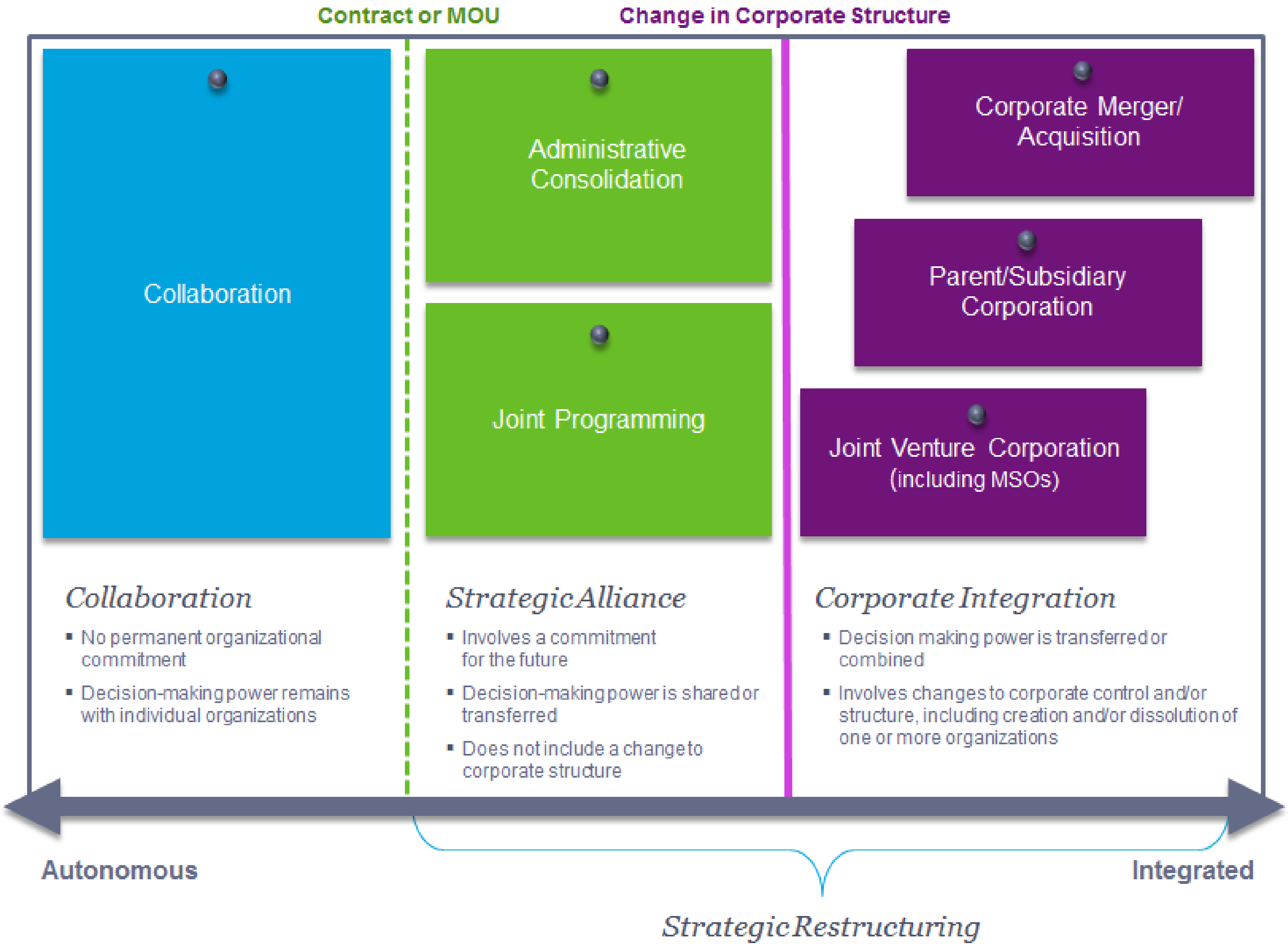
The Partnership Matrix



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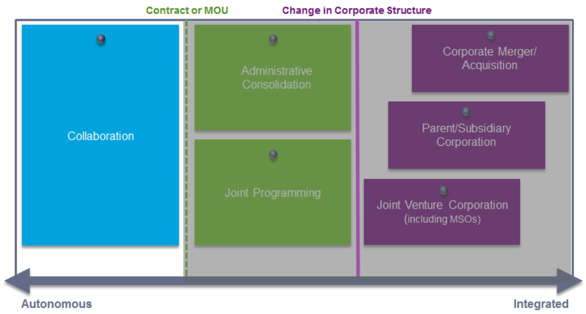
Collaboration

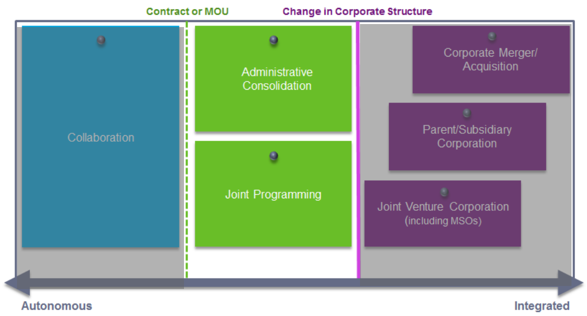


Collaboration describes any number of scenarios in which two or more organizations work together toward a common goal while retaining their own individual structure and decision-making authority. Collaborative relationships are mutually beneficial, enabling organizations to achieve more together through coordinated or collective action than they would likely be able to by working independently. Each collaboration is different, and organizational leaders must define how they will share resources, responsibilities, and credit for results; such agreements may be formal or informal. Collaboration may be either time-limited or ongoing, but typically does not entail a permanent partnership.

Strategic Restructuring

Strategic restructuring occurs when two or more organizations establish an ongoing relationship to expand their reach, enhance effectiveness, and have greater impact through either a strategic alliance or corporate integration. Unlike collaboration, strategic restructuring entails some level of shared, transferred, or combined decision-making authority and may include a change in corporate structure. Such partnerships might emphasize achieving administrative efficiencies, enhanced programming, or a combination of both. Strategic restructuring ranges from jointly managed programs and consolidated administrative functions to full-scale mergers.

Strategic Alliance



An **alliance** is a strategic restructuring that includes a formal commitment to continue, for the foreseeable future, shared or transferred decision-making power. It does not involve any change to the corporate structure of the participating organizations.

- An **administrative consolidation** is a strategic alliance that entails the sharing, exchanging, or contracting of administrative functions to increase the operational efficiency of one or more of the partner organizations.
- A **joint programming** is a strategic alliance that includes the joint launching and managing of one or more programs to further the programmatic goals of the participating organizations.

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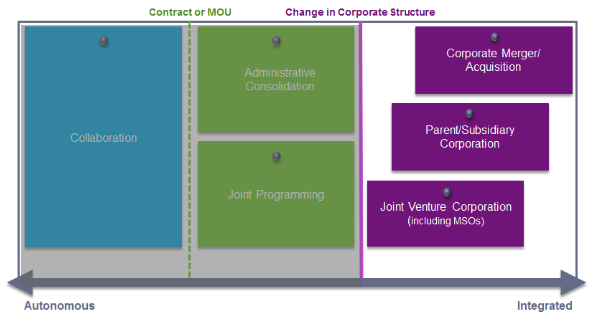
- A **joint earned income** activity occurs when two or more organizations jointly create a revenue-generating activity (e.g., a combined capital campaign or social entrepreneurial venture).
- A **joint advocacy** activity occurs when two or more organizations combine their advocacy efforts either on a single issue/time-limited basis or for ongoing campaigns.

Corporate Integration

An **integration** is a strategic restructuring that includes changes to corporate control and/or structure, including the creation and/or dissolution of one or more of the participating organizations.



- A **joint venture corporation** is entered into when multiple nonprofit corporations (two or more) consolidate administrative, programmatic, or advocacy functions within a jointly controlled corporation. The partner organizations share governance of the new organization.
    - A **management service organization (MSO)** is a joint venture that entails the creation of a new organization in order to integrate administrative functions, and thus to increase the operational efficiency of participating organizations.
    - A **joint program and/or advocacy corporation** is a joint venture focused on the creation of a new organization to further a specific advocacy or programmatic goal of two or more organizations.
- A **parent-subsidiary** structure is an integration of some or all administrative functions and programmatic services of participating organizations, with the goal of increased administrative and programmatic efficiency/efficacy. Although the visibility and identity of the original organizations often remain intact in a parent-subsidiary relationship, some organizations involved in such restructurings consolidate to the point where they look and function much like a merged organization. (A parent-subsidiary structure is sometimes chosen due to the restrictions on transferability of contracts, licenses or certifications, restrictions which may be temporary in nature.) The creation of a parent-subsidiary structure allows the organizations to achieve the benefits of a consolidated organization while maintaining multiple corporations.
- A **merger or acquisition** is an integration that includes the integration of all programmatic and administrative functions to increase the administrative efficiency and programmatic impact of one or more organizations. Note: FASB (Financial Accounting Standards Board) requires an “accounting” determination of either a merger or acquisition, as described below.

- A **merger** occurs when two or more organizations are dissolved into a newly created corporation that includes some or all of the resources, administrative infrastructure, and programs of the original organizations.
- An **acquisition** occurs when one corporation is dissolved (acquired corporation) with all activities and resources transferred into the surviving (acquirer) corporation. (The selection of an acquisition form of consolidation does not limit the identity/branding, governance, or leadership options of the participating organizations. However the selection of an acquisition form of consolidation does impact the booking of assets within the surviving corporation as outlined by FASB Statement No. 164.) An acquisition may also involve formation of a new entity where one participating entity has obtained control of the nonprofit activities or businesses of all participating entities (e.g., by appointing significantly more of the governing board of the newly formed entity, retaining its bylaws and policies, etc.).

Asset Liquidation/Transfer

Asset liquidation occurs when an organization is no longer able to sustain its services. The liquidating organization settles all of its liabilities, closes its nonprofit corporation, and then transfers its remaining assets to another nonprofit organization of similar mission. Organizations in this situation need to obtain legal services to help determine the appropriate path to asset liquidation and debt resolution.

Asset transfer occurs when an organization determines it cannot or chooses not to continue with a program/service or capital asset. The goal is to transfer these programs/services and/or capital to another organization. Assets and liabilities related to the specific program/services need to be assessed for appropriate disposition, along with appropriate compensation.