think it is frighteningly missing the point.”

Foundations also saw merit in non-financial incentives and spoke positively about their ability to build long-term attitudinal change. “Non-financial incentives take longer to work but have the potential to permanently change human behaviour,” commented a private foundation. “Focussing on the environment and purpose will bring more long-term

How to collaborate

1 Convene for vision and trust

Developing mutual respect, understanding and trust between collaborative partners is a critically important prerequisite for effective collaboration as far as our charities are concerned. A shared clear and audacious vision and purpose comes next.

Therefore, effective convening at the start of the journey is the most important incentive in the portfolio of incentives. Foundations are uniquely placed to be able to bring together charities to build communities of practice and shape solutions to complex problems. They have to be well-informed on the issues and fully present in the dialogue.

The key skills for the foundations here are an evidence-based mindset, skilful facilitation, and the ability to have the right people in the room. These need to be purposeful conversations rather than ‘talk-fests’ and the path to progress needs to be clear. This is an essential first step irrespective of whether the focus is on charitable purpose, identifying where previous non-collaborative efforts have failed or simply convening dialogue.

2 Prepare organisations and their leaders

Where possible, foundations should assist the collaboration process by helping charities to unravel their sectors through asset allocation mapping and similar processes. But they also need to be realistic and recognise that this will not work in all fields, particularly highly-complex, fast-moving ones.

Supporting shared services and facilities is a sensible, technical and tactical incentive that really works and should be strongly supported by proactive foundations.

Foundation support for leadership development – co-leadership and shared leadership – will bring long-term collaboration benefit to the sector and is a sensible but necessarily patient investment in human capital.

3 Carefully use funding to instigate action

Financial incentives have their place but are best following the development of a clear vision and plan by a dedicated group of collaborative partners. Therefore, priority funding for collaborations by foundations working together should be focussed in large, long-duration commitments to well-structured, well-discussed and well-led collaborations, rather than through the best open applications.

4 Evaluate and diagnose success

Full evaluation needs to be conducted periodically through the collaborative project and in detail at its completion. Collaborations that work and collaborative partners that get results should be proactively supported to recreate their success on new challenges.

5 Do no harm

Foundations also need to scrutinise where our own behaviours and processes actually perpetuate a lack of collaboration. It is often very hard for collaborations to apply for funds as our application forms are mainly designed for single organisations. The competitive funding model does little to engender collaboration since everyone is pitted against one another for limited funds.

The size and duration of grants can also be problematic. The notion of “lots of small grants to keep everyone happy” – as one New Zealand statutory trust described it – can encourage inefficient charities to limp along without seeking out collaborative partners or mergers. It encourages survival of the unfittest. The tendency of foundations to want to fund exciting new ideas and projects rather than stay the course with long-term funding for proven providers in strong collaborative partnerships can also dilute support for collaborative endeavour. These are all areas for attention.

Charities per capita

New Zealand	1:172	(2010 data year)
UK	1:297	(2010)
United States	1:302	(2010)
Canada	1:427	(2010)
Australia	1:446	(2005)
Ireland	1:602	(2008)

Source: Charities Commission AGM 2010

success – you need to ‘get it in the water’, normalise it.”

Ultimately foundations and charities seem to agree that non-financial incentives have the potential to create long-term change. And the main point of difference becomes the amount of financial incentive present in a balanced

incentive portfolio of incentives including both financial and non-financial options.

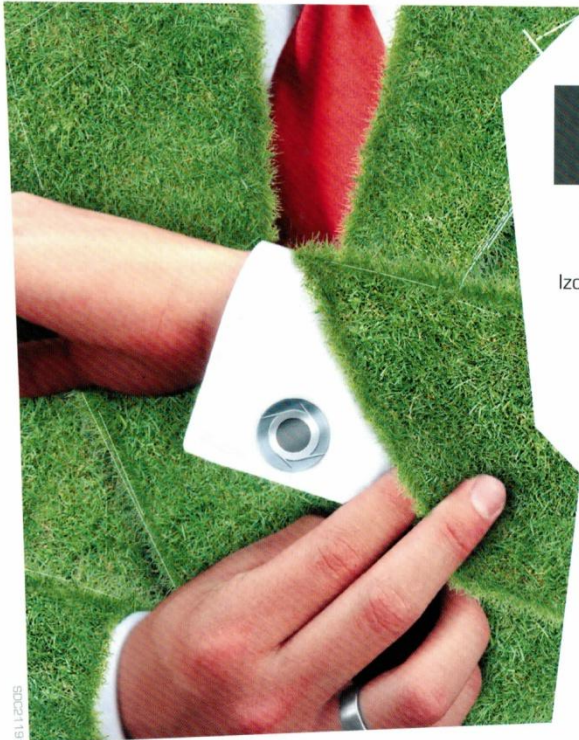
“A mix of both is what we are finding works,” said someone from a private foundation. “Whilst I am tempted to say financial in the short term and non-financial in the long term, in reality I think you need both for the duration,” said a gaming trust respondent.

A focus on financial incentives has limited wider-scale consideration of the full range of tools that could be used to encourage collaboration. It has also coloured perceptions of the practice. One person from a private foundation

went as far as characterising the use of incentives with charities as “blackmail, bribery and arm-twisting”.

By widening their view of incentives to include non-financial initiatives, foundations – and perhaps even government and businesses – may be able to encourage sustainable collaborations that are capable of solving complex, cross-cutting problems by transcending organisational boundaries. **M**

Mark Bentley is chief executive of the Auckland Communities Foundation. His full research report is at www.aucklandcf.org.nz/49/for-ever/incentivising-collaboration



MAKE LINKS WITH BUSINESS

Izone is rapidly becoming the Canterbury hub for agribusiness, already attracting companies such as PGG Wrightson, Westland Milk Products, Agriseeds, CRT & more.

This clustering allows companies to share resources, innovation and knowledge. While flexible, tailored land packages continue to ensure Izone is the right fit.

www.izone.org.nz



I Z O N E
SOUTHERN BUSINESS HUB