

# How to Build a Framework for Strategic Alliances



It's all about trust.

By Joseph C. Santora

You just learned about a large grant that fits your mission perfectly. The only problem is that it calls for two nonprofits to work together. You've never been part of a strategic alliance, and you have lots of questions. How will you divide the grant budget with another organization? Can you trust the other organization's leader to do the "right thing"? To what degree is trust needed to develop a healthy working relationship? Are you emotionally secure enough to forge a relationship with another nonprofit given the risks involved? You can find the answers to these and other nagging questions in the following framework of trust.

## Trust Defined

Trust is the reliance on another person's integrity, ability, or character. We can also view trust as an acronym:

<b>T(olerant):</b>	recognizing and accepting differences in another; being broadminded
<b>R(eliable):</b>	dependable
<b>U(nderstanding):</b>	sharing the feelings of another
<b>S(ecure):</b>	feeling safe in the company of another
<b>T(emperament):</b>	being sensitive to the needs of another

Figure 1 (on page 16) provides a framework of trust. This hierarchical framework contains four levels, ranging from level 1, where no trust exists, through level 4, where there's a continual level of great trust. Four criteria for trust are embedded within each level:

- organizational philosophical and goal congruence
- communication and interaction
- organizational and personal reputations
- confidence in the partner's ability to get things done.

Let's look at these four levels in detail.

### Level 1: No Trust (No Possible Relationship)

No relationship can be developed between nonprofit leaders if any one of the following situations exists:

**Incompatible philosophies and goals.** When organizational philosophies and goals are completely incompatible, it's impossible to initiate a meaningful discussion or develop a working relationship. The Klu Klux Klan and the Urban League, for example, couldn't form an alliance because their divergent views present irreconcilable differences.

**No lines of communication between leaders.** There are so many overwhelming organizational and interpersonal communication barriers that it's impossible to develop a trusting relationship.

**Poor organizational and leader reputations.** The proposed partner may lack credibility or suffer from a negative public image. The leader may be known as autocratic, inflexible, and unwilling to meet on common ground, all of which are impediments to a strategic alliance.

**Lack of confidence in the partner's ability to get things done.** The proposed partner may have a poor history of accomplishment. For example, employees may have weak fiscal skills, maintain sloppy records, or submit reports late. A high turnover rate may interfere with the organization's ability to reach its objectives. Signs of unethical behavior are likely to be present.

### Level 2: Emerging Trust (Possible Relationship)

It's possible to at least discuss the possibility of forming a partnership if two or more of the following exist:

**Fair level of goal compatibility.** Here, the two organizations possess some similar philosophies and goals.

*continued on page 16*

They may be similar in size, structure, and type. For example, they may both be human service organizations.

**Fair lines of communication between leaders.** Organizational leaders have engaged in some communication and have had limited interaction. While communication barriers may exist, they don't prevent the leaders from communicating and interacting.

**Fair organizational and personal reputations.** Both leaders have some knowledge about each other. They possess the emotional stability to work together, although they may be a bit skeptical about partnering.

**Fair degree of confidence in the partner's ability to get things done.** Each leader believes that the proposed partner has some ability to accomplish tasks.

### Level 3: Partial Trust (Initial Relationship)

You can begin developing a relationship if at least two of the following conditions exist:

**Good philosophical and goal compatibility.** Both organizations espouse similar philosophies, and their goals are compatible. They are likely similar in size, structure, and type.

**Good communication between leaders.** Leaders have interacted, and they communicate effectively with each other.

**Good organizational and personal reputations.** The leaders know and may like each other, although this is not a major prerequisite at this level. They have limited skepticism about their ability to work together. The organizations are respected within their community, and the leaders possess the emotional stability and maturity to work together for mutual benefit.

**Good amount of confidence in the partner's ability to get things done.** Each partner believes the other can get things done with some degree of professionalism. They're willing to work together on a project if the stakes aren't too high. Ethical leader behavior is present at this level.

## Case Study of a Strategic Alliance

Alpha and Beta are two ethnically and racially diverse nonprofit organizations located in a major U.S. urban center.\* Alpha and Beta offer human service programs to their constituents and are similar in structure, size, and type. (Test 1: Similar organizational philosophies and goals: Passed). Both enjoy good reputations in the community (Test 2: Reputations: Passed).

Each leader knew and liked the other, even though they represented opposite sides of the political agenda and often vied for the same grants. Neither had any experience with a strategic alliance. They were approached by a government official who suggested they work together on a newly funded human service initiative. Initial channels of communication between the organizations were opened. Meetings were held alternatively at each organization's office, requiring weekly interaction between the leaders (Test 3: Communication: Passed).

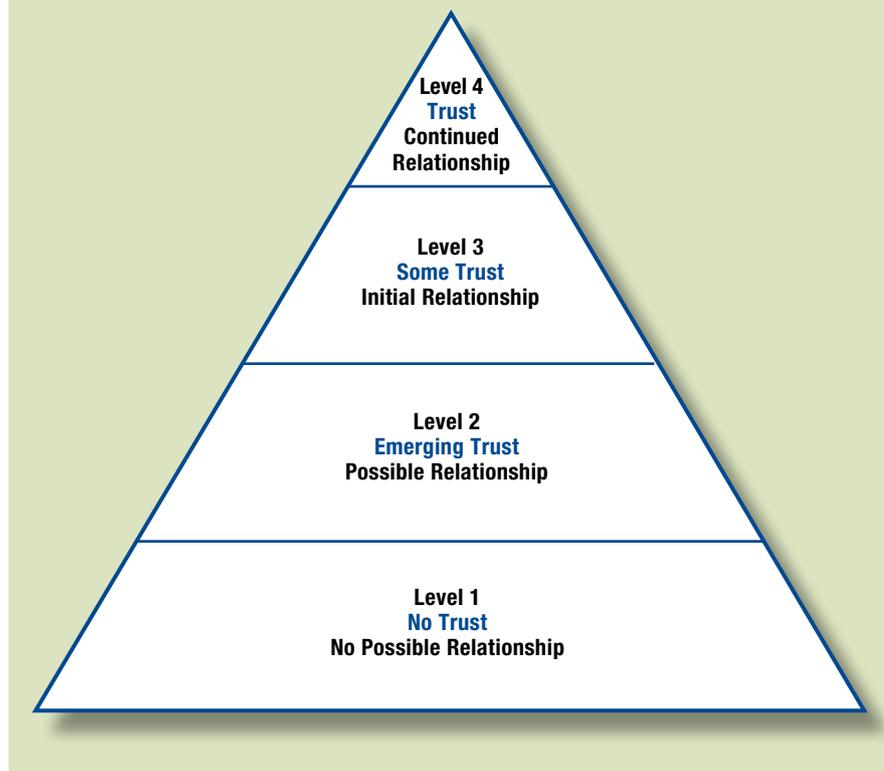
Once the project began, the leaders appointed key personnel to each other's boards to ensure a steady flow of communication and strengthen trust. After six months, all the project milestones had been met, and both leaders had confidence in their partner's ability to get things done (Test 4: Passed).

At the end of the project, all stakeholders praised the two leaders and cited their alliance as a model for other nonprofits to follow. A few months later, based on their successful track record, another government official asked if they wanted to work together on a new human service initiative. The organizations had reached level 4 in their relationship and subsequently were awarded a one-year grant. At the conclusion of this second project, the two organizations dissolved their strategic alliance, but they continue to have good organizational and personal relationships.

\*This case is based on a real situation. The author was a consultant to these organizations. Their names and some situations have been slightly altered to preserve their anonymity.

FIGURE 1

### A Hierarchical Framework of Trust: Level 1 - Level 4





This level serves as a testing ground to resolve any problems in the relationship. Organizational learning begins to take place at this level, leading to the highest level in the hierarchy.

#### Level 4: Trust (Continued Relationship)

Leaders can sustain a trusting relationship if any two of the following exist:

**Excellent compatibility.** The organizations are similar in size, structure, goals, and philosophies. They're also the same type (for example, educational, arts, or human service organizations).

**Superb lines of communication and interaction between leaders.**

Organizational leaders communicate frequently and are comfortable discussing different points of view. Communication channels are always open, and conflict is resolved quickly.

Trust is the initial condition for the development of a strategic alliance.

**Outstanding organizational and personal reputations.** Both organizations are deeply rooted in their communities. They enjoy sterling reputations among all stakeholders. The leaders are honest and possess personal credibility and integrity. They enjoy a high degree of mutual

respect. Ethical leadership is the rule at this level.

**High degree of confidence in the partner's ability to get things done.** Organizational leaders have total confidence that all members of the alliance will complete tasks professionally and on time.

#### After Trust Is Created

Trust is the initial condition for the development of a strategic alliance. To forge an alliance, nonprofit leaders must meet the criteria in at least level 2 of the trust framework. A relationship becomes easier to develop at the third level and can be easily maintained at the top level.

Once trust has been established, you and your partner can build a mutually beneficial relationship. Through a strategic alliance, you can:

- **develop a good public image** for your organization and achieve broader recognition
- **attract additional funding** and reduce budgetary constraints
- **eliminate duplication** of efforts
- **maximize knowledge** by combining the strengths of two organizations
- **help a greater range** of constituents
- **minimize losses** by spreading risks between partners
- **create synergy**, in which the whole is greater than its parts
- **serve as a model** for other organizations seeking to form strategic alliances.

These and many other benefits are yours if you take the leap. But, first of all, take the time to build an environment of trust. ■

## How to Create a Culture of Trust

To develop an organization with a stellar character and reputation, you need to model four core characteristics of trust:

• **Express conviction.** Know what you believe in, and be authentic in your words and actions.

• **Exemplify courage.** Be willing to act in tough situations despite potential consequences.

• **Extend compassion.** Be sensitive to how your actions affect others. Understand that, given the opportunity, people want to contribute and make a difference.

• **Embody a sense of community in your relationships with coworkers.** Help people understand the underlying meaning in what they do. Make sure they see that they are part of a larger whole.

—adapted from *Trust & Betrayal in the Workplace* (Berrett-Koehler Publishers, [www.berrett-koehler.com](http://www.berrett-koehler.com))

#### Resources

Campbell, David, "High-End Strategic Alliances as Fundraising Opportunities," *Nonprofit World*, Vol. 19, No. 5.

Sturm, Paul, "Seven Rules of Successful Collaboration," *Nonprofit World*, Vol. 18, No. 2.

Tanzer, Ben, "A Collaboration Checklist: Ten Questions for Success," *Nonprofit World*, Vol. 24, No. 1.

These resources are available at [www.snpo.org/members](http://www.snpo.org/members). Also see Learning Institute programs online: Strategic Alliances ([www.snpo.org/li](http://www.snpo.org/li)).

Joseph C. Santora, Ed.D. ([jsantora@tesc.edu](mailto:jsantora@tesc.edu)), is dean of the School of Business & Management, Thomas Edison State College, 101 West State Street, Trenton, New Jersey 08608.